

**COLORADO GENERAL ASSEMBLY  
JOINT BUDGET COMMITTEE**



**FY 2012-13 STAFF BUDGET BRIEFING**

**DEPARTMENT OF LOCAL AFFAIRS**

**JBC Working Document - Subject to Change  
Staff Recommendation Does Not Represent Committee Decision**

**Prepared By:  
Byron DeLuke, JBC Staff  
November 17, 2011**

For Further Information Contact:

Joint Budget Committee Staff  
200 E. 14th Avenue, 3rd Floor  
Denver, Colorado 80203  
Telephone: (303) 866-2061  
TDD: (303) 866-3472

**FY 2012-13 BUDGET BRIEFING  
STAFF PRESENTATION TO THE JOINT BUDGET COMMITTEE**

**DEPARTMENT OF LOCAL AFFAIRS**

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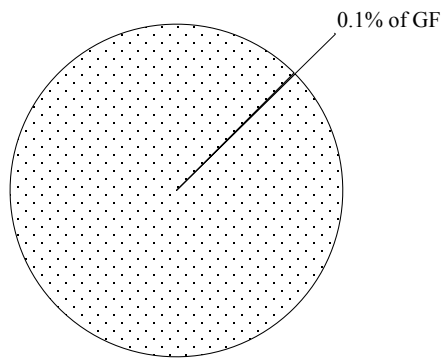
*\* The State Auditor's Office has not identified any outstanding recommendations for this department.*

# FY 2012-13 Joint Budget Committee Staff Budget Briefing

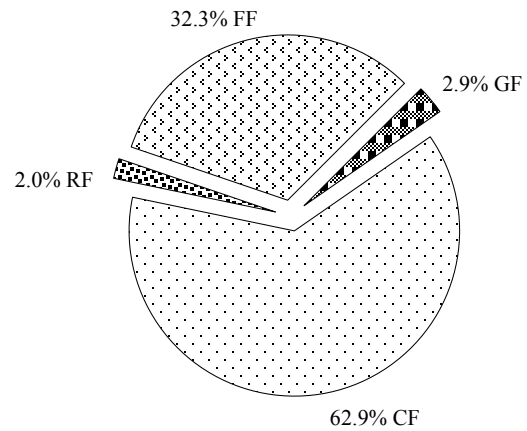
## Department of Local Affairs

### GRAPHIC OVERVIEW

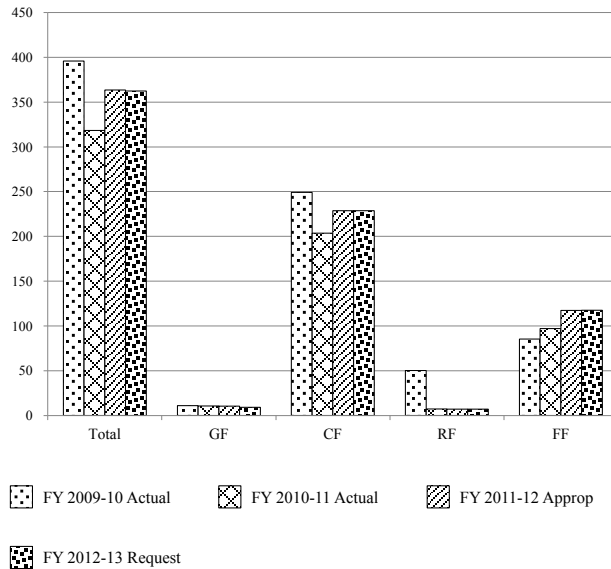
**Department's Share of Statewide General Fund**



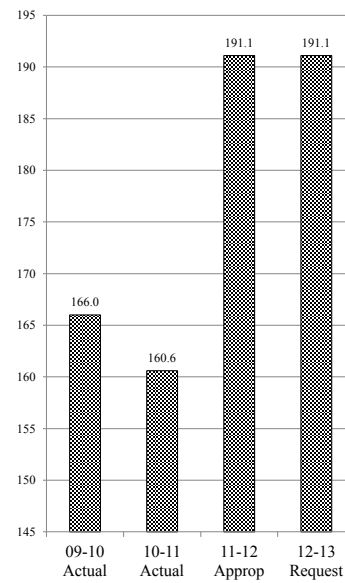
**Department Funding Sources**



**Budget History**  
(Millions of Dollars)

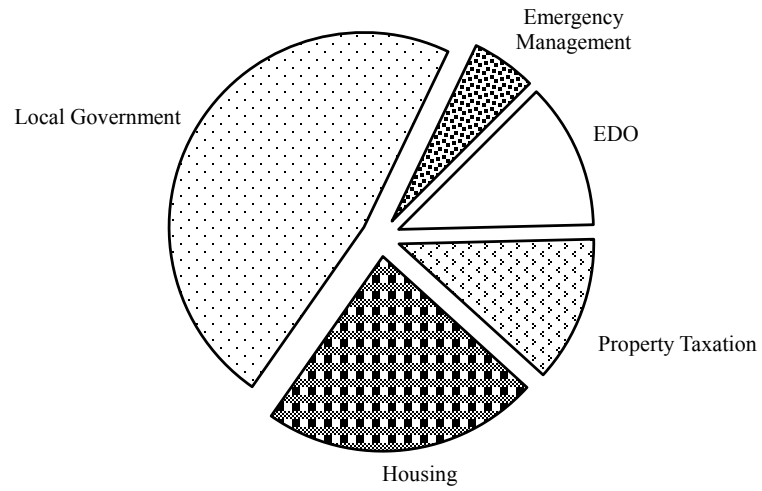


**FTE History**

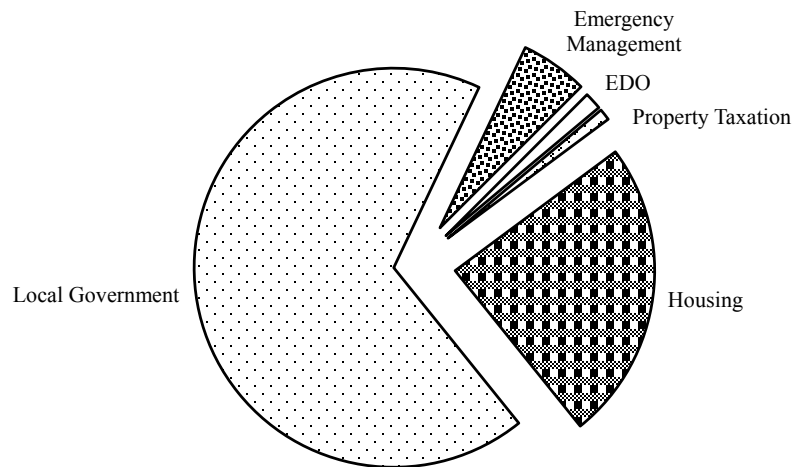


Unless otherwise noted, all charts are based on the FY 2011-12 appropriation.

**Distribution of General Fund by Division**



**Distribution of Total Funds by Division**



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Department of Local Affairs**

**DEPARTMENT OVERVIEW**

**Key Responsibilities**

The Department of Local Affairs (DOLA) is responsible for building community and local government capacity by providing training, technical, and financial assistance to localities. While current law creates a number of divisions<sup>1</sup>, the Department currently consists of the following:

- ❑ The *Executive Director's Office* provides the comprehensive departmental management and administration, including strategic planning, policy management, budget, accounting, purchasing, and human resources administration and public information.
- ❑ The *Division of Property Taxation* and the Property Tax Administrator, under the supervision and control of the *State Board of Equalization*, have three primary responsibilities: (1) administering property tax laws, including issuing appraisal standards and training county assessors; (2) granting exemptions from taxation for charities, religious organizations, and other eligible entities; and (3) valuing multi-county companies doing business in Colorado, including railroads, pipelines, and other public utilities.
- ❑ The *Board of Assessment Appeals* is a quasi-judicial body which hears individual taxpayer appeals concerning the valuation of real and personal property, property tax abatements, and property tax exemptions.
- ❑ The *Division of Housing* administers state and federal low-income housing programs, and regulates the manufacture of factory-built residential and commercial buildings.
- ❑ The *Division of Local Governments* provides technical assistance to local government officials. This division also administers several state and federal programs to assist local governments in capital construction and community services, including: administering the federal Community Services Block Grant and the Community Development Block Grant; making state grants to communities negatively impacted by mineral extraction and limited gaming activities; distributing Conservation Trust Fund moneys (derived from lottery proceeds) for parks, recreation, and open space; and allocating the state contribution for volunteer firefighter pension plans.

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<sup>1</sup> Divisions, offices, and boards created in Sections 24-1-125, 24-32-2105, 39-2-101, 39-9-101, and 39-2-123, and Article 32 of Title 24, C.R.S., include: the Division of Local Government; the Division of Planning; the Division of Commerce and Development; the Division of Housing; the Office of Rural Development; the Office of the Colorado Youth Conservation and Service Corps; the Office of Disaster Emergency Services; the Division of Emergency Management; the Office of Smart Growth; the Division of Property Taxation; the State Board of Equalization; and the Board of Assessment Appeals.

- ❑ The *Division of Emergency Management* assists local governments in emergency preparedness and response.

## Factors Driving the Budget

### Funding

Funding for this department in the current fiscal year consists of 2.9 percent General Fund, 62.9 percent cash funds, 2.0 percent reappropriated funds, and 32.3 percent federal funds.

### Dedicated Funding Sources

The Department is responsible for a number of programs with dedicated cash revenue sources. The largest of these include (percentage of dedicated cash revenues for current year in italics):

- ❑ Local Government Mineral and Energy Impact Grants (*67.2 percent*) - a portion of state severance tax revenues as well as federal mineral lease revenues distributed to local governments affected by mineral extraction activities;
- ❑ Conservation Trust Fund Disbursements (*21.9 percent*) - a portion of state lottery proceeds distributed to local entities on a formula basis for parks, recreation, and open space purposes; and
- ❑ Limited Gaming Impact Grants (*1.6 percent*) - a portion of limited gaming tax revenues distributed to communities impacted by gaming activities.

Program expenditures fluctuate with changes in the revenue available from these various dedicated funding sources. The following table summarizes recent actual and estimated revenues.

Constitutionally or Statutorily Dedicated Cash Revenues Administered by the Department of Local Affairs (\$ millions)					
Revenues	FY 2008-09 Actual	FY 2009-10 Actual	FY 2010-11 Actual	FY 2011-12 Forecast	FY 2012-13 Forecast
Severance Tax	\$165.4	\$24.1	\$81.7	\$85.0	\$102.5
Federal Mineral Lease	99.9	51.5	63.8	68.6	73.8
Conservation Trust Fund	48.0	45.3	45.3	50.0	50.0
Limited Gaming Fund	5.5	6.0	4.7	3.6	4.4
Waste Tire Fees	<u>4.0</u>	<u>4.2</u>	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>
<b>Total Dedicated Cash Revenues</b>	<b>\$322.8</b>	<b>\$131.1</b>	<b>\$195.5</b>	<b>\$207.2</b>	<b>\$193.0</b>

### **Federal Funds**

Federal funds comprise almost one-third (\$117.3 million) of the Department of Local Affairs' FY 2011-12 appropriation. These federally-funded programs often do not require state matching funds and are provided at the discretion of federal authorities. Some of the major on-going federal grants that are administered by this department are summarized in the following table.

<b>Major On-going Federal Grants Administered by Department of Local Affairs (\$ millions)</b>					
	<b>FY 2008-09 Actual</b>	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Actual</b>	<b>FY 2011-12 Approp</b>	<b>FY 2012-13 Request</b>
HUD Section 8 rental assistance / <sup>1</sup>	\$18.4	\$17.2	\$19.3	\$36.9	\$36.9
HUD Affordable housing development / <sup>1, 2</sup>	9.7	11.4	15.8	45.0	45.0
Preparedness grants and training	13.2	12.0	9.3	12.0	12.0
HUD Community Development Block Grants / <sup>1</sup>	12.4	23.7	20.8	9.7	9.7
Health and Human Services Community Services Block Grants/ <sup>1</sup>	5.9	14.2	10.1	6.0	6.0
HUD Emergency Shelter Program/ <sup>1</sup>	0.9	0.9	1.0	1.0	1.0

/1 Amounts exclude portions used for administration and overhead.

/2 The increase from FY 2010-11 to FY 2011-12 includes the one-time receipt of \$34.0 million in federal grant moneys for the Neighborhood Stabilization Program.

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**DECISION ITEM PRIORITY LIST**

<b>Base Reduction Item</b>	<b>GF</b>	<b>CF</b>	<b>RF</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
R-1	(1,519,047)	0	0	0	(1,519,047)	0.0
<p><b>Reduce General Fund Support for the Volunteer Firefighter Pension Plan</b></p> <p><b>Division of Local Governments.</b> The Department is requesting a decrease of (\$1,519,047) in General Fund Exempt dollars for the Division of Local Governments' Volunteer Firefighter Pension Plan line item. This proposal will eliminate State support for volunteer firefighter pension plans that pay monthly benefits of more than the \$300 per eligible participant per month and are determined to be actuarially sound at current benefit levels for the next 20 years. This request will reduce the State General Fund Exempt obligation from FY 2011-12 appropriated levels of \$4.3 million to about \$2.8 million in FY 2012-13. The proposal will not impact plans that do need State assistance in order to meet benefit obligations. Additionally, the Department feels that the request will not negatively impact actual pension benefits paid to volunteer firefighters. This proposal will require statutory change. <i>Statutory authority: Section 31-30-112 (2) (b), C.R.S.</i></p>						
NP-1	(18,285)	0	0	0	(18,285)	0.0
<p><b>Annual Fleet Vehicle Replacement</b></p> <p><b>Executive Director's Office.</b> The Department is requesting a decrease to its vehicle lease payments line item to accommodate decreases in statewide vehicle costs including fuel, maintenance, and insurance. <i>Statutory authority: Section 24-30-1104 (2), C.R.S.</i></p>						
<b>Total</b>	<b>(1,537,332)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(1,537,332)</b>	<b>0.0</b>



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**OVERVIEW OF NUMBERS PAGES**

The following table summarizes the total change, in dollars and as a percentage, between the Department's FY 2010-11 appropriation and its FY 2011-12 request.

**Total Requested Change, FY 2010-11 to FY 2011-12 (millions of dollars)**

<b>Category</b>	<b>GF</b>	<b>GFE</b>	<b>CF</b>	<b>RF</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
FY 2011-12 Appropriation	\$6.3	\$4.1	\$228.6	\$7.1	\$117.3	\$363.4	191.1
FY 2012-13 Request	6.3	2.8	228.7	7.1	117.5	362.4	191.1
Increase / (Decrease)	\$0.0	(\$1.3)	\$0.1	\$0.0	\$0.2	(\$1.0)	0.0
Percentage Change	0.0%	-31.7%	0.0%	0.0%	0.2%	-0.3%	0.0%

The following table highlights the Department's total requested change, FY 2011-12 to FY 2012-13. For additional detail, see the numbers pages in Appendix A.

**Requested Changes, FY 2010-11 to FY 2011-12 (millions of dollars)**

<b>Category</b>	<b>GF</b>	<b>GFE</b>	<b>CF</b>	<b>RF</b>	<b>FF</b>	<b>Total</b>	<b>FTE</b>
Decision Items	\$0.0	\$1.5	\$0.0	\$0.0	\$0.0	\$1.5	0.0
Non-Prioritized Items	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Technical/Base Changes	0.2	0.0	0.1	0.0	0.1	0.4	0.0
<b>Total</b>	<b>\$0.2</b>	<b>\$1.5</b>	<b>\$0.1</b>	<b>\$0.0</b>	<b>\$0.1</b>	<b>\$1.9</b>	<b>0.0</b>

"Adj." is the estimated adjustment.

**FY 2012-13 Joint Budget Committee Staff Budget Briefing  
DEPARTMENT OF Local Affairs**

**BRIEFING ISSUE**

**ISSUE: Performance-based Goals and the Department's FY 2012-13 Budget Request**

This issue brief summarizes the Department of Local Affairs' (DOLA's) report on its performance relative to its strategic plan and discusses how the FY 2012-13 budget request advances the Department's performance-based goals. Pursuant to the State Measurement for Accountable, Responsive, and Transparent (SMART) Government Act (H.B. 10-1119), the full strategic plan for the DOLA can be accessed from the Office of State Planning and Budgeting web site.

