MEMORANDUM

JOINT BUDGET COMMITTEE

TO	Members of the Joint Budget Committee
FROM	Mitch Burmeister, JBC Staff (303-866-3147)
DATE	March 18, 2024
SUBJECT	Severance Tax Transfers and Additional Discretionary Appropriations

During staff's presentation on potential legislation on February 29, 2024, the Committee had several questions related to possible changes to the annual distribution of severance taxes and the structure and uses of the Infrastructure Investment and Jobs Act Cash Fund.

SUMMARY

- The Soil Conservation Grant Program has received a $450,000 appropriation from the Severance Tax Operational Fund (STOF) since its inception in 2006. There is routinely higher demand for grant funds than funding available. To meet past demand trends, a $700,000 appropriation seems reasonable.
- There are two primary funds out of which watershed restoration efforts are supported – the Watershed Restoration Grant Program (WRGP) and the Watershed Health and Recreation Category of the Water Plan Grant Program (WHRC). Watershed restoration efforts have been funded through both funds, the difference being WRGP has handled federal and state stimulus dollars while WHRC is funded through the Perpetual Base Fund (PBF). Grant funding through WHRC has been and is expected to continue to be roughly $7.0 million per year in available grant dollars.
- If the Committee chooses to sponsor legislation to transfer the proposed amounts of severance tax revenues **and** increase the appropriation to the Soil Conservation Grant Program **and** add the proposