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Revised Fiscal Note

(replaces fiscal note dated March 13, 2023)

Drafting Number: LLS 23-0269 **Date:** April 4, 2023
Prime Sponsors: Rep. McLachlan; Pugliese **Bill Status:** House Appropriations
 Sen. Simpson; Ginal **Fiscal Analyst:** Matt Bishop | 303-866-4796
 matt.bishop@coleg.gov

Bill Topic: **CLOSED LANDFILLS REMEDIATION LOCAL GOVERNMENTS GRANTS**

Summary of Fiscal Impact:

<input checked="" type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input checked="" type="checkbox"/> Local Government
<input checked="" type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill creates a grant program supporting closed landfills remediation. It increases state expenditures beginning in FY 2023-24.

Appropriation Summary: For FY 2023-24, the bill requires an appropriation of \$15 million to the Department of Public Health and Environment.

Fiscal Note Status: The revised fiscal note reflects the introduced bill, as amended by the House Transportation, Housing, and Local Government Committee.

Table 1
State Fiscal Impacts Under HB 23-1194

		Budget Year FY 2023-24	Out Year FY 2024-25
Revenue		-	-
Expenditures	Cash Funds	\$170,702	\$7,179,296
	Centrally Appropriated	\$14,900	\$18,319
	Total Expenditures	\$185,602	\$7,197,615
	Total FTE	1.3 FTE	1.5 FTE
Transfers¹	General Fund	(\$15,000,000)	-
	Cash Funds	\$15,000,000	-
	Net Transfer	\$0	-
Other Budget Impacts	General Fund Reserve	\$2,250,000	-

¹ This transfer is assumed to occur via an appropriation from the General Fund.

Summary of Legislation

The bill creates the Closed Landfill Remediation Grant Program in the Department of Public Health and Environment (CDPHE) to provide grants to eligible local governments to help pay the costs of environmental remediation and management of closed landfills. The bill specifies eligibility requirements for local governments and eligible uses of grant awards, and directs CDPHE to adopt rules for implementing the program, which begins July 1, 2024. An advisory committee, representing local governments and nongovernmental technical expertise, reviews grant applications.

CDPHE must publish an annual report by November 1, beginning in 2025. Every three years, beginning December 1, 2025, the Solid and Hazardous Waste Commission in CDPHE must evaluate the grant program's financial needs and make written recommendations to the General Assembly. The program repeals September 1, 2033, following a sunset review by the Department of Regulatory Agencies.

The bill creates the Closed Landfill Remediation Grant Program Fund, which consists of any money transferred or appropriated to the fund and any gifts, grants, or donations solicited by CDPHE for the program. The fund is subject to annual appropriation, and any remaining fund balance is transferred to the General Fund on August 31, 2033.

State Revenue

The bill potentially increases state revenue to the Closed Landfill Remediation Grant Program Fund from gifts, grants, or donations; however, no sources have been identified at this time. Gifts, grants, and donations are exempt from TABOR revenue limits.

State Transfers

The fiscal note assumes that \$15 million will be appropriated from the General Fund to the Closed Landfill Remediation Grant Program Fund in FY 2023-24. This transfer is for grant awards and program administration for multiple years.

State Expenditures

Based on the transfer from the General Fund, annual expenditures in CDPHE are estimated to increase by \$185,602 in FY 2023-24 and \$7.2 million in FY 2024-25 and subsequent years, paid from the Closed Landfill Remediation Grant Program Fund. Expenditures are shown in Table 2 and detailed below.

Table 2
Expenditures Under HB 23-1194

	FY 2023-24	FY 2024-25
Department of Public Health and Environment		
Personal Services	\$64,976	\$77,970
Operating Expenses	\$1,080	\$1,350
Capital Outlay Costs	\$6,670	-
Grant Awards	-	\$7,000,000
Software License	\$10,000	\$10,000
Travel Expenses	-	\$2,000
Legal Services	\$87,976	\$87,976
Centrally Appropriated Costs ¹	\$14,900	\$18,319
FTE – Personal Services	0.8 FTE	1.0 FTE
FTE – Legal Services	0.5 FTE	0.5 FTE
Total Cost	\$185,602	\$7,197,615
Total FTE	1.3 FTE	1.5 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Personal services. CDPHE requires 1.0 FTE to develop the grant program and promulgate rules in FY 2023-24, and to administer the program in subsequent years until its repeal. Staff will oversee rulemaking, engage with stakeholders, facilitate grantmaking, and disburse grant awards as applicable. Standard operating and capital outlay costs are included, and costs have been prorated to reflect the bill's effective date.

Local government grants. Grants to local governments are the largest cost component of the bill and will be awarded beginning in FY 2024-25. The costs for remediation activities vary depending on their scope and content. The fiscal note assumes that CDPHE will award around \$7.0 million per year in grants, covering a variety of small and large projects. Actual expenditures will depend on the amount of money available and the scope of grant applications.

Software licenses and travel. Other costs include software licenses for grants management software and staff travel for monitoring grant-funded activities.

Legal services. CDPHE requires 832 hours of legal services per year beginning in FY 2023-24, equating to 0.5 FTE, for rulemaking and general counsel in administering the grant program. Legal services are provided by the Department of Law at a rate of \$105.74 per hour.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are shown in Table 2.

Other Budget Impacts

General Fund reserve. Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by the amounts shown in Table 1, decreasing the amount of General Fund available for other purposes.

Local Government

The bill increases revenue and expenditures for any local government that applies for and receives a grant award.

Technical Note

The bill currently limits administrative expenditures to 2.5 percent of the department's annual appropriation. Because CDPHE requires an appropriation in FY 2023-24 to establish grant policies and procedures and conduct rulemaking, but grant awards will be disbursed beginning the following year, the department will be unable to meet this requirement in FY 2023-24. CDPHE's ability to meet this requirement in subsequent years depends on the amount appropriated for grants. While the annual appropriation is at the discretion of the legislature, the fiscal note shows an amount for grants to ensure that administrative expenses stay below this threshold.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed, and it applies to conduct occurring on or after that date.

State Appropriations

For FY 2023-24, the bill requires the following appropriations:

- \$15,000,000 from the General Fund to the Closed Landfill Remediation Grant Program Fund; and
- \$170,702 from the Closed Landfill Remediation Grant Program Fund to the Department of Public Health and Environment, and 0.8 FTE. Of this amount, \$87,976 is reappropriated to the Department of Law, with 0.5 FTE.

State and Local Government Contacts

Counties	Information Technology	Judicial
Law	Legislative Council Staff	Municipalities
Personnel	Public Health and Environment	Regulatory Agencies