The issue brief assumes that the performance-based goals are appropriate for the Department. Pursuant to the SMART Government Act legislative committees of reference are responsible for reviewing the strategic plans and recommending changes to the departments. The issue brief also assumes that the performance measures are reasonable for the performance-based goals. Pursuant to the SMART Government Act the State Auditor periodically assesses the integrity, accuracy, and validity of the reported performance measures. Please note that the Department's full strategic plan includes four overarching highest priority objectives and performance measures and additional division-specific objectives and performance measures. This issue brief only deals with the four overarching objectives.

**DISCUSSION:**

**Performance-based Goals and Measures**

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The Department's four top priority objectives are:

1. *Objective: Improve the efficiency of programmatic systems across the department to support the pursuit of division specific goals. Automate systems where most appropriate and cost-effective.*

Reduce Processing Errors to Less Than 2 Percent		
Year	Benchmark	Actual
FY 2008-09	TBD	Unknown
FY 2009-10	TBD	Unknown
FY 2010-11	TBD	Unknown
FY 2011-12 Appropriation	TBD	Unknown
FY 2012-13 Request	TBD	Unknown

Increase Customer Satisfaction		
Year	Benchmark	Actual
FY 2008-09	TBD	Unknown
FY 2009-10	TBD	Unknown
FY 2010-11	TBD	Unknown
FY 2011-12 Appropriation	TBD	Unknown
FY 2012-13 Request	TBD	Unknown

**a. How is the Department measuring the specific goal/objective?**

DOLA will obtain data on processing errors from HUD, which will notify the Department of its processing errors annually. DOLA is still determining what data to collect in order to assess customer satisfaction. The Department has not yet defined any benchmarks for these performance measures. The first year data will be collected is FY 2012-13.

**b. Is the Department meeting its objective, and if not, why?**

Unknown. The Department has not yet defined any benchmarks for these performance measures, thus it is unclear whether the goal is being achieved. The first year actual outcome data will be available will be FY 2012-13.

**c. How does the budget request advance the performance-based goal?**

The Department has not submitted any decision items related to the efficiency of programmatic systems. Generally, DOLA is pursuing programmatic systems efficiencies throughout the department as a way to help enhance service levels to customers.

For example, one of the programmatic systems areas DOLA is targeting is in the Division of Housing. Legislative action last year, HB 11-1230, transferred the Supportive Housing and Homeless Program (SHHP) program for the Department of Human Services to DOLA's Division of Housing (DOH). DOH already processes approximately 2,543 housing choice vouchers monthly as part of its Section 8 program and SHHP processes an additional approximately 3,200 housing choice vouchers monthly. With the assimilation of the two programs into one department, DOH now processes approximately 5,743 housing choice vouchers monthly using two distinctly different computerized programs and processes. DOLA feels it would be more effective and efficient to integrate these two systems into one process and achieve some greater economies of scale, reduction in errors processing payments and increasing customer satisfaction. The Department's evaluation of its programs is on-going.

2. *Objective: Coordinate financial and programmatic approaches across divisions within the Department to improve the quality of life in communities throughout the state.*

<b>Increase the Leverage of Other Funds and Local Match to the Investment of CDBG Funds</b>		
<b>Year</b>	<b>Benchmark</b>	<b>Actual</b>
FY 2008-09	TBD	Unknown
FY 2009-10	TBD	Unknown
FY 2010-11	TBD	Unknown
FY 2011-12 Appropriation	TBD	Unknown
FY 2012-13 Request	TBD	Unknown

<b>Increase the Mitigation or Offset of Other Social Costs</b>		
<b>Year</b>	<b>Benchmark</b>	<b>Actual</b>
FY 2008-09	TBD	Unknown
FY 2009-10	TBD	Unknown
FY 2010-11	TBD	Unknown
FY 2011-12 Appropriation	TBD	Unknown
FY 2012-13 Request	TBD	Unknown

**a. How is the Department measuring the specific goal/objective?**

DOLA will compile data on the dollar match amounts required for every dollar granted out of the State's Community Development Block Grant (CDBG) program. This data will be utilized to maximize the impact of these funds. The Department is also looking to partner with several federal agencies to collect data on the mitigation of other social costs. DOLA has not yet defined any benchmarks for these performance measures. The first year data will be collected is FY 2012-13.

**b. Is the Department meeting its objective, and if not, why?**

Unknown. The Department has not yet defined any benchmarks for these performance measures, thus it is unclear whether the goal is being achieved. The first year actual outcome data will be available will be FY 2012-13.

**c. How does the budget request advance the performance-based goal?**

The Department has not submitted any decision items related to CDBG funds. However, as mentioned above, DOLA is evaluating the leverage of CDBG grants to maximize their impact. CDBG funds can be used as a way to augment other investments or to help mitigate and offset other social and economic costs. The Department administers the CDBG Program to non-entitlement communities. The State's CDBG allocation is divided equally in thirds between the Division of Housing, Division of Local Government and the Office of International Trade and Economic

Development for consideration of projects that meet the Federal and State objectives. The Federal allocation for this program has been declining over the past few years and this trend will likely continue. With fewer of these program funds available to the State, DOLA is looking at more strategic ways to invest the respective CDBG funds in local community projects.

Because of the General Fund deficit experienced in the past several years, DOLA has been implementing various strategies aimed at ensuring the quality of life in communities throughout the State while reducing General Fund support. The base reduction item submitted by the Department to decrease General Fund support to the Volunteer Firefighter Pension Plan by (\$1,519,047) aims to reduce the amount of State resources used on volunteer firefighter retirement plans that have been independently verified as not requiring State assistance to meet their benefit obligations. The Department feels that the proposed changes will not negatively impact actual pension benefits paid to any retired volunteer firefighter. As such, the request could potentially advance the performance based goal by freeing up General Fund dollars for use elsewhere.

3. *Objective: Identify and pursue strategic community engagements which promote community stability and sustainability, and encourage local economic development opportunities.*

<b>Identify and Map (By County) the Annual Number of Community Engagement Actions</b>		
<b>Year</b>	<b>Benchmark</b>	<b>Actual</b>
FY 2008-09	TBD	Unknown
FY 2009-10	TBD	Unknown
FY 2010-11	TBD	Unknown
FY 2011-12 Appropriation	TBD	Unknown
FY 2012-13 Request	TBD	Unknown

**a. How is the Department measuring the specific goal/objective?**

DOLA defines a community engagement as an intentional process that mobilize financial and/or intellectual resources to solve a common challenge. The Department will track the number of engagements each year and compile a database and map of these engagements. DOLA has not defined any benchmarks. The first year data will be collected is FY 2012-13.

**b. Is the Department meeting its objective, and if not, why?**

Unknown. The Department has not yet defined any benchmarks for these performance measures and so it is unclear whether the goal is being achieved. The first year actual outcome data will be available will be FY 2012-13.

**c. How does the budget request advance the performance-based goal?**

The Department has not submitted any decision items related to this objective. However, DOLA generally operates as the state's conduit for providing coordination of state services and information to assist local governments in effectively meeting the needs of Colorado citizens. This is an ongoing responsibility for Departmental staff.

4. *Objective: Identify strategic employee engagement and demand for DOLA services beyond funding grant requests in order to serve our customers more effectively.*

Identify Annual Number of Employee Engagements With Local Government Officials		
Year	Benchmark	Actual
FY 2008-09	TBD	Unknown
FY 2009-10	TBD	Unknown
FY 2010-11	TBD	Unknown
FY 2011-12 Appropriation	TBD	Unknown
FY 2012-13 Request	TBD	Unknown

**a. How is the Department measuring the specific goal/objective?**

The Department will track the number of engagements each year and compile a database and map of these engagements. However, the Department has not yet defined any benchmarks for these performance measures. The first year data will be collected is FY 2012-13.

**b. Is the Department meeting its objective, and if not, why?**

Unknown. DOLA has not yet defined benchmarks, thus it is unclear whether the goal is being achieved. The first year outcome data will be available will be FY 2012-13.

**c. How does the budget request advance the performance-based goal?**

The Department has not submitted any decision items related to this objective. However, DOLA generally operates as the state's conduit for providing coordination of state services and information to assist local governments in effectively meeting the needs of Colorado citizens. This is an ongoing responsibility for Departmental staff.

**Other Staff Observations About Budget Request and Performance-based Goals**

While the Department has not yet determined benchmarks or collected the data needed to assess the four overarching objectives described above, it has put together detailed division-specific goals and performance measures. The Department has a significant amount of data for each of these division-specific performance-based goals that would allow a more detailed look at whether or not each Division is meeting its goals on a programmatic level.

**FY 2012-13 Joint Budget Committee Staff Budget Briefing  
DEPARTMENT OF Local Affairs**

**BRIEFING ISSUE**

**ISSUE: Colorado Affordable Housing Construction Grants and Loans**

This issue brief summarizes the Division of Housing's Affordable Housing Construction Grants and Loans Program as well as its performance relative to its strategic plan. It also discusses major factors driving the need for affordable housing in Colorado and how the FY 2012-13 budget request advances the Division's performance-based goals meant to address this need. The issue brief assumes that the goals are appropriate for the Division.

**SUMMARY:**

- ☐ The Colorado Affordable Housing Construction Grants and Loans program provides General Fund dollars for grants and loans for the rehabilitation, acquisition, and maintenance of affordable, safe, and sanitary housing for low-income households.
- ☐ Several factors are driving an increased need for affordable housing, including national and state economic conditions, income, and price or availability of housing.
- ☐ The Division of Housing has exceeded performance benchmarks for two of its three division-specific objectives and is making progress on the third.
- ☐ Based on the assessment of factors contributing to the need for affordable housing, the indicators that low-income earning households face a scarcity of affordable housing, and DOH performance measures, staff feels that this line item provides a funding source for affordable housing projects that are not currently covered through other available means.

**DISCUSSION:**

**Background**

This line item provides funding for grants and loans for the rehabilitation, acquisition, and maintenance of affordable, safe, and sanitary housing for low-income households. Low-income households are defined as those at or below 30 percent of area median income (AMI). The line item is made up entirely of General Fund dollars and represents about 23 percent of DOLA's total General Fund appropriation for the current fiscal year.

DOLA has statutory authority to operate the program through Section 24-32-705 1 (a), C.R.S. Moneys are transferred to the Colorado Affordable Housing Construction Grants and Loan Fund and are continuously appropriated to the Division. Not more than \$250,000 may be appropriated from the General Fund in any fiscal year for uses not related to construction grants or loans.

DOH uses the General Fund appropriation to encourage private enterprise and all public and private agencies engaged in planning, construction, and acquisition of adequate housing or the rehabilitation of existing housing in Colorado. The moneys are used in part to match federal moneys available through the Federal Affordable Housing Grants and Loans line item, as well as to leverage other public and private funds. In this capacity, the Division is able to achieve a 15 dollar match for every dollar granted out of this line item.

The program has received varying amounts of General Fund dollars. In FY 1998-99, the program received \$4.0 million; however, the program was zeroed out in FY 2002-03 due to economic downturn. Funding returned in FY 2004-05 at a reduced level of \$100,000. Appropriations have increased in recent years to \$2.25 million in FY 2010-11. The program received an appropriation of \$2 million in FY 2011-12. The table below summarizes funding for housing grants and loans.

#### Recent History of State Appropriations

Fiscal Year	General Fund Appropriation	Annual Change	
		Dollar	Percent
1998-99*	4,000,000	3,400,000	566.7%
1999-00	2,600,000	(1,400,000)	-35.0%
2000-01	2,600,000	0	0 0.0%
2001-02**	2,508,933	(91,067)	-3.5%
2002-03***	0	(2,508,933)	-100.0%
2003-04	0	0	-100.0%
2004-05	100,000	100,000	100.0%
2005-06	100,000	0	0.0%
2006-07	1,100,000	1,000,000	1,000.0%
2007-08	1,223,324	123,324	11.2%
2008-09	2,225,000	1,001,676	81.9%
2009-10	2,225,000	0	0.0%
2010-11	2,225,000	0	0.0%
2011-12	\$2,000,000	\$(225,000)	-10.1%
<b>2012-13 Request</b>	--	--	--

\* Includes \$1.4 million increase in the base and a one-time transfer of \$2 million from reserves in the Economic Development Commission Cash Fund reserves.

\*\*Original Long Bill appropriation of \$4,570,000 was reduced mid-year. The original appropriation included a change request to increase the General Fund appropriation by \$1,970,000 (DI #1).

\*\*\* Original Long Bill appropriation of \$2,904,376 was lined through by the Governor.

#### Factors Driving Demand for Affordable Housing:

Many factors affect the need for affordable housing, including national and state economic conditions, income, and price or availability of housing. The term "affordable" assumes payments equal to 30 percent or less of a household's income. According to the U.S. Department of Housing and Urban Development (HUD), which determines AMI, the Colorado AMI for FY 2011-12 is \$62,750. Therefore, this line item is focused on providing State funding for grants and loans for housing targeted to households with an income of \$18,825 or less.



### *National and State Economic Conditions*

In the wake of the record house-price declines of the last few years and continued financial market fallout, the economic recovery has slowed. Evidence continues to point toward a slow expansion due to private sector employment growth. However, the chances of a new recession are still significant because of decreased government spending, business investment, and consumer spending. Additionally, the construction and real estate sectors that were so integral to the causes of the 2008 recession remain weak. Indeed, HUD expects that home values nationally will fall another 3.6 percent by next June, pushing them to a new low of 35 percent below the peak reached in early 2006 and marking a triple dip in prices. This is primarily due to the continued credit crunch, increasing foreclosure activity nationally, and sustained high unemployment rates.

### *Housing Market*

According to DOH, home prices in Colorado and its regions continue a slow and steady decline. Indices like the House Price Index provided by the Federal Housing and Finance Agency (FHFA) reports that Colorado home prices are down 4.7 percent from mid-2010 to mid-2011. The FHFA also reports that home prices in the state are now down 14 percent from the peak levels attained during 2006. Other indices report that home prices have declined from anywhere from 3 to 5 percent from mid-2010 to mid-2011. All major metropolitan regions have reported mild and ongoing declines; however, the largest declines over the past two years have been found in the Grand Junction and Greeley metropolitan areas.

Foreclosure filings in Colorado declined 31 percent from year-ago levels in the first eight months of the current year. During that period, 16,481 foreclosure filings were initiated, down from 24,032 in the first eight months of 2010. DOH also has noted a 18.5 percent drop in foreclosure sales over the first eight months of 2011, from 14,114 last year to 11,502 in 2011. During the third quarter of 2011, 12 out of 64 counties reported year-over-year increases in foreclosure filings, while 52 counties reported either declines in foreclosure filings or no change. The State may not, however, be immune to the national uptick in foreclosures. Colorado foreclosure postings could trend upward because new foreclosure filings increasing 34.2 percent between the months of July and August. This is likely tied to the fact that there was an increase in new 30-day and 60-day delinquencies in Colorado mortgages during the second quarter, leading to more foreclosure filings.

### *Effect on Low-Income Communities*

The sluggish economy and weak housing market are putting additional pressure on low income communities. Indeed, just as these communities are often “last in” for economic opportunity during boom times, they are also “first out” when things shift into reverse. The housing-specific nature of the current crisis poses an additional challenge because many of these areas were hotspots for risky subprime lending prior to the 2008 recession. Now, individuals within these communities are faced with the fallout. HUD data show that census tracts where the poverty rate was at least 40 percent in 2000—the HUD definition of concentrated poverty—today have an estimated foreclosure rate over 10 percent, roughly double the nationwide average.

This poses an immediate challenge to DOH as the need for rental units becomes ever more acute. The Department's April 2010 (updated in June 2011) "Housing Mismatch and Rent Burden Information for Rental Housing in Colorado" publication states that there are now almost 600,000 renter households in Colorado. Because of the increased demand for rentals, vacancy rates continue to decline. For example, the vacancy rate in metro Denver declined from 5.3 percent to 4.9 percent from the third quarter of 2010 to the third quarter of 2011. Statewide, statistics are unavailable for the third quarter, but the vacancy rate in the second quarter was 5.2 percent, and the overall trend points to a tighter market. Units suitable for low-income households have become especially scarce as rents increase along with demand. The table below demonstrates this.

#### **Relationship Between Income and Affordable Housing**

Income Level	Affordable Monthly Payment*	Number of Renter Households	Available Housing Units	Households Per Housing Unit
\$10,000	\$250	83,384	44,401	1.9
15,000	375	140,530	60,173	2.3
20,000	499	190,877	94,224	2.0
25,000	624	247,849	166,774	1.5
30,000	750	296,781	254,078	1.2
35,000	875	344,543	327,290	1.1

\*Based on housing expense as 30 percent of income

There are currently more households living at an income level of \$10,000 to \$35,000 than there are available affordable housing units. When a household spends more than 30 percent of its income on housing, it is considered to be a "rent burdened household." Out of a total of 594,540 renter households, there were approximately 282,200 households (47 percent) paying 30 percent or more of income toward housing. Spending this much negatively impacts a household's ability to spend on essentials such as food, clothing, transportation, and medical.

#### **Division of Housing Performance Based Goals:**

The Division of Housing collects data for several performance measures that relate to the Colorado Affordable Housing Construction Grants and Loans program.

1. *Preserve the existing statewide supply of affordable rental or home-ownership housing.*

<b>Preservation of Affordable Rental and Home-Ownership Housing (Units)</b>		
<b>Year</b>	<b>Benchmark</b>	<b>Actual</b>
FY 2007-08	910	629
FY 2008-09	910	509
FY 2009-10	910	774
FY 2010-11	910	257
FY 2011-12 Approp	910	Unknown

DOH funds projects that involve acquisition and/or rehabilitation of rental properties or rehabilitation of owner-occupied housing to preserve the existing statewide affordable housing stock. The Division has not yet met its benchmark of 910 units.

2. *Increase the statewide supply of affordable "workforce" rental housing and home-ownership opportunities.*

<b>Increase Supply of Workforce Rental and Home-Ownership Housing (Units)</b>		
<b>Year</b>	<b>Benchmark</b>	<b>Actual</b>
FY 2007-08	550	555
FY 2008-09	550	887
FY 2009-10	550	519
FY 2010-11	550	559
FY 2011-12 Approp	550	Unknown

To increase the supply of statewide workforce housing, DOH funds new rental and single-family construction projects aimed at households whose income is at or below 80 percent of Area Median Income. As the table above illustrates, the Division has exceeded its benchmark of 550 units in three of the last four years for which data is available.

3. *Increase statewide supply of housing for persons with special needs coupled with services that increase or maintain independence.*

<b>Fund 50 Units of Special Needs Housing (Units)</b>		
<b>Year</b>	<b>Benchmark</b>	<b>Actual</b>
FY 2007-08	50	272
FY 2008-09	50	292
FY 2009-10	50	307
FY 2010-11	50	372
FY 2011-12 Approp	50	Unknown

To increase the statewide supply of housing for persons with special needs coupled with services that increase or maintain independence, DOH has funded permanent supportive housing for seniors, the disabled, the chronically homeless, and victims of domestic violence. The Division has exceeded its benchmark in each of the last four years.

## STAFF EVALUATION:

This line item provides a funding source for affordable housing projects that are not currently covered through other available means. Entitlement areas, for example, receive moneys for affordable housing directly from HUD. They are of a substantial enough size to accommodate the administration of the funds, such as cities and other large scale municipalities, and are defined by HUD. The federal government also provides DOLA moneys for affordable housing in non-entitlement areas (Federal Affordable Housing Construction Grants and Loans line item). However, this additional money cannot be used to supplement federal moneys received by entitlement areas, thus if there is additional need by an entitlement area, the State can only backfill this demand with General Fund dollars or other qualifying sources. As the table below illustrates, many of the largest entitlement counties and municipalities experience the greatest need for affordable housing.

**Percentage of All Households Rent Burdened at Each Income Level**

Metro Area	Less than \$10,000	\$10,000- \$19,999	\$20,000- \$34,999	\$35,000- \$49,999	\$50,000- \$74,999	\$75,000 or more
Boulder	82.0%	91.1%	83.5%	45.6%	17.0%	5.8%
Colorado Springs	77.8%	91.6%	61.0%	30.1%	6.8%	1.6%
Denver-Aurora- Broomfield	68.2%	87.4%	69.6%	32.2%	12.5%	2.4%
Fort Collins-Loveland	82.9%	86.4%	69.5%	33.1%	12.5%	1.1%
Grand Junction	72.9%	75.3%	55.7%	23.4%	6.2%	2.1%
Greeley	68.3%	77.5%	58.7%	28.8%	10.0%	1.9%
Pueblo	77.7%	78.9%	56.0%	20.8%	6.2%	0.8%
Colorado Totals	72.2%	85.0%	65.7%	31.4%	11.9%	2.8%

For instance, the Denver-Aurora-Broomfield region has a consistently high percentage of households that are rent burdened at each income level. Additionally, in this same region there are at least 2.9 households for every unit affordable to households making \$15,000 or less annually. The sluggish national economy and weak housing market will continue to put pressure on existing affordable housing stock in these markets and around the State.

**FY 2012-13 Joint Budget Committee Staff Budget Briefing  
Department of Local Affairs**

**BRIEFING ISSUE**

**ISSUE: Reduction in General Fund for the Volunteer Firefighter Pension Plan**

DOLA is requesting a decrease of (\$1,519,047) in General Fund dollars for the Division of Local Governments' Volunteer Firefighter Pension Plan line item. The request will eliminate State support for volunteer firefighter pension plans that pay monthly benefits of more than \$300 per eligible participant per month and are determined to be actuarially sound at the current benefit level of \$300 per month for the next 20 years. It will reduce the State General Fund obligation for this program from \$4.3 million in FY 2011-12 to about \$2.8 million in FY 2012-13.

**SUMMARY:**

- ☐ DOLA is requesting a decrease of (\$1,519,047) in General Fund dollars for the Division of Local Governments' Volunteer Firefighter Pension Plan line item, reducing the State General Fund obligation for this line item to about \$2.8 million in FY 2012-13.
- ☐ The request eliminates State support for plans that pay monthly benefits of more than \$300 per month and are actuarially sound at the State's \$300 benefit level over the next 20 years.
- ☐ The request will not negatively impact actual pension benefits paid to volunteer firefighters through these plans at the level of \$300 per month.
- ☐ The proposal will require a statutory change to Section 31-30-112 (2), C.R.S.

**DISCUSSION:**

**Background**

This line item reports the State's contribution to local volunteer firefighter retirement plans, as authorized by Section 31-30-1112 (2), C.R.S. It is funded with revenues from a two percent tax on the gross amount of all insurance premiums collected during the previous calendar year. These moneys are not subject to the annual statutory limit on General Fund appropriations.<sup>2</sup> The General Assembly has identified as least a portion of this appropriation as coming from the General Fund Exempt account in all but one year since FY 2005-06. In FY 2009-10, no portion of this appropriation was identified as coming from the General Fund Exempt account as a result of General Fund revenues falling below the TABOR revenue limit. Pursuant to Section 31-30-1112 (2) (i), C.R.S., the line item is included in the Long Bill for informational purposes only.

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<sup>2</sup> See Section 10-3-209, C.R.S.

Entities eligible to receive the state contribution to volunteer pension funds include:

- ☐ Municipalities with a population under 100,000 that maintain a regularly organized volunteer fire department and that offer fire protection services;
- ☐ Fire protection districts having volunteers and offering fire protection services;
- ☐ County improvement districts having volunteer fire department members and offering fire protection services; and
- ☐ Counties contributing to a volunteer pension fund at one of the above.

Eligible entities must have active, pension-eligible volunteer firefighters and have contributed tax revenue to the pension fund in the year previous to the year in which the distribution is made. Municipalities with populations of less than 100,000 may levy a tax of not more than one mill (one percent) on the taxable property in the municipality, county, or district to fund their individual volunteer firefighter pension funds.

Pursuant to Section 31-30-1112 (2), C.R.S., the State payment to any municipality or district that is contributing an amount necessary to pay volunteer firefighter pension plans of \$300 or less per month must equal 90 percent of all amounts contributed by the locality in the previous year. The State payment to localities that contribute an amount necessary to pay pensions in excess of \$300 per month also must equal 90 percent of all amounts contributed by the locality in the previous year, as long as that 90 percent is less than the greater of (1) the contribution actuarially required to pay a pension of \$300 per month or (2) the highest actual contribution received by the municipality during the calendar years 1998, 1999, 2000, or 2001. The State has to contribute an amount equal to the greater of these two categories if such amount is less than 90 percent of municipal or special district contributions in the previous year. In each case, the State contribution cannot exceed an amount that is equal to a tax of one-half mill (.05 percent) on the total taxable property in the municipality, county, or special district. Please see Appendix E for an example of this calculation.

The Department conducts an application process in which volunteer firefighting agencies submit an actuarial review of their plans "soundness" over the next 20 years. DOLA uses these studies to determine how much assistance each locality receives. Critically, because of the "greater of" language currently included in statute, any locality which submits a request will be funded at some level, regardless of whether its pension plan requires such funding to meet the \$300 per month pension. DOLA currently distributes moneys to 227 qualified pension plans, 91 of which distribute more than \$300 per month to eligible retirees, and 57 of which pay more than \$300 and whose overall plan has been determined to be actuarially sound per an independent review.

### **Department Request**

DOLA is proposing a change in statute to eliminate State support for volunteer firefighter pension plans that pay monthly benefits of more than the \$300 per eligible participant per month and are

determined to be actuarially sound at the current benefit levels for the next 20 years. Those plans paying less than or equal to the benefit of \$300 and those paying more but determined to have a need at the State's \$300 level based on an independent actuarial study, will continue to receive State support. Additionally, DOLA is requesting a provision be included in statute that would limit benefit levels for which the State would provide assistance.

The request will result in a General Fund obligation of \$2,745,706 for FY 2012-13. This represents a savings of (\$1,519,047), reducing the State's General Fund obligation from \$4.3 million in FY 2011-12 to about \$2.8 million FY 2012-13.

### **Anticipated Impacts**

This statutory change will affect about 25 percent of pension plans with applications for State assistance currently on file with DOLA. The table below details how these plans will be affected. Please see Appendix F for a list of all 227 qualified pension plans and their associated monthly benefits paid to eligible retirees.

#### **Statutory Changes Presented by Affected Plan Type**

New Statutory Provisions	Number of Plans Impacted
Continue State support for any plan paying \$300 or less in benefits per month, per eligible retiree.	136
Continue State support for any plan paying more than \$300 in benefits per month, per eligible retiree, but whose overall plan is not determined to be actuarially sound per an independent review.	34
Discontinue State support for any plan paying more than \$300 in benefits per month, per eligible retiree, and whose overall plan is determined to be actuarially sound per an independent review.	57
Total Plans on File with DOLA	227

The proposal will not impact the 170 plans that do need State assistance in order to meet benefit obligations of \$300 per month, per eligible retiree—either because they are paying less than the \$300 per month or because they are deemed not actuarially sound over the next 20 years at the \$300 per month level. The 57 plans that have been independently verified as actuarially sound over the next 20 years at the \$300 per month level would lose \$1,519,047 in State General Fund support. Again, this loss of State support would not negatively impact actual pension benefits paid to volunteer firefighters through these plans at the level of \$300 per month.

### **STAFF EVALUATION:**

- ☐ Allow current statute to guide the distribution of General Fund moneys by taking no legislative action outside of the normal Long Bill appropriations for FY 2012-13. This option represents the status quo and would require minimal effort on the part of the JBC. It ensures that any municipality or special district which submits a request will be funded at

some level—usually at 90 percent of the locality's previous year contribution. State volunteer firefighters would continue to receive benefits at current levels. However, following existing statute would require continued contribution to plans that have been determined to be actuarially sound for the next 20 years at the \$300 per month level, directing State resources to plans that are meeting the current State definition for adequate retirement coverage without the State contribution. Given the sluggish economy and continued restriction on state revenues, the Department has questioned whether this is prudent.

- ❑ Run a JBC bill to adjust Section 31-30-112 (2), C.R.S. Specifically, language in the referenced statute would need to be changed to eliminate the State obligation to subsidize those plans identified as actuarially sound and paying more than the \$300 monthly benefit. This plan would decrease the State's General Fund obligation for this line item by \$1,519,047 and ensures that resources would be directed to those plans which require state assistance to provide their volunteers coverage at the \$300 per month level. However, this option would eliminate support for 57 pension plans around the State, shifting some of the burden to municipalities or special districts at a time when conditions in many localities are as bad or worse than the State. Additionally, there is a concern that because of declining property values, unless these localities were able to raise mill rates pursuant to Section 31-30-1110, C.R.S., this option could negatively impact actual pension benefits paid to volunteer firefighters throughout the State. If actual benefits are lowered, some special districts could lose firefighters. Finally, this option would require legislation outside of the Long Bill appropriations process.



**FY 2012-13 Joint Budget Committee Staff Budget Briefing  
Department of Local Affairs**

**BRIEFING ISSUE**

**ISSUE: Cash Transfers to the General Fund**

In recent years, the General Assembly has often looked to DOLA's cash funding sources as a way to balance the budget. This issue provides an update of these cash transfers to the General Fund from FY 2008-09 to FY 2011-12 as well as a description of the Governor's proposal for FY 2012-13.

**SUMMARY:**

- ☐ While total appropriations to DOLA increased by about \$99 million from FY 2008-09 to FY 2012-13 (38 percent), nearly all of this jump can be attributed to increases in the two major departmental revenue sources, severance and federal mineral lease (FML) taxes.
- ☐ The significant growth in DOLA cash fund revenues has allowed the General Assembly to transfer \$270.2 million from cash funds administered by the Department to the General Fund for budget balancing purposes since FY 2008-09.
- ☐ The Governor's budget balancing plan for FY 2012-13 includes a proposed transfer of \$30 million in cash funds from the Local Government Severance Tax Fund.

**DISCUSSION:**

**Appropriations History**

From FY 2008-09 to FY 2012-13, total appropriations to the Department has increased by about \$99 million (38 percent). Appropriations to the Department for FY 2008-09 through FY 2012-13 are detailed in the table below.

Department of Local Affairs Appropriations FY 2007-08 to FY 2012-13					
	Total Funds	General Fund	Cash Funds	Reappropriated Funds	Federal Funds
FY 2008-09	\$263,367,107	\$12,352,639	\$190,783,749	\$5,324,722	\$54,905,997
FY 2009-10	394,429,210	10,912,921	258,601,220	11,928,255	112,986,814
FY 2010-11	318,292,163	10,561,511	203,509,756	7,243,477	96,977,419
FY 2011-12 Approp	363,437,279	10,383,966	228,629,982	7,104,146	117,319,185
FY 2012-13 Request	362,311,555	9,036,183	228,701,124	7,110,808	117,463,440
Increase/(Decrease.) /a	\$98,944,448	(\$3,316,456)	\$37,917,375	\$1,786,086	\$62,557,443
Percent Change /a	37.6%	(26.8)%	19.9%	33.5%	113.9%

b/ Increase/(Decrease) and Percent Change compare FY 2008-09 and FY 2012-13.

A significant portion of this increase can be attributed to DOLA's dedicated cash funds (\$38 million)—the largest of these being the Local Government Severance Tax Fund and the Local Government Mineral Impact Fund (FML revenues). However, because the majority of the revenue generated for these two cash funds is driven by oil, gas, and mineral prices as well as the amount produced each year, there has been significant variance. For example, actual revenues generated by severance taxes in FY 2009-10 (\$94.9 million) were significantly less than was appropriated (\$119 million), and actual FML revenues generated in FY 2009-10 (\$49 million) were \$73 million less than was appropriated (\$122 million). Therefore the appropriation levels for cash funds included in the table do not accurately reflect Department revenues for FY 2009-10.

Much of the remaining increase is due to a jump in federal funds. The FY 2009-10 change reflects the \$34.4 million received for the Neighborhood Stabilization Program and an additional \$12.9 million for rental assistance, \$8.7 million for the reduction of poverty, revitalization of low-income communities, and to assist low-income families and individuals to become self-sufficient, and \$2.8 million for critical infrastructure as part of the "American Reinvestment and Recovery Act of 2009" (ARRA). Federal funding has remained high in each year since.

#### **Major Cash Fund Transfers to the General Fund from FY 2008-09 to FY 2012-13**

The significant growth in DOLA's cash revenues has allowed the General Assembly to utilize these funds as a way to balance the budget. From FY 2008-09 to FY 2011-12, the General Assembly has transferred \$270.2 million from various cash funds administered by the Department to the General Fund for budget balancing purposes. The following table details the actual and proposed cash fund transfers to the General Fund for budget balancing purposes from FY 2008-09 through FY 2012-13.

#### **Cash Fund Transfers from the Department of Local Affairs: FY 2008-09 to FY 2012-13**

DOLA Cash Fund	FY 2008-09	FY 2009-10	FY 2010-11	FY 2011-12 Estimated	FY 2012-13 Proposed	Transfer Total
Local Government Severance Tax Fund	\$7,500,000	\$50,327,796	\$70,000,000	\$41,000,000	\$30,000,000	\$198,827,796
Local Government Mineral Impact Fund	1,000,000	22,600,000	15,000,000	30,000,000	0	68,600,000
Local Government Permanent Fund	0	14,305,697	10,412,254	0	0	24,717,951
Local Govt Limited Gaming Impact Fund	1,050,000	2,000,000	0	0	0	3,050,000
Home Investment Fund	1,284,000	0	0	0	0	1,284,000
Building Regulation Fund	1,101,349	0	0	0	0	1,101,349
Moffat Tunnel Fund	86,758	0	0	0	0	86,758
Waste Tire Clean Up Fund	150,000	1,900,000	n/a	n/a	n/a	n/a
Waste Tire Recycling Development Fund	500,000	0	n/a	n/a	n/a	n/a
<b>Total</b>	<b>\$12,672,107</b>	<b>\$91,133,493</b>	<b>\$95,412,254</b>	<b>\$71,000,000</b>	<b>\$30,000,000</b>	<b>\$297,667,854</b>

## **Proposal to Transfer Local Government Mineral Impact Grant Program Funds**

The Local Government Severance Tax Fund and the Local Government Mineral Impact Fund, which serve as revenue sources for the Local Government Mineral Impact Grant Program, have seen the most significant transfers. The Governor is requesting that \$30 million in cash funds from the Local Government Severance Tax Fund be transferred to the General Fund for budget balancing purposes in FY 2012-13. The proposal would not transfer any funds from the Local Government Mineral Impact Fund in FY 2012-13.

### **❑ *Local Government Severance Tax Fund***

**Purpose:** The state instituted the Severance Tax in 1977 to recapture a portion of the value of nonrenewable natural resources that is lost when they are extracted.<sup>3</sup> This is accomplished through the use of an excise tax imposed on all nonrenewable resources removed from the earth in Colorado. Severance tax revenues are used by the State for various public purposes, to provide direct distribution and grant opportunities for localities affected by mineral development, and to compensate political subdivisions for the loss of property tax revenues resulting from the deduction of severance taxes paid.

**Revenue Source:** The fund consists of 50 percent of total gross receipts realized from the severance taxes imposed on five types of extracted minerals and mineral fuels, including oil and natural gas, coal, metallic minerals, molybdenum ore, and oil shale. The tax applies for resources that are removed from both privately and publicly owned lands; however, the severance tax is not paid when resources are removed from Tribal lands.<sup>4</sup> Please see Appendix G for the September 2011 Legislative Council Staff Economic and Revenue Forecast of severance tax revenues.

**Allocation:** Revenues from the tax are deposited in the fund on a monthly basis. Seventy percent of the moneys allocated to the Department are combined with federal mineral leasing revenues (discussed below) and distributed as grants or low-interest loans to local governments through the Mineral and Energy Impact Grant Program. Thirty percent is directly distributed by formula to impacted localities.<sup>5</sup>

**Past Transfers:** During the 2009 legislative session, S.B. 09-279 transferred \$7.5 million from the Local Government Severance Tax Fund to the General Fund as a part of a budget balancing action for FY 2008-09. During the 2010 legislative session, H.B. 10-1327 transferred \$50,327,796 million to the General Fund as part of a budget balancing action for

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<sup>3</sup> See Section 39-29-101, C.R.S.

<sup>4</sup> See Section 39-29-108, C.R.S.

<sup>5</sup> See Section 39-29-110, C.R.S.

FY 2009-10. H.B. 10-1388 was also approved during the 2010 legislative session and transferred \$10 million from to the General Fund for FY 2010-11. Finally, S.B. 11-226 transferred \$41 million to the General Fund for FY 2011-12.

□ *Local Government Mineral Impact Fund*

**Purpose:** This fund provides direct distribution and grant opportunities for localities socially or economically impacted by mineral development on federal lands. More specifically, funds are utilized for the purposes of planning, construction, and maintenance of public facilities and for public services.<sup>6</sup>

**Revenue Source:** When an individual or company leases federal land for mineral development, the federal government collects fees related to that development pursuant to the provisions of the "Mineral Lands Leasing Act," as amended. Lease holders have to pay a bonus to use the land, pay rent for the right to extract minerals from the land, and pay a royalty (percentage) on minerals extracted and sold. Under current law, half of these federal mineral lease (FML) revenues are returned to the state of origin. Please see Appendix H for the September 2011 Legislative Council Staff Economic and Revenue Forecast of FML revenues for Colorado.

**Allocation:** The state of Colorado distributes the FML revenues to a variety of entities. The Local Government Mineral Impact Fund consists of 40 percent of the State's overall share of all "non-bonus" (rents and royalties) revenues.<sup>7</sup> Revenues are deposited on a quarterly basis. Half of the moneys deposited are directly distributed by formula to impacted localities<sup>8</sup> and the other half is distributed as grants by the Department.<sup>9</sup>

**Past Transfers:** During the 2009 legislative session, S.B. 09-279 transferred \$1 million from the Local Government Mineral Impact Fund to the General Fund as a part of a budget balancing action taken for FY 2008-09. The legislation also authorized the transfer of \$22.6 million to the General Fund for budget balancing purposes for FY 2009-10. The General Assembly only chose to transfer moneys that would otherwise have been distributed as grants by the Department. During the 2011 legislative session, S.B. 11-164 transferred \$15 million to the General Fund for FY 2010-11 budget balancing purposes, and S.B. 11-226 transferred \$30 million to the General Fund for FY 2011-12.

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<sup>6</sup> See Section 34-63-102 (1), C.R.S.

<sup>7</sup> See Section 34-63-102 (5.4) (b) (1), C.R.S.

<sup>8</sup> See Section 34-63-102 (5.4) (c), C.R.S.

<sup>9</sup> See Section 34-63-102 (5.4) (b) (1), C.R.S.

## **STAFF EVALUATION:**

The proposal allows for a total of \$10 million to be made available for the Mineral and Energy Impact Grant Program in FY 2012-13. This amount will be comprised of \$5 million from severance revenues and \$5 million from FML revenues. In combination with previously enacted cash transfers, this proposal will retain liquid balances of about \$7.7 million in the Local Government Severance Tax cash fund and \$3.7 million in the Local Government Mineral Impact Fund.

These estimates assume that current revenue assumptions hold and could change in the event that future forecasts for this area decline. However, as mentioned previously, these revenues are very volatile. The dilemma which exists when relying in large part on oil, gas, and mineral tax revenues is that high prices and production volumes create windfall revenues in some years and poor prices or production volumes create revenue shortfalls in other years. Additional severance tax volatility occurs because of the timing of the ad valorem tax credit, which does not align with the same production year of the severance tax. This misalignment magnifies the effect of price and volume fluctuations and can severely reduce revenues. However, if current revenue forecasts are accurate (See Appendices G and H), the requested transfer will not impact direct distribution from these funds sources as dispersed to eligible counties on August 31, 2012.

Local government representatives have raised several other concerns related to the proposal to transfer moneys to the General Fund. Projects to benefit localities that have been socially or economically impacted by gas and mineral development have, in essence, a dedicated funding source through the Local Government Mineral Impact Grant Program. The transfer of severance tax revenues to the General Fund could limit mitigation of the impacts for which these moneys were originally intended. Additionally, the redirection of this revenue would shift the burden of the State's budget shortfall to local governments at a time when budgetary conditions are as bad or worse on the local level. Finally, the proposed transfer would require a statutory change by the General Assembly (i.e. legislation outside of the Long Bill appropriations process).

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**APPENDIX A: NUMBERS PAGES**

	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Actual</b>	<b>FY 2011-12 Appropriation</b>	<b>FY 2012-13 Request</b>	<b>Request vs. Appropriation</b>
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<b>DEPARTMENT OF LOCAL AFFAIRS</b> <b>Reeves Brown, Executive Director</b>
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**(1) EXECUTIVE DIRECTOR'S OFFICE**

This division is responsible for the management and administration of the Department, including accounting, budgeting, human resources, as well as other miscellaneous functions statutorily assigned to the Department, including administration of the Moffat Tunnel Improvement District.

<b>Personal Services</b>	<b><u>1,032,703</u></b>	<b><u>1,104,529</u></b>	<b><u>1,248,321</u></b>	<b><u>1,281,510</u></b>
<i>FTE</i>	11.5	11.6	14.2	14.2
Reappropriated Funds	1,032,703	1,104,529	1,248,321	1,281,510
 <b>Health, Life, and Dental</b>	 <b><u>1,023,585</u></b>	 <b><u>897,953</u></b>	 <b><u>1,025,108</u></b>	 <b><u>1,037,215</u></b>
General Fund	442,756	401,921	398,414	381,072
Cash Funds	132,526	110,384	133,968	158,685
Reappropriated Funds	256,703	195,263	311,683	211,369
Federal Funds	191,600	190,385	181,043	286,089
 <b>Short-term Disability</b>	 <b><u>18,032</u></b>	 <b><u>16,785</u></b>	 <b><u>16,198</u></b>	 <b><u>19,022</u></b>
General Fund	5,902	5,052	3,684	5,489
Cash Funds	2,857	2,757	2,655	2,517
Reappropriated Funds	5,287	5,310	6,299	5,730
Federal Funds	3,986	3,666	3,560	5,286
 <b>S.B. 04-257 Amortization Equalization Disbursement</b>	 <b><u>243,456</u></b>	 <b><u>228,906</u></b>	 <b><u>255,553</u></b>	 <b><u>343,895</u></b>
General Fund	80,307	78,218	57,604	99,235
Cash Funds	38,341	24,183	41,992	45,500
Reappropriated Funds	70,289	64,558	99,646	103,590
Federal Funds	54,519	61,947	56,311	95,570

\*This line item includes a decision item.

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<b>S.B. 06-235 Supplemental Amortization Equalization</b>	<b><u>152,115</u></b>	<b><u>167,006</u></b>	<b><u>205,046</u></b>	<b><u>295,525</u></b>	
<b>Disbursement</b>					
General Fund	50,147	57,034	45,979	85,280	
Cash Funds	23,963	17,622	33,744	39,101	
Reappropriated Funds	43,931	47,100	80,073	89,023	
Federal Funds	34,074	45,250	45,250	82,121	
<b>Workers' Compensation</b>	<b><u>48,462</u></b>	<b><u>49,163</u></b>	<b><u>45,762</u></b>	<b><u>55,364</u></b>	
General Fund	45,061	45,713	42,551	51,480	
Cash Funds	1,527	1,484	1,441	1,743	
Reappropriated Funds	1,874	1,966	1,770	2,141	
<b>Operating Expenses</b>	<b><u>218,537</u></b>	<b><u>260,445</u></b>	<b><u>144,650</u></b>	<b><u>144,650</u></b>	
Reappropriated Funds	126,959	119,105	132,888	132,888	
Federal Funds	91,578	141,340	11,762	11,762	
<b>Legal Services</b>	<b><u>123,862</u></b>	<b><u>127,068</u></b>	<b><u>135,521</u></b>	<b><u>135,521</u></b>	
General Fund	122,425	87,392	122,962	122,962	
Cash Funds	165	6,167	6,364	6,364	
Reappropriated Funds	1,272	1,238	1,277	1,277	
Federal Funds	0	32,271	4,918	4,918	
<b>Purchase of Services from Computer Center</b>	<b><u>38,639</u></b>	<b><u>641,820</u></b>	<b><u>766,814</u></b>	<b><u>823,636</u></b>	
General Fund	38,639	200,536	227,743	244,619	
Reappropriated Funds	0	153,436	176,261	189,322	
Federal Funds	0	287,848	362,810	389,695	

\*This line item includes a decision item.

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<b>Multiuse Network Payments</b>	<b><u>67,409</u></b>	<b><u>113,847</u></b>	<b><u>182,613</u></b>	<b><u>49,990</u></b>	
General Fund	37,835	15,066	21,737	21,737	
Cash Funds	3,241	1,291	1,875	1,875	
Reappropriated Funds	4,777	1,902	2,761	2,761	
Federal Funds	21,556	95,588	156,240	23,617	
<b>Management and Administration of OIT</b>	<b><u>3,527</u></b>	<b><u>109,774</u></b>	<b><u>73,783</u></b>	<b><u>7,099</u></b>	
General Fund	3,527	5,804	5,869	5,009	
Reappropriated Funds	0	56,372	57,727	2,090	
Federal Funds	0	47,598	10,187	0	
<b>Payment to Risk Management and Property Funds</b>	<b><u>17,730</u></b>	<b><u>5,411</u></b>	<b><u>13,562</u></b>	<b><u>14,655</u></b>	
General Fund	16,489	5,032	12,613	13,630	
Cash Funds	1,110	258	849	915	
Reappropriated Funds	131	121	100	110	
<b>Vehicle Lease Payments</b>	<b><u>105,761</u></b>	<b><u>121,720</u></b>	<b><u>126,730</u></b>	<b><u>108,445</u></b>	*
General Fund	90,483	99,150	95,952	77,667	
Reappropriated Funds	15,278	22,570	30,778	30,778	
Federal Funds	0	0	0	0	
<b>Information Technology Asset Maintenance</b>	<b><u>103,286</u></b>	<b><u>142,438</u></b>	<b><u>104,793</u></b>	<b><u>104,793</u></b>	
General Fund	29,913	29,913	29,913	29,913	
Cash Funds	13,049	12,571	13,049	13,049	
Reappropriated Funds	29,416	37,507	37,507	37,507	
Federal Funds	30,908	62,447	24,324	24,324	
<b>Leased Space</b>	<b><u>89,617</u></b>	<b><u>93,063</u></b>	<b><u>105,801</u></b>	<b><u>109,669</u></b>	
General Fund	22,376	22,376	22,376	22,376	
Reappropriated Funds	2,682	6,128	18,866	22,734	
Federal Funds	64,559	64,559	64,559	64,559	

\*This line item includes a decision item.



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<b>Capitol Complex Leased Space</b>	<b><u>477,888</u></b>	<b><u>462,354</u></b>	<b><u>476,277</u></b>	<b><u>525,525</u></b>	
General Fund	168,970	160,064	163,800	181,941	
Cash Funds	24,673	24,279	24,832	26,662	
Reappropriated Funds	236,638	211,399	240,707	264,030	
Federal Funds	47,607	66,612	46,938	52,892	
<b>Communication Services Payments</b>	<b><u>27,788</u></b>	<b><u>48,262</u></b>	<b><u>28,364</u></b>	<b><u>38,375</u></b>	
General Fund	6,947	6,290	7,032	9,594	
Federal Funds	20,841	41,972	21,332	28,781	
<b>Moffat Tunnel Improvement District</b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>137,444</u></b>	<b><u>137,444</u></b>	
Cash Funds	0	0	137,444	137,444	
<b>Total Funds - (1) Executive Director's Office</b>	<b><u>3,792,397</u></b>	<b><u>4,590,544</u></b>	<b><u>5,092,340</u></b>	<b><u>5,232,333</u></b>	<b><u>2.7%</u></b>
<b>FTE</b>	<b><u>11.5</u></b>	<b><u>11.6</u></b>	<b><u>14.2</u></b>	<b><u>14.2</u></b>	<b><u>0.0%</u></b>
General Fund	1,161,777	1,219,561	1,258,229	1,352,004	7.5%
Cash Funds	241,452	200,996	398,213	433,855	9.0%
Reappropriated Funds	1,827,940	2,028,504	2,446,664	2,376,860	(2.9%)
Federal Funds	561,228	1,141,483	989,234	1,069,614	8.1%

**(2) PROPERTY TAXATION**

This section provides funding for the Division of Property Taxation, the State Board of Equalization, and the Board of Assessment Appeals.

<b>Division of Property Taxation</b>	<b><u>2,430,660</u></b>	<b><u>2,481,570</u></b>	<b><u>2,593,039</u></b>	<b><u>2,660,455</u></b>	
<b>FTE</b>	<b><u>31.4</u></b>	<b><u>32.4</u></b>	<b><u>36.7</u></b>	<b><u>36.7</u></b>	
General Fund	1,324,537	1,107,330	1,060,205	1,088,206	
Cash Funds	617,129	679,829	847,954	861,804	
Reappropriated Funds	488,994	694,411	684,880	710,445	

\*This line item includes a decision item.

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<b>State Board of Equalization</b>	<u><b>12,856</b></u>	<u><b>10,317</b></u>	<u><b>12,856</b></u>	<u><b>12,856</b></u>	
General Fund	12,856	10,317	12,856	12,856	
<b>Board of Assessment Appeals</b>	<u><b>656,919</b></u>	<u><b>543,001</b></u>	<u><b>534,194</b></u>	<u><b>555,038</b></u>	
<i>FTE</i>	15.1	13.2	13.2	13.2	
General Fund	304,656	188,864	185,929	195,961	
Reappropriated Funds	352,263	354,137	348,265	359,077	
<b>Indirect Cost Assessment</b>	<u><b>102,526</b></u>	<u><b>222,254</b></u>	<u><b>263,636</b></u>	<u><b>263,636</b></u>	
Cash Funds	0	94,246	136,979	136,979	
Reappropriated Funds	102,526	128,008	126,657	126,657	
<b>Total Funds - (2) Property Taxation</b>	<b>3,202,961</b>	<b>3,257,142</b>	<b>3,403,725</b>	<b>3,491,985</b>	<b>2.6%</b>
<i>FTE</i>	<u><b>46.5</b></u>	<u><b>45.6</b></u>	<u><b>49.9</b></u>	<u><b>49.9</b></u>	<u><b>0.0%</b></u>
General Fund	1,642,049	1,306,511	1,258,990	1,297,023	3.0%
Cash Funds	617,129	774,075	984,933	998,783	1.4%
Reappropriated Funds	943,783	1,176,556	1,159,802	1,196,179	0.0%

**(3) DIVISION OF HOUSING**

The Division provides financial and technical assistance to help communities provide affordable housing, it administers state and federal affordable housing programs, and it regulates the manufacture of factory-built residential and commercial buildings.

<b>Personal Services</b>	<u><b>1,631,789</b></u>	<u><b>1,591,672</b></u>	<u><b>2,494,616</b></u>	<u><b>2,529,013</b></u>
<i>FTE</i>	22.2	20.7	40.4	40.4
General Fund	363,615	367,276	361,674	367,892
Cash Funds	43,176	64,774	75,722	76,292
Reappropriated Funds	149,322	149,619	147,859	151,498
Federal Funds	1,075,676	1,010,003	1,909,361	1,933,331

\*This line item includes a decision item.

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<b>Operating Expenses</b>	<b><u>281,435</u></b>	<b><u>365,717</u></b>	<b><u>322,845</u></b>	<b><u>324,140</u></b>	
General Fund	25,903	24,608	24,608	25,903	
Federal Funds	255,532	341,109	298,237	298,237	
<b>Manufactured Buildings Program</b>	<b><u>462,116</u></b>	<b><u>401,496</u></b>	<b><u>678,063</u></b>	<b><u>692,830</u></b>	
<i>FTE</i>	7.3	6.2	7.3	7.3	
Cash Funds	462,116	401,496	678,063	692,830	
<b>Colorado Affordable Housing Construction Grants and Loans</b>	<b><u>2,225,000</u></b>	<b><u>2,225,000</u></b>	<b><u>2,000,000</u></b>	<b><u>2,000,000</u></b>	
General Fund	2,225,000	2,225,000	2,000,000	2,000,000	
<b>Federal Affordable Housing Construction Grants and Loans</b>	<b><u>11,349,564</u></b>	<b><u>15,817,334</u></b>	<b><u>45,000,000</u></b>	<b><u>45,000,000</u></b>	
Federal Funds	11,349,564	15,817,334	45,000,000	45,000,000	
<b>Emergency Shelter Program</b>	<b><u>854,136</u></b>	<b><u>957,687</u></b>	<b><u>965,000</u></b>	<b><u>965,000</u></b>	
Federal Funds	854,136	957,687	965,000	965,000	
<b>Private Activity Bond Allocation Committee</b>	<b><u>570</u></b>	<b><u>965</u></b>	<b><u>2,500</u></b>	<b><u>2,500</u></b>	
Cash Funds	570	965	2,500	2,500	
<b>Low Income Rental Subsidies</b>	<b><u>17,987,631</u></b>	<b><u>19,296,571</u></b>	<b><u>36,884,430</u></b>	<b><u>36,884,430</u></b>	
Federal Funds	17,987,631	19,296,571	36,884,430	36,884,430	
<b>Indirect Cost Assessment</b>	<b><u>470,811</u></b>	<b><u>341,209</u></b>	<b><u>250,170</u></b>	<b><u>250,170</u></b>	
Cash Funds	117,808	47,498	56,195	56,195	
Reappropriated Funds	17,769	61,462	39,473	39,473	
Federal Funds	335,234	232,249	154,502	154,502	

\*This line item includes a decision item.

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<b>Homeless Prevention and Rapid Re-Housing Program</b>	<b><u>9,708,031</u></b>	<b><u>3,989,754</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	
Reappropriated Funds	4,749,999	0	0	0	
Federal Funds	4,958,032	3,989,754	0	0	
<b>Total Funds - (3) Division of Housing</b>	<b><u>44,971,083</u></b>	<b><u>44,987,405</u></b>	<b><u>88,597,624</u></b>	<b><u>88,648,083</u></b>	<b><u>0.1%</u></b>
<b>FTE</b>	<b><u>29.5</u></b>	<b><u>26.9</u></b>	<b><u>56.5</u></b>	<b><u>47.7</u></b>	<b><u>(15.6%)</u></b>
General Fund	2,614,518	2,616,884	2,386,282	2,393,795	0.3%
Cash Funds	623,670	514,733	812,480	827,817	1.9%
Reappropriated Funds	4,917,090	211,081	187,332	190,971	1.9%
Federal Funds	36,815,805	41,644,707	85,211,530	85,235,500	0.0%

**(4) DIVISION OF LOCAL GOVERNMENTS**

This division provides information and training for local governments in budget development, purchasing, demographics, land use planning, and regulatory issues; and it manages federal and state funding programs to support infrastructure and local services development.

**(A) Local Government and Community Services**

<b>Waste Tire Recycling, Reuse and Removal Grants</b>	<b><u>3,586,743</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	
	0.5	0.0			
Cash Funds	3,586,743	0	0	0	
Reappropriated Funds	0	0	0	0	
<b>Total Funds - (A) Local Government and Community Services</b>	<b><u>3,586,743</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0</u></b>	<b><u>0.0%</u></b>
<b>FTE</b>	<b><u>0.5</u></b>	<b><u>0.0</u></b>	<b><u>0.0</u></b>	<b><u>0.0</u></b>	<b><u>0.0%</u></b>
Cash Funds	3,586,743	0	0	0	0.0%
Reappropriated Funds	0	0	0	0	0.0%

\*This line item includes a decision item.

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<b>Personal Services</b>	<b><u>1,577,282</u></b>	<b><u>1,310,078</u></b>	<b><u>1,263,180</u></b>	<b><u>1,296,075</u></b>	
<i>FTE</i>	19.4	15.7	17.7	17.7	
General Fund	736,914	597,469	586,296	601,564	
Reappropriated Funds	556,627	528,540	550,054	564,378	
Federal Funds	283,741	184,069	126,830	130,133	
<b>Operating Expenses</b>	<b><u>111,528</u></b>	<b><u>84,073</u></b>	<b><u>129,242</u></b>	<b><u>131,351</u></b>	
General Fund	42,178	40,069	40,069	42,178	
Reappropriated Funds	25,146	22,549	25,146	25,146	
Federal Funds	44,204	21,455	64,027	64,027	
<b>Total Funds - (A) Local Government and Community Services</b>	<b>1,688,810</b>	<b>1,394,151</b>	<b>1,392,422</b>	<b>1,427,426</b>	<b>2.5%</b>
<i>FTE</i>	<b><u>19.4</u></b>	<b><u>15.7</u></b>	<b><u>17.7</u></b>	<b><u>17.7</u></b>	<b><u>0.0%</u></b>
General Fund	779,092	637,538	626,365	643,742	2.8%
Reappropriated Funds	581,773	551,089	575,200	589,524	2.5%
Federal Funds	327,945	205,524	190,857	194,160	1.7%
<b>Local Utility Management Assistance</b>	<b><u>154,018</u></b>	<b><u>143,250</u></b>	<b><u>152,438</u></b>	<b><u>155,434</u></b>	
<i>FTE</i>	1.8	1.8	2.0	2.0	
Cash Funds	154,018	143,250	152,438	155,434	
<b>Conservation Trust Fund Disbursements</b>	<b><u>45,149,838</u></b>	<b><u>45,328,468</u></b>	<b><u>49,997,797</u></b>	<b><u>49,997,797</u></b>	
<i>FTE</i>	1.8	1.9	2.0	2.0	
Cash Funds	45,149,838	45,328,468	49,997,797	49,997,797	
<b>Volunteer Firefighter Retirement Plans</b>	<b><u>4,222,528</u></b>	<b><u>4,281,892</u></b>	<b><u>4,264,753</u></b>	<b><u>2,745,706</u></b>	*
General Fund	4,222,528	0	150,390	0	
General Fund Exempt	0	4,281,892	4,114,363	2,745,706	

\*This line item includes a decision item.

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<b>Volunteer Firefighter Death and Disability Insurance</b>	<u><b>24,225</b></u>	<u><b>21,065</b></u>	<u><b>30,000</b></u>	<u><b>30,000</b></u>	
General Fund	24,225	0	0	0	
General Fund Exempt	0	21,065	30,000	30,000	
<b>Environmental Protection Agency Water/Sewer File Project</b>	<u><b>49,118</b></u>	<u><b>49,817</b></u>	<u><b>49,425</b></u>	<u><b>49,425</b></u>	
<i>FTE</i>	0.3	0.4	0.5	0.5	
Federal Funds	49,118	49,817	49,425	49,425	
<b>Total Funds - (A) Local Government and Community Services</b>	<b>49,599,727</b>	<b>49,824,492</b>	<b>54,494,413</b>	<b>52,978,362</b>	<b>(2.8%)</b>
<i>FTE</i>	<u><b>3.9</b></u>	<u><b>4.1</b></u>	<u><b>4.5</b></u>	<u><b>4.5</b></u>	<u><b>0.0%</b></u>
General Fund	4,246,753	0	150,390	0	(100.0%)
General Fund Exempt	0	4,302,957	4,144,363	2,775,706	(33.3%)
Cash Funds	45,303,856	45,471,718	50,150,235	50,153,231	0.0%
Federal Funds	49,118	49,817	49,425	49,425	0.0%
<b>Community Services Block Grant</b>	<u><b>9,400,980</b></u>	<u><b>10,131,223</b></u>	<u><b>6,000,000</b></u>	<u><b>6,000,000</b></u>	
Federal Funds	9,400,980	10,131,223	6,000,000	6,000,000	
<b>Total Funds - (A) Local Government and Community Services</b>	<b>9,400,980</b>	<b>10,131,223</b>	<b>6,000,000</b>	<b>6,000,000</b>	<b>0.0%</b>
<i>FTE</i>	<u><b>0.0</b></u>	<u><b>0.0</b></u>	<u><b>0.0</b></u>	<u><b>0.0</b></u>	<u><b>0.0%</b></u>
Federal Funds	9,400,980	10,131,223	6,000,000	6,000,000	0.0%

\*This line item includes a decision item.

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**(I) Administration**

<b>Total Funds - (A) Local Government and Community Services</b>	<b>64,276,260</b>	<b>61,349,866</b>	<b>61,886,835</b>	<b>60,405,788</b>	<b>(2.4%)</b>
<b><i>FTE</i></b>	<b><u>23.8</u></b>	<b><u>19.8</u></b>	<b><u>22.2</u></b>	<b><u>22.2</u></b>	<b><u>0.0%</u></b>
General Fund	5,025,845	637,538	776,755	643,742	(17.1%)
General Fund Exempt	0	4,302,957	4,144,363	2,775,706	(33.3%)
Cash Funds	48,890,599	45,471,718	50,150,235	50,153,231	0.0%
Reappropriated Funds	581,773	551,089	575,200	589,524	2.5%
Federal Funds	9,778,043	10,386,564	6,240,282	6,243,585	0.1%

**(B) Field Services**

<b>Program Costs</b>	<b><u>2,721,680</u></b>	<b><u>2,830,758</u></b>	<b><u>2,334,576</u></b>	<b><u>2,364,292</u></b>
<b><i>FTE</i></b>	<b>26.6</b>	<b>27.1</b>	<b>27.9</b>	<b>27.9</b>
General Fund	0	0	0	0
Cash Funds	105,315	113,840	103,803	105,778
Reappropriated Funds	1,615,806	1,776,960	1,940,802	1,962,052
Federal Funds	1,000,559	939,958	289,971	296,462
<b>Community Development Block Grant</b>	<b><u>23,717,017</u></b>	<b><u>20,767,074</u></b>	<b><u>9,697,000</u></b>	<b><u>9,697,000</u></b>
Federal Funds	23,717,017	20,767,074	9,697,000	9,697,000
<b>Local Government Mineral and Energy Impact Grants and Disbursements</b>	<b><u>232,269,508</u></b>	<b><u>205,213,806</u></b>	<b><u>166,400,000</u></b>	<b><u>166,400,000</u></b>
Cash Funds	192,000,000	205,213,806	166,400,000	166,400,000
Reappropriated Funds	40,269,508	0	0	0

\*This line item includes a decision item.

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	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Actual</b>	<b>FY 2011-12 Appropriation</b>	<b>FY 2012-13 Request</b>	<b>Request vs. Appropriation</b>
<b>Local Government Limited Gaming Impact Grants</b>	<b><u>6,170,412</u></b>	<b><u>4,678,145</u></b>	<b><u>4,395,000</u></b>	<b><u>4,395,000</u></b>	
Cash Funds	6,170,412	4,678,145	4,395,000	4,395,000	
<b>Search and Rescue Program</b>	<b><u>433,052</u></b>	<b><u>409,232</u></b>	<b><u>612,371</u></b>	<b><u>613,713</u></b>	
<i>FTE</i>	1.3	1.2	1.3	1.3	
Cash Funds	433,052	409,232	612,371	613,713	
<b>Colorado Heritage Communities Grants</b>	<b><u>145,902</u></b>	<b><u>57,245</u></b>	<b><u>100,000</u></b>	<b><u>100,000</u></b>	
Cash Funds	145,902	57,245	100,000	100,000	
Reappropriated Funds	0	0	0	0	
<b>Total Funds - (B) Field Services</b>	<b>265,457,571</b>	<b>233,956,260</b>	<b>183,538,947</b>	<b>183,570,005</b>	<b>0.0%</b>
<i>FTE</i>	<b><u>27.9</u></b>	<b><u>28.3</u></b>	<b><u>29.2</u></b>	<b><u>29.2</u></b>	<b><u>0.0%</u></b>
General Fund	0	0	0	0	0.0%
Cash Funds	198,854,681	210,472,268	171,611,174	171,614,491	0.0%
Reappropriated Funds	41,885,314	1,776,960	1,940,802	1,962,052	1.1%
Federal Funds	24,717,576	21,707,032	9,986,971	9,993,462	0.1%

**(C) Indirect Cost Assessments**

<b>Indirect Cost Assessments</b>	<b><u>1,032,048</u></b>	<b><u>871,547</u></b>	<b><u>1,060,491</u></b>	<b><u>1,060,491</u></b>	
Cash Funds	97,873	119,149	161,959	161,959	
Reappropriated Funds	641,998	617,781	721,137	721,137	
Federal Funds	292,177	134,617	177,395	177,395	

\*This line item includes a decision item.



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	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Actual</b>	<b>FY 2011-12 Appropriation</b>	<b>FY 2012-13 Request</b>	<b>Request vs. Appropriation</b>
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<b>Total Funds – (C) Indirect Cost Assessments</b>	<b>1,032,048</b>	<b>871,547</b>	<b>1,060,491</b>	<b>1,060,491</b>	<b>0.0%</b>
<b><i>FTE</i></b>	<b><u>0.0</u></b>	<b><u>0.0</u></b>	<b><u>0.0</u></b>	<b><u>0.0</u></b>	<b><u>0.0%</u></b>
Cash Funds	97,873	119,149	161,959	161,959	0.0%
Reappropriated Funds	641,998	617,781	721,137	721,137	0.0%
Federal Funds	292,177	134,617	177,395	177,395	0.0%

<b>Total Funds - (4) Division of Local Governments</b>	<b>330,765,879</b>	<b>296,177,673</b>	<b>246,486,273</b>	<b>245,036,284</b>	<b>(0.6%)</b>
<b><i>FTE</i></b>	<b><u>51.7</u></b>	<b><u>48.1</u></b>	<b><u>51.4</u></b>	<b><u>51.4</u></b>	<b><u>0.0%</u></b>
General Fund	5,025,845	637,538	776,755	643,742	(17.1%)
General Fund Exempt	0	4,302,957	4,144,363	2,775,706	(33.3%)
Cash Funds	247,843,153	256,063,135	221,923,368	221,929,681	0.0%
Reappropriated Funds	43,109,085	2,945,830	3,237,139	3,272,713	1.1%
Federal Funds	34,787,796	32,228,213	16,404,648	16,414,442	0.1%

**(5) DIVISION OF EMERGENCY MANAGEMENT**

This division assists local, state, and private organizations in disaster preparedness, response, recovery, and impact mitigation.

<b>Administration</b>	<b><u>3,429,147</u></b>	<b><u>3,437,207</u></b>	<b><u>2,563,531</u></b>	<b><u>2,609,085</u></b>
<b><i>FTE</i></b>	<b><u>26.7</u></b>	<b><u>28.2</u></b>	<b><u>27.9</u></b>	<b><u>27.9</u></b>
General Fund	572,559	571,685	559,347	573,913
Reappropriated Funds	65,065	65,393	65,133	66,010
Federal Funds	2,791,523	2,800,129	1,939,051	1,969,162
 <b>Disaster Response and Recovery</b>	 <b><u>0</u></b>	 <b><u>2,785,001</u></b>	 <b><u>4,950,000</u></b>	 <b><u>4,950,000</u></b>
Cash Funds	0	2,785,001	4,500,000	4,500,000
Federal Funds	0	0	450,000	450,000

\*This line item includes a decision item.

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	<b>FY 2009-10 Actual</b>	<b>FY 2010-11 Actual</b>	<b>FY 2011-12 Appropriation</b>	<b>FY 2012-13 Request</b>	<b>Request vs. Appropriation</b>
<b>Preparedness Grants and Training</b>	<b><u>13,103,249</u></b>	<b><u>9,291,539</u></b>	<b><u>12,010,988</u></b>	<b><u>12,010,988</u></b>	
Cash Funds	0	0	10,988	10,988	
Federal Funds	13,103,249	9,291,539	12,000,000	12,000,000	
<b>Indirect Cost Assessment</b>	<b><u>465,252</u></b>	<b><u>328,287</u></b>	<b><u>332,798</u></b>	<b><u>332,798</u></b>	
Cash Funds	0	0	0	0	
Reappropriated Funds	13,383	15,399	8,076	8,076	
Federal Funds	451,869	312,888	324,722	324,722	
<b>Total Funds - (5) Division of Emergency Management</b>	<b>16,997,648</b>	<b>15,842,034</b>	<b>19,857,317</b>	<b>19,902,871</b>	<b>0.2%</b>
<b>FTE</b>	<b><u>26.7</u></b>	<b><u>28.2</u></b>	<b><u>27.9</u></b>	<b><u>27.9</u></b>	<b><u>0.0%</u></b>
General Fund	572,559	571,685	559,347	573,913	2.6%
Cash Funds	0	2,785,001	4,510,988	4,510,988	0.0%
Reappropriated Funds	78,448	80,792	73,209	74,086	1.2%
Federal Funds	16,346,641	12,404,556	14,713,773	14,743,884	0.2%
<b>Total Funds - Department of Local Affairs</b>	<b>399,729,968</b>	<b>364,854,798</b>	<b>363,437,279</b>	<b>362,311,556</b>	<b>(0.3%)</b>
<b>FTE</b>	<b><u>165.9</u></b>	<b><u>160.4</u></b>	<b><u>191.1</u></b>	<b><u>191.1</u></b>	<b><u>0.0%</u></b>
General Fund	11,016,748	6,352,179	6,239,603	6,260,477	0.3%
General Fund Exempt	0	4,302,957	4,144,363	2,775,706	(33.3%)
Cash Funds	249,325,404	260,337,940	228,629,982	228,701,124	0.0%
Reappropriated Funds	50,876,346	6,442,763	7,104,146	7,110,809	0.1%
Federal Funds	88,511,470	87,418,959	117,319,185	117,463,440	0.1%

\*This line item includes a decision item.

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**APPENDIX B: SUMMARY OF MAJOR LEGISLATION**

- ☐ **S.B. 11-076:** For the 2011-12 state fiscal year only, reduces the employer contribution rate for the State and Judicial divisions of the Public Employees' Retirement Association (PERA) by 2.5 percent and increases the member contribution rate for these divisions by the same amount. In effect, continues the FY 2010-11 PERA contribution adjustments authorized through S.B. 10-146 for one additional year. Reduces the Department's total appropriation by \$275,045 total funds, of which \$66,014 is General Fund, \$35,500 is cash funds, \$109,656 is reappropriated funds, and \$63,875 is federal funds.
  
- ☐ **S.B. 11-159:** Repeals and reenacts statute related to the distribution of 50.0 percent of the balance remaining in the Limited Gaming Fund that is allocated to the General Fund or other funds (known as the "State share") at the end of FY 2010-11 and each fiscal year thereafter. Specifically, the bill places the following provisions in statute:
  - ☐ The first \$19.2 million of the "State share" shall be transferred to the General Fund;
  - ☐ Any amount of the "State share" that is greater than \$19.2 million, but less than \$48.5 million will be transferred as follows: 50 percent to the Colorado Travel and Tourism Promotion Fund; 18 percent to the Bioscience Discovery Evaluation Cash Fund; 15 percent to the Local Government Limited Gaming Impact Fund; 7 percent to the Innovative Higher Education Research Fund; 5 percent to the New Jobs Incentives Cash Fund; 4 percent to the Creative Industries Cash Fund for the purposes of the Council on Creative Industries; and 1 percent to the Creative Industries Cash Fund for performance-based film incentives;
  - ☐ Any amount of the "State share" that is greater than \$48.5 million will be transferred to the General Fund;
  - ☐ Any moneys slated for transfer to programs that have been repealed or discontinued statutorily shall instead be transferred to the General Fund; and
  - ☐ Reduces the FY 2011-12 appropriation to the Department of Local Affairs by \$1.9 million cash funds.
  
- ☐ **S.B. 11-164:** Transfers \$15.0 million from the Local Government Mineral Impact Fund and \$4.8 million from the Local Government Permanent Fund to the General Fund on June 30, 2011. For additional information on this bill, see the "Recent Legislation" section for the Department of Labor and Employment.

- ❑ **S.B. 11-209:** General appropriations act for FY 2011-12.
  
- ❑ **S.B. 11-226:** Transfers \$30.0 million from the Local Government Mineral Impact Fund and \$41.0 million from the Local Government Severance Tax Fund to the General Fund on June 30, 2012. For additional information on this bill, see the "Recent Legislation" section for the Department of Education.
  
- ❑ **H.B. 11-1230:** Consolidates the housing assistance programs in the Department of Human Services into the Department of Local Affairs. The bill specifies that the consolidation is to occur no later than July 1, 2011. The bill transfers \$20.1 million federal funds and 19.5 FTE from the Department of Human Services to the Department of Local Affairs.
  
- ❑ **H.B. 10-1018 (Looper and Primavera/Gibbs): Increased Authority to Regulate Waste Tires and Program Consolidation.** Consolidates authority over waste tire fees within the Department of Public Health and Environment and transfers administration of the Waste Tire Program from the Department of Local Affairs to the Department of Public Health and Environment. Reduces the appropriation to the Department of Local Affairs for FY 2010-11 by \$4.2 million cash funds and 0.7 FTE.
  
- ❑ **H.B. 10-1176 (Vaad/Mitchell): Mandated Government Audit Recoveries.** Requires the Office of the State Controller to contract with a third party to perform an audit of state executive agencies to determine whether overpayments to individuals, vendors, and others occur as a result of pricing errors, neglected rebates, discounts, unclaimed refunds, or other related general errors. The act applies to state executive agencies that spend more than \$25 million annually and authorizes the Office of the State Controller to retain a portion of any amount recovered due to an audit to defray the administrative costs incurred in contracting for and providing oversight of the recovery audit. General Fund expenditures in FY 2010-11 and FY 2011-12 will be reimbursed from the savings generated by the implementation of H.B. 10-1338 (Probation Eligibility After Two Prior Felonies). Appropriates \$26,927 General Fund, including \$20,327 and 0.3 FTE for program administration and \$6,600 for copying costs.
  
- ❑ **H.B. 10-1327 (Pommer/White): Cash Fund Transfers to Augment the General Fund.** Augments the General Fund in FY 2009-10 with \$84.9 million in transfers from various cash funds. This includes \$67 million in transfers from the Department of Local Affairs. Please see the following table.

<b>Cash Fund Transfers in H.B. 10-1327</b>	
<b>Cash Funds</b>	<b>FY 2009-10</b>
Local Government Severance Tax Fund	\$50,327,796
Local Government Permanent Fund	14,305,697
Waste Tire Cleanup Fund	1,900,000
Processors and End Users of Waste Tires Cash Fund	500,000
<b>Total</b>	<b>\$67,033,493</b>

- ❑ **H.B. 10-1386 (Ferrandino/White): Property Tax Exemption Program Fees.** Adjusts the filing fees for tax-exempt status applications on real and personal property to recover sufficient revenues to offset the Property Tax Exemption Program's direct and indirect expenditures in the Department of Local Affairs, thus relieving the necessity for fee revenue shortfalls to be backfilled with General Fund. The Property Tax Administrator is authorized to waive late filing fees for good cause shown. Reduces the General Fund appropriation to the Division of Property Taxation by \$169,742 and increases the cash funds appropriation from the Property Tax Exemption Fund by \$301,073 for FY 2010-11. The difference between the increased cash funds spending authority and the General Fund savings (\$131,331) reflects the increased indirect cost assessment applied to the new cash fund revenue.
- ❑ **S.B. 09-208 (Tapia/Pommer): Augment FY 2008-09 General Fund Revenues.** Augments General Fund revenues for FY 2008-09 with \$224.0 million in transfers from various cash funds, including \$950,000 from the Local Government Limited Gaming Impact Fund.
- ❑ **S.B. 09-232 (Schwartz/McFadyen): State Financial Assistance for Local Government Construction.** Transfers \$17.0 million from the Local Government Permanent Fund to the Local Government Mineral Impact Fund. Requires the entire transfer to be distributed by the Executive Director of the Department in accordance with purposes and priorities described in law, giving priority to the communities most directly and substantially impacted by production of energy resources on federal mineral lands.
- ❑ **S.B. 09-279 (Tapia/Pommer): Cash Fund Transfers to Augment the General Fund.** Augments General Fund revenues for FY 2008-09 and FY 2009-10 with transfers from various cash funds, including the following transfers from funds in this Department. Please reference the following table which exhibits impacted cash funds.

<b>Cash Fund Transfers in S.B. 09-279</b>		
<b>Cash Funds</b>	<b>FY 2008-09</b>	<b>FY 2009-10</b>
Local Government Mineral Impact Fund	\$1,000,000	\$22,600,000
Local Government Severance Tax Fund	7,500,000	
Home Investment Trust Fund	1,284,000	
Building Regulation Fund	1,101,349	
Waste Tire Cleanup Fund	500,000	
Waste Tire Recycling Development Cash Fund	150,000	
Moffat Tunnel Cash Fund	86,758	
<b>Total</b>	<b>\$11,622,107</b>	<b>\$22,600,000</b>

The legislation also included the option for several one-day transfers on June 30, 2009 to augment the General Fund. These transfers were reversed back to the original funds on July 1, 2009. Please see the table below.

<b>June 30th, 2009 One-Day Cash Fund Transfers</b>		
<b>Cash Fund</b>	<b>Maximum Amount</b>	<b>Actual July 1, 2009 Transfer</b>
Local Government Severance Tax Fund	\$128,000,000	\$109,633,992
Local Government Mineral Impact Fund	72,000,000	14,248,358
<b>Total</b>	<b>\$200,000,000</b>	<b>\$123,882,350</b>

- **S.B. 08-218 (Schwartz and Penry/Buescher and Balmer): Allocation of Federal Mineral Lease Revenues.** Increases the amount of federal mineral lease (FML) revenues allocated by the Department of Local Affairs (DOLA) to local governments through direct distribution and decreases the amount allocated through grants, resulting in a net increase in the total amount allocated by DOLA. Creates the Local Government Permanent Fund, consisting of 50 percent of FML revenues attributable to bonus payments. Allows the General Assembly to appropriate moneys from this new fund to DOLA under certain circumstances to prevent a decrease in the amount of formula-based direct distributions to counties and municipalities. Increases the cash funds appropriation from the Local Government Mineral Impact Fund to DOLA for FY 2008-09 for local government grants and disbursements by \$6,900,000 to reflect the anticipated impact of the new FML allocation formula. Appropriated \$16,292 reappropriated funds (which originate from the Local Government Mineral Impact Fund) and 0.3 FTE to DOLA for FY 2008-09 for establishing guidelines concerning the factors and weights to be used for direct distribution of FML revenues at the sub-county level.

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**APPENDIX C: UPDATE ON LONG BILL FOOTNOTES AND REQUESTS FOR  
INFORMATION**

**Long Bill Footnotes**

None.

**Requests for Information**

- 1 All Departments, Totals** -- Every department is requested to submit to the Joint Budget Committee, by November 1, 2011, information on the number of additional federal and cash funds FTE associated with any federal grants or private donations that were received in FY 2010-11. The Departments are also requested to identify the number of additional federal and cash funds FTE associated with any federal grants or private donations that are anticipated to be received during FY 2011-12.

Comment: Prior to FY 2008-09, this request for information was submitted in the annual appropriations bill as a footnote and was repeatedly lined through by the Governor. The May 11, 2011 letter from the Governor to the JBC stated that, "Within the schedules customarily submitted to the Joint Budget Committee on November 1 (specifically the Schedule 3 and Schedule 14), departments report the actual number of FTE positions used during the most recently competed two fiscal years, and supply an estimate of anticipated FTE in the current and future years. In spite of my objection to the Joint Budget Committee's inclusion of FTE in the Long Bill, departments are directed to continue providing appropriate FTE data within the November 1 budget request for the purposes of assisting the General Assembly in analyzing departments' expenditures."

DOLA has submitted FTE information as part of its November 1, 2011 budget request in its Schedule 2, Schedule 3, and Schedule 14. There were no additional federal and cash funds FTE in FY 2010-11. There were 14.6 additional federal and cash funds FTE in FY 2011-12. These additional FTE resulted from the consolidation of all Section 8 Housing programs within DOLA's Low Income Rental Subsidies line item pursuant to H.B. 11-1230. The line item is federally funded. H.B. 11-1230 increased total FTE in the personnel services line item of DOH by 19 for FY 2011-12. However there were only 14.6 total additional federal or cash funded FTE in FY 2011-12 because 4.4 fewer FTE were approved for the DOH Manufactured Buildings Program. This line item is cash funded. The JBC has not received any additional report pursuant to this request.

- 3 Governor - Lieutenant Governor - State Planning and Budgeting, Office of State Planning and Budgeting; and Department of Local Affairs, Division of Emergency Management, Disaster Response and Recovery** -- The Division of Emergency Management is requested to work with the Office of State Planning and Budgeting and provide an annual report to the Joint Budget Committee by November of each year concerning revenues credited to and expenditures made from the Disaster Emergency Fund in the previous fiscal year. The report is requested to include the following: (a) amounts authorized to be transferred to the Disaster Emergency Fund, by Executive Order and fund source; (b) amounts actually transferred to the Fund, by date and fund source; and (c) actual expenditures from the Fund, by date and declared disaster emergency.

Comment: Section 24-32-2106, C.R.S., asserts that it is the "policy of the state that funds to meet disaster emergencies shall always be available." While the preference is for funds regularly appropriated to state and local agencies, the Governor is also given the authority to make funds available from the Disaster Emergency Fund. If moneys in the fund are insufficient, the Governor may "transfer and expend moneys appropriated for other purposes." Please see the table below for details on these transfers in FY 2010-11.

<b>Authorized Transfers to the Disaster Emergency Fund</b>					
<b>Executive Order</b>	<b>Nature of Disaster</b>	<b>Authorized Transfer</b>	<b>Actual Transfer</b>	<b>Total Expenses</b>	<b>Funding Source</b>
D 2011-08	Indian Gulch Fire	\$1,500,000	\$1,500,000	\$0	Major Medical Insurance Fund
D 2011-10	Crystal Fire	1,700,000	1,700,000	241,122	Major Medical Insurance Fund
D 2011-15	Bear and Pergatoire Fires	2,500,000	2,500,000	0	Major Medical Insurance Fund
D 2010-12	Four Mile Fire	5,000,000	5,000,000	2,109,362	Major Medical Insurance Fund
D 2010-14	Reservoir Fire	3,000,000	3,000,000	655,629	Major Medical Insurance Fund
<b>Total</b>		<b>\$13,700,000</b>	<b>\$13,700,000</b>	<b>\$3,006,113</b>	

In FY 2010-11, \$13.7 million was authorized and transferred into the Disaster Emergency Fund. All of the money was transferred from the Major Medical Insurance Fund, which is designated to be part of the TABOR reserve.<sup>1</sup> As of September 30, 2011, \$3,006,113 of these dollars have been expended, leaving the current balance of the Disaster Emergency Fund (obligated within the Colorado Financial Reporting System - COFRS) at \$10,693,887.

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<sup>1</sup> Moneys in the TABOR reserve can only be utilized for declared emergencies; "emergency" excludes revenue shortfalls or general economic conditions.



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**APPENDIX E: EXAMPLE OF VOLUNTEER FIREFIGHTER PENSION STATE  
CONTRIBUTION CALCULATION**

Pursuant to Section 31-30-1112 (2) (a), C.R.S., the State payment to any municipality or district that is contributing an amount necessary to pay volunteer firefighter pension plans of \$300 or less per month must simply equal 90 percent of all amounts contributed by the locality in the previous year. However, if the pension plan pays more than \$300 per month, the State payment to localities must be calculated according to Section 31-30-1112 (2) (b), C.R.S. In both cases, the State's contribution cannot exceed one-half mill of the previous year's net assessed value.

An example of this calculation for a district paying \$625 per month, per eligible retiree, is provided below. For the purposes of these calculations, the local contribution for 2010 is assumed to be \$94,550 and the net assessed value for the district is assumed to be \$1,301,627,080.

**31-30-1112 (2) (b), C.R.S.**

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**b1.** The State contribution is equal to 90 percent of the local contribution:

Total local contribution = local tax contribution +  
other local contributions made in the previous year

**\$94,550**

State contribution = .90 \* \$94,550

**\$85,095**

**b2.** The State contribution calculated in b1 must not be more than the greater of (I) the contribution actuarially required to pay a pension of \$300 per month in the previous year, or (II) the highest actual contribution received in 1998, 1999, 2000, or 2001:

(I) 2010 actuarially required contribution (ARC) =  
determined by the locality

**(\$664,997)**

(II) Highest State contribution made in calendar  
years 1998, 1999, 2000, or 2001 = 2000

**\$184,860**

Because the total State contribution determined in b1 is less than the State contribution determined in b2, the State would be required to contribute \$85,095 to this pension plan as long as such amount is less than b3.

**b3.** The State contribution cannot exceed an amount that is equal to a tax of one-half mill (.05 percent) on the total taxable property in the municipality, county, or special district.

Previous year's (2010) net assessed value = determined by the county	\$1,301,627,080
One-half mill of previous net assessed value = $0.0005 * \$1,301,627,080$	<b>\$650,814</b>

**Final State Contribution.** The final state contribution is the lesser of b2 and b3.

<b>b2 =</b>	<b>\$85,095</b>
b3 =	\$650,814

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**APPENDIX F: VOLUNTEER FIREFIGHTER PENSION PLANS**

YEAR	APPLICANT_NAME	MONTHLY_BENEFIT	LOCAL_CON	ARC_VALUE	STATE_CONTR	New Proposed State Contribution	DIFF
2010	Louisville Fire Protection District	800	238,328	-	167,363	1,000	166,363
2010	Arvada Fire Protection District	625	94,550	(664,997)	85,095	-	85,095
2010	Evergreen Fire Protection District	600	186,000	(90,230)	80,000	-	80,000
2010	Platteville-Gilcrest Fire Protection District	600	290,658	(123,195)	79,185	-	79,185
2010	Golden, City of	615	121,000	(54,783)	77,940	-	77,940
2010	South Adams County Fire Protection District	700	245,304	(154,380)	70,506	-	70,506
2010	Loveland, City of	600	121,052	(82,814)	66,459	-	66,459
2010	Craig Rural Fire Protection District	850	100,000	(124,930)	60,000	-	60,000
2010	Windsor-Severance Fire Protection District	700	66,249	(124,731)	59,624	-	59,624
2010	Fort Lupton Fire Protection District	850	224,024	-	57,682	-	57,682
2010	Greater Brighton Fire Protection District	850	70,000	(254,549)	56,649	-	56,649
2010	La Salle Fire Protection District	600	129,875	(84,367)	45,770	-	45,770
2010	Wheat Ridge Fire Protection District	555	50,000	-	42,000	-	42,000
2010	Crested Butte Fire Protection District	680	150,290	(75,856)	40,500	-	40,500
2010	Aspen Fire Protection District	550	111,000	(3,365)	40,000	-	40,000
2010	Rifle Fire Protection District	750	417,835	(183,344)	36,751	-	36,751
2010	Carbondale & Rural Fire Protection District	500	40,000	(18,507)	36,000	-	36,000
2010	East Grand County Fire Protection District No. 4	425	60,000	(54,746)	36,000	-	36,000
2010	West Routt Fire Protection District	750	56,954	(119,314)	32,500	-	32,500
2010	Animas Fire Protection District	750	43,000	(140,729)	32,235	-	32,235
2010	Grand Fire Protection District No. 1	700	78,000	(24,938)	31,557	-	31,557
2010	Burning Mountains Fire Protection District	600	178,471	(12,330)	30,929	-	30,929
2010	Grand Lake Fire Protection District	700	34,200	(106,182)	30,780	-	30,780
2010	Fairmount Fire Protection District	750	33,355	-	30,000	-	30,000
2010	Mountain View Fire Protection District	500	32,892	(16,547)	29,603	-	29,603
2010	Rio Blanco Fire Protection District	600	187,759	(40,533)	29,473	-	29,473
2010	Lower Valley Fire Protection District	450	90,841	(210)	29,406	-	29,406
2010	Larkspur Fire Protection District	695	32,000	(52,220)	28,338	-	28,338
2010	Southeast Weld Fire Protection District	420	129,384	-	27,885	-	27,885
2010	Costilla County Fire Protection District	400	110,364	-	26,789	-	26,789
2010	Chaffee County Fire Protection District	440	93,271	15,667	41,357	15,667	25,690
Above are estimated to be impacted by change							
2010	Loveland Rural Fire Protection District	600	55,263	(5,971)	25,101	-	25,101
2010	Delta County Fire Protection District No. 1	525	38,176	-	24,440	-	24,440
2010	Elk Creek Fire Protection District	400	35,000	-	24,000	-	24,000
2010	Eaton Fire Protection District	600	68,781	(31,773)	23,475	-	23,475
2010	Sheridan, City of	500	26,806	(7,760)	23,194	-	23,194
2010	Montrose Fire Protection District	600	26,000	(5,836)	22,500	-	22,500
2010	Monte Vista Fire Protection District	350	33,828	4,807	25,705	4,807	20,898
2010	Delta County Fire Protection District No. 3	325	66,868	-	20,317	-	20,317
2010	Clear Creek County Emergency Services General Imp	375	45,000	(19,014)	20,088	-	20,088
2010	Milliken Fire Protection District	500	37,500	4,727	24,031	4,727	19,304
2010	Glenwood Springs, City of	750	21,000	(25,711)	18,900	-	18,900
2010	City of Alamosa	375	36,130	(32,139)	18,549	-	18,549
2010	Elizabeth Fire Protection District	750	55,778	(41,358)	18,220	-	18,220
2010	Castle Rock, Town of	600	20,440	(49,993)	17,635	-	17,635
2010	Greater Eagle Fire Protection District	450	23,466	3,660	21,119	3,660	17,459
2010	Lafayette, City of	525	103,160	25,263	42,222	25,263	16,959
2010	Cortez Fire Protection District	495	127,557	25,760	41,791	25,760	16,031
2010	Lyons Fire Protection District	325	31,390	811	14,630	811	13,819
2010	Hudson Fire Protection District	475	40,000	-	13,550	-	13,550
2010	Berthoud Fire Protection District	400	29,000	5,103	18,455	5,103	13,352
2010	Left Hand Fire Protection District	400	35,500	(33,073)	11,474	-	11,474
2010	Gypsum Fire Protection District	450	32,348	3,465	14,400	3,465	10,935
2010	Wellington Fire Protection District	700	50,000	(38,676)	10,541	-	10,541
2010	Grand Valley Fire Protection District	720	449,646	(156,716)	10,380	-	10,380
2010	Basalt and Rural Fire Protection District	543	34,091	-	10,222	-	10,222
2010	Black Forest Fire/Rescue Protection District	500	10,000	(53,813)	9,000	-	9,000

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YEAR	APPLICANT_NAME	MONTHLY_BENEFIT	LOCAL_CON	ARC_VALUE	STATE_CONTR	New Proposed State Contribution	DIFF
2010	Jefferson-Como Fire Protection District	1000	28,807	(55,770)	8,550	-	8,550
2010	Southwest Adams County Fire Protection District	800	12,000	-	8,100	-	8,100
2010	Copper Mountain Consolidated Metropolitan District	500	9,856	2,089	8,870	2,089	6,781
2010	Central City	500	7,600	(9,557)	6,417	-	6,417
2010	Hermosa Cliff Fire Protection District	750	8,059	(20,157)	6,317	-	6,317
2010	Rangely Rural Fire Protection District	350	14,000	(3,410)	5,166	-	5,166
2010	Platte Canyon Fire Protection District	475	23,000	14,951	17,500	14,951	2,549
2010	Idaho Springs, City of	375	2,500	(19,014)	2,250	-	2,250
2010	Falcon Fire Protection District	380	26,677	9,177	11,340	9,177	2,163
2010	Kremmling Fire Protection District	450	26,650	9,374	11,250	9,374	1,876
2010	Georgetown, Town of	375	1,500	(19,014)	1,350	-	1,350
2010	Pleasant View Metropolitan District	700	3,500	(105,988)	1,200	-	1,200
2010	Empire, Town of	375	500	(19,014)	450	-	450
2010	Boulder Rural Fire Protection District	500	68,000	29,525	29,700	29,525	175
2010	Johnstown Fire Protection District	850	171,672	45,955	45,955	45,955	-
2010	Steamboat Springs, City of	650	22,400	40,666	20,160	20,160	-
2010	Hartsel Fire Protection District	650	55,000	15,998	15,998	15,998	-
2010	Steamboat Springs Rural Fire Protection District	650	6,600	40,666	5,940	5,940	-
2010	Pagosa Fire Protection District	600	158,790	53,274	53,274	53,274	-
2010	Evans, City of	550	88,000	33,994	33,994	33,994	-
2010	Northwest Fire Protection District	475	20,000	22,747	18,000	18,000	-
2010	Genesee Fire Protection District	450	63,074	22,817	22,817	22,817	-
2010	Inter-Canyon Fire Protection District	432	49,000	38,292	38,292	38,292	-
2010	Fort Morgan, City of	425	58,000	42,143	42,143	42,143	-
2010	Lewis-Arriola Fire Protection District	425	47,000	20,125	20,125	20,125	-
2010	Estes Valley Fire Protection District	400	81,000	52,298	52,298	52,298	-
2010	Foothills Fire Protection District	400	60,000	37,035	37,035	37,035	-
2010	Galeton Fire Protection District	400	53,372	12,377	12,377	12,377	-
2010	Northeast Teller County Fire Protection District	400	22,000	8,762	8,762	8,762	-
2010	Red Feather Lakes Fire Protection District	400	13,723	10,359	6,830	6,830	-
2010	Nederland Fire Protection District	400	25,396	6,556	6,556	6,556	-
2010	Rattlesnake Fire Protection District	238	40,947	19,174	19,174	19,174	-
2010	Telluride Fire Protection District	300	100,616	90,554	90,554	90,554	-
2010	Donald Wescott Fire Protection District	300	100,000	90,000	90,000	90,000	-
2010	Wet Mountain Fire Protection District	300	40,873	36,786	36,786	36,786	-
2010	Hygiene Fire Protection District	300	35,040	31,536	31,536	31,536	-
2010	Dolores Fire Protection District	300	40,000	26,077	26,077	26,077	-
2010	Olathe Rural Fire Protection District	300	40,000	25,025	25,025	25,025	-
2010	Security Fire Protection District	300	27,500	24,750	24,750	24,750	-
2010	Coal Creek Canyon Fire Protection District	300	25,769	23,192	23,192	23,192	-
2010	Ault Fire Protection District	300	42,462	21,260	21,260	21,260	-
2010	Edgewater, City of	300	30,527	16,129	16,129	16,129	-
2010	Kiowa Fire Protection District	300	18,000	14,781	14,781	14,781	-
2010	Mancos Fire Protection District	300	14,647	13,182	13,182	13,182	-
2010	Sterling, City of	300	12,501	11,251	11,251	11,251	-
2010	Fort Lewis Mesa Fire Protection District	300	12,466	11,219	11,219	11,219	-
2010	Yampa Fire Protection District	300	10,000	9,000	9,000	9,000	-
2010	Ridgway Fire Protection District	300	10,000	9,000	9,000	9,000	-
2010	Sugar Loaf Fire Protection District	300	9,830	8,847	8,847	8,847	-
2010	North Routt Fire Protection District	300	9,000	8,100	8,100	8,100	-
2010	Golden Gate Fire Protection District	300	10,000	7,161	7,161	7,161	-
2010	Crystal Lakes Fire Protection District	300	4,900	4,410	4,410	4,410	-
2010	Cripple Creek, City of	300	3,500	3,150	3,150	3,150	-
2010	High Country Fire Protection District	280	37,247	33,235	33,235	33,235	-
2010	Nunn Fire Protection District	275	12,642	11,378	11,378	11,378	-
2010	Green Mountain Falls-Chipita Park Fire Protection Dis	275	11,322	9,809	9,809	9,809	-
2010	Central Orchard Mesa Fire Protection District	270	14,451	7,225	7,225	7,225	-

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YEAR	APPLICANT_NAME	MONTHLY_BENEFIT	LOCAL_CON	ARC_VALUE	STATE_CONTR	New Proposed State Contribution	DIFF
2010	Delta County Fire Protection District No. 2	260	32,166		19,981	19,981	-
2010	Strasburg Fire Protection District No. 8	250	44,709		24,365	24,365	-
2010	West Metro Fire Protection District	250	21,604		19,444	19,444	-
2010	Mineral County Fire Protection District	250	60,516		11,085	11,085	-
2010	Indian Hills Fire Protection District	250	10,342		9,308	9,308	-
2010	Prowers County	250	7,100		6,390	6,390	-
2010	Lamar, City of	250	7,100		6,390	6,390	-
2010	Gunnison County Fire Protection District	235	45,000		40,500	40,500	-
2010	Gunnison, City of	235	32,700		29,430	29,430	-
2010	Wiggins Rural Fire Protection District	225	19,454		17,364	17,364	-
2010	Manitou Springs, City of	225	15,400		13,860	13,860	-
2010	Lake George Fire Protection District	225	9,360		8,424	8,424	-
2010	Brush, City of	220	16,774		15,097	15,097	-
2010	Brush Rural Fire Protection District	220	8,496		7,646	7,646	-
2010	Del Norte Fire Protection District	200	52,793		47,514	47,514	-
2010	Franktown Fire Protection District	200	40,000		36,000	36,000	-
2010	Oak Creek Fire Protection District	200	25,700		23,130	23,130	-
2010	Nucla-Naturita Fire Protection District	200	18,000		16,200	16,200	-
2010	Boulder Mountain Fire Protection District	200	15,500		13,950	13,950	-
2010	West Douglas County Fire Protection District	200	14,400		12,960	12,960	-
2010	Allenspark Fire Protection District	200	13,023		11,721	11,721	-
2010	Frederick-Firestone Fire Protection District	200	10,003		9,003	9,003	-
2010	Loghill Mesa Fire Protection District	200	10,000		9,000	9,000	-
2010	Jackson-105 Fire Protection District	200	10,000		9,000	9,000	-
2010	Rocky Mountain Fire District	200	10,000		9,000	9,000	-
2010	Alamosa County Fire Protection District	200	8,631		7,768	7,768	-
2010	Canon City Area Fire Protection District	200	4,200		3,780	3,780	-
2010	Blanca, Town of	200	3,368		1,684	1,684	-
2010	Deer Trail Rural Fire Protection District	188	26,000		6,575	6,575	-
2010	Fort Morgan Rural Fire Protection District	175	39,515		35,557	35,557	-
2010	Bennett Fire Protection District	175	20,000		18,000	18,000	-
2010	Pleasant View Fire Protection District	175	10,000		9,000	9,000	-
2010	Pinewood Springs Fire Protection District	175	6,190		5,237	5,237	-
2010	Buena Vista, Town of	172	12,023		10,821	10,821	-
2010	North Fork Fire Protection District	160	13,000		7,147	7,147	-
2010	Burlington Fire Protection District	150	25,000		22,500	22,500	-
2010	Limon Area Fire Protection District	150	19,608		17,647	17,647	-
2010	Nonwood Fire Protection District	150	16,768		14,196	14,196	-
2010	Livermore Fire Protection District	150	5,000		4,500	4,500	-
2010	Calhan Fire Protection District	150	3,000		2,700	2,700	-
2010	Cascade Fire Protection District	140	10,615		5,308	5,308	-
2010	Florence Fire Protection District	125	83,396		42,506	42,506	-
2010	Hot Sulphur Springs-Parshall Fire Protection District	125	4,500		4,050	4,050	-
2010	Akron Rural Fire Protection District	115	7,756		6,980	6,980	-
2010	Akron, Town of	115	7,599		3,481	3,481	-
2010	Plateau Valley Fire Protection District	100	69,905		62,915	62,915	-
2010	Stonewall Fire Protection District	100	50,000		45,000	45,000	-
2010	Cheyenne County Fire Protection District No. 1	100	20,000		18,000	18,000	-
2010	Palisade Rural Fire Protection District	100	16,424		14,782	14,782	-
2010	Dove Creek Fire Protection District	100	15,091		12,965	12,965	-
2010	Divide Fire Protection District	100	12,000		10,800	10,800	-
2010	Palisade, Town of	100	22,500		10,140	10,140	-
2010	New Raymer-Stoneham Fire Protection District	100	11,076		9,968	9,968	-
2010	South Conejos Fire Protection District	100	9,395		8,456	8,456	-
2010	Colorado Sierra Fire Protection District	100	28,000		7,420	7,420	-
2010	Northwest Conejos County Fire Protection District	100	7,831		7,048	7,048	-
2010	Fowler Rural Fire Protection District	100	8,800		6,723	6,723	-

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YEAR	APPLICANT_NAME	MONTHLY_BENEFIT	LOCAL_CON	ARC_VALUE	STATE_CONTR	New Proposed State Contribution	DIFF
2010	Town of Silverton	100	6,800		6,120	6,120	-
2010	Palmer Lake, Town of	100	6,051		5,446	5,446	-
2010	Hillrose Rural Fire Protection District	100	5,950		5,355	5,355	-
2010	Jackson County	100	3,600		3,240	3,240	-
2010	Fishers Peak Fire Protection District	100	3,100		2,790	2,790	-
2010	Peyton Fire Protection District	100	3,000		2,700	2,700	-
2010	Springfield, Town of	100	2,199		1,979	1,979	-
2010	Lake City Area Fire Protection District	100	2,066		1,859	1,859	-
2010	West Cheyenne Fire Protection District	100	2,000		1,800	1,800	-
2010	Walden, Town of	100	1,432		1,289	1,289	-
2010	Eads, Town of	100	1,000		1,000	1,000	-
2010	Wiley Rural Fire Protection District	100	1,000		900	900	-
2010	Yuma Rural Fire Protection District	90	31,755		28,580	28,580	-
2010	Byers Fire Protection District	90	13,603		12,243	12,243	-
2010	Northern Saguache County Fire Protection District	85	10,035		9,032	9,032	-
2010	Las Animas-Bent County Fire Protection District	75	13,337		12,003	12,003	-
2010	Rico Fire Protection District	75	5,885		5,297	5,297	-
2010	Northeast Conejos County Fire Protection District	75	2,124		1,912	1,912	-
2010	Holly, Town of	75	625		563	563	-
2010	Holly Fire & Ambulance District	75	625		563	563	-
2010	Delta County Fire Protection District No. 4	70	15,000		13,500	13,500	-
2010	Glacier View Fire Protection District	70	9,500		8,550	8,550	-
2010	Holyoke, City of	70	6,908		5,878	5,878	-
2010	Wray, City of	65	9,022		6,475	6,475	-
2010	Ouray, City of	60	17,000		15,300	15,300	-
2010	Holyoke Fire Protection District	60	7,692		6,923	6,923	-
2010	Seibert Fire Protection District	58	2,941		2,520	2,520	-
2010	Yuma, City of	50	9,274		8,347	8,347	-
2010	Elbert Fire Protection District	50	5,000		4,500	4,500	-
2010	Hanover Fire Protection District	50	4,601		4,141	4,141	-
2010	Pawnee Fire Protection District	50	3,500		3,150	3,150	-
2010	Julesburg, Town of	50	3,500		3,021	3,021	-
2010	Southwest Washington County Fire Protection District	50	3,000		2,700	2,700	-
2010	Otis Rural Fire Protection District	50	2,500		2,250	2,250	-
2010	Haxtun, Town of	50	2,400		2,160	2,160	-
2010	Haxtun Fire Protection District	50	2,314		2,083	2,083	-
2010	Julesburg Fire Protection District	50	2,175		1,958	1,958	-
2010	Walsh, Town of	50	2,000		1,000	1,000	-
2010	Otis, Town of	50	1,000		1,000	1,000	-
2010	Boone, Town of	50	900		810	810	-
2010	Fleming Fire Protection District	40	4,016		3,614	3,614	-
2010	Big Sandy Fire Protection District	40	2,000		1,800	1,800	-
2010	Stratton Fire Protection District	40	1,501		1,351	1,351	-
2010	Manzanola Rural Fire Protection District	30	2,202		1,982	1,982	-
2010	Town of Hugo	30	2,000		1,495	1,495	-
2010	Eckley, Town of	26	1,209		1,000	1,000	-
2010	Flagler Rural Fire Protection District	25	3,000		2,700	2,700	-
2010	City of Rocky Ford	25	1,594		1,435	1,435	-
2010	Ovid, Town of	15	546		1,000	1,000	-
2010	Crowley, Town of	10	195		1,000	1,000	-
2010	Poudre Canyon Fire Protection District	0	4,000		3,600	3,600	-
2010	Paradox Fire Protection District	0	786		1,000	1,000	-
2010	Town of Merino	0	2,500		1,000	1,000	-
					4,281,892	2,256,496	2,025,396
<b>Did not contribute in 2010 so not state contribution</b>							2,025,396
2010	Lake Dillon Fire Protection District	800		(186,077)			
2010	Aguilar, Town of	350					

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YEAR	APPLICANT_NAME	MONTHLY_BENEFIT	LOCAL_CON	ARC_VALUE	STATE_CONTR	New Proposed State Contribution	DIFF
2010	Upper Pine River Fire Protection District	300					
						Estimated savings on fact sheet	1,519,047

**FY 2012-13 Joint Budget Committee Staff Budget Briefing  
Department of Local Affairs**

**APPENDIX G: SEVERANCE TAX REVENUES**  
**September 2011 Legislative Council Staff Economic and Revenue Forecast**  
(Thousands of Dollars)

<b>Source</b>	<b>Actual FY 09-10</b>	<b>Prelim FY 10-11</b>	<b>Forecast FY 11-12</b>	<b>Forecast FY 12-13</b>	<b>Forecast FY 13-14</b>
<b>Oil and Gas</b>	<b>\$28,410.48</b>	<b>\$145,035.04</b>	<b>\$149,062.73</b>	<b>\$179,125.01</b>	<b>\$182,860.30</b>
<i>Annual variance</i>	<i>(90.7%)</i>	<i>410.5%</i>	<i>2.8%</i>	<i>20.2%</i>	<i>2.1%</i>
<b>Coal</b>	<b>\$6,324.97</b>	<b>\$6,948.48</b>	<b>\$8,140.86</b>	<b>\$8,873.93</b>	<b>\$9,230.06</b>
<i>Annual variance</i>	<i>(40.9%)</i>	<i>9.9%</i>	<i>17.2%</i>	<i>9.0%</i>	<i>4.0%</i>
<b>Molybdenum and Metallics</b>	<b>\$1,381.23</b>	<b>\$2,151.94</b>	<b>\$2,614.61</b>	<b>\$2,858.81</b>	<b>\$3,108.39</b>
<i>Annual variance</i>	<i>3.0%</i>	<i>55.8%</i>	<i>21.5%</i>	<i>9.3%</i>	<i>8.7%</i>
<b>Total Severance Tax Revenue</b>	<b>\$36,081.31</b>	<b>\$154,135.46</b>	<b>\$159,818.20</b>	<b>\$190,857.76</b>	<b>\$195,198.75</b>
<i>Annual variance</i>	<i>(88.7%)</i>	<i>327.2%</i>	<i>3.7%</i>	<i>19.4%</i>	<i>2.3%</i>
<b>Interest Earnings</b>	<b>\$12,166.50</b>	<b>\$9,341.94</b>	<b>\$10,203.45</b>	<b>\$9,734.03</b>	<b>\$9,895.42</b>
<i>Annual variance</i>	<i>(31.4%)</i>	<i>(23.2%)</i>	<i>9.2%</i>	<i>(4.6%)</i>	<i>1.7%</i>
<b>Total Severance Tax Fund Revenue</b>	<b>\$48,248</b>	<b>\$163,477</b>	<b>\$170,022</b>	<b>\$200,592</b>	<b>\$205,094</b>
<i>Annual variance</i>	<i>(85.7%)</i>	<i>238.8%</i>	<i>4.0%</i>	<i>18.0%</i>	<i>2.2%</i>
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<b>50 percent to the Local Government Severance Tax Fund</b>	<b>\$24,124</b>	<b>\$81,739</b>	<b>\$85,011</b>	<b>\$100,296</b>	<b>\$102,547</b>
<i>Annual Variance \$</i>	<i>(144,302)</i>	<i>57,615</i>	<i>3,272</i>	<i>15,285</i>	<i>2,251</i>
<i>Annual Variance %</i>	<i>(85.7%)</i>	<i>238.8%</i>	<i>4.0%</i>	<i>18.0%</i>	<i>2.2%</i>
<b>Direct Distribution (30%)</b>	<b>\$7,237</b>	<b>\$24,522</b>	<b>\$25,503</b>	<b>\$30,089</b>	<b>\$30,764</b>
<b>Grants and Loans (70%)</b>	<b>\$16,887</b>	<b>\$57,217</b>	<b>\$59,508</b>	<b>\$70,207</b>	<b>\$71,783</b>



**FY 2012-13 Joint Budget Committee Staff Budget Briefing  
Department of Local Affairs**

**APPENDIX H: FEDERAL MINERAL LEASE TAX REVENUES  
September 2011 Legislative Council Staff Economic and Revenue Forecast  
(Millions of Dollars)**

	<b>FY 08-09 actual</b>	<b>FY 09-10 actual</b>	<b>FY 10-11 estimate</b>	<b>FY 11-12 estimate</b>	<b>FY 12-13 estimate</b>	<b>FY 13-14 estimate</b>	<b>Notes</b>
<b>Total FML Revenue</b>	<b>\$227.3</b>	<b>\$122.5</b>	<b>\$152.5</b>	<b>\$163.3</b>	<b>\$174.9</b>	<b>\$184.3</b>	FML moneys received quarterly
<b>Annual Variance</b>	<b><u>48.0%</u></b>	<b><u>(46.1%)</u></b>	<b><u>24.5%</u></b>	<b><u>7.0%</u></b>	<b><u>7.1%</u></b>	<b><u>5.4%</u></b>	Annual percentage change
Bonus	61.9	5.6	2.3	6.5	10.5	11.1	Fixed/Up-front Payments
Non-Bonus	165.4	116.9	150.2	156.7	164.4	173.2	Rents, Royalties, Earnings
<b>Bonus Payments</b>	<b><u>61.9</u></b>	<b><u>5.6</u></b>	<b><u>2.3</u></b>	<b><u>6.5</u></b>	<b><u>10.5</u></b>	<b><u>11.1</u></b>	Fixed/Up-front Payments
Local Government Permanent Fund	30.9	2.8	1.1	3.3	5.2	5.5	50% of Bonus Payments
Higher Ed Maint. & Reserve Fund	30.9	2.8	1.1	3.3	5.2	5.5	50% of Bonus Payments
<b>Non-Bonus Payments</b>	<b><u>148.0</u></b>	<b><u>116.9</u></b>	<b><u>142.7</u></b>	<b><u>148.6</u></b>	<b><u>155.2</u></b>	<b><u>161.7</u></b>	Rents, Royalties, Earnings
State Public School Fund	65.0	56.5	65.0	67.6	70.3	73.1	48.3% of Non-Bonus Payments <sup>1</sup>
Colorado Water Conservation Board	14.0	11.7	15.0	15.7	16.4	16.4	10% of Non-Bonus Payments <sup>2</sup>
DOLA Grants	33.1	23.4	30.0	31.3	32.9	34.6	20% of Non-Bonus Payments
DOLA Direct Distrib. to Counties/Muni.	33.1	23.4	30.0	31.3	32.9	34.6	20% of Non-Bonus Payments
DOLA Direct Distrib. to School Districts	2.8	2.0	2.6	2.7	2.8	2.9	1.7% of Non-Bonus Payments <sup>3</sup>
<b>Spillover Payments</b>	<b><u>17.4</u></b>	<b><u>0.0</u></b>	<b><u>7.6</u></b>	<b><u>8.1</u></b>	<b><u>9.2</u></b>	<b><u>11.5</u></b>	Moneys received above the statutory caps
Higher Ed FML Revenue Fund	14.9	0.0	7.6	8.1	9.1	10.6	From Non-Bonus spillover (cap: \$50M)
Higher Ed Maint. & Reserve Fund	2.5	0.0	0.0	0.0	0.1	0.9	From the FML Revenue Fund after the cap of \$50M is exceeded.

<sup>1</sup> Cap by fiscal year: \$65M for FY 08-09 - FY 10-11, \$67.6M for FY 11-12, and \$70.3M for FY 12-13.

<sup>2</sup> Cap by fiscal year: \$14M for FY 08-09, \$14.6M for FY 09-10, \$15.1M for FY 10-11, \$15.7M for FY 11-12, and \$16.4M for FY 12-13.

<sup>3</sup> Cap by fiscal year: \$3.3M for FY 08-09, \$3.4M for FY 09-10, \$3.6M for FY 10-11, \$3.7M for FY 11-12, and \$3.9M for FY 12-13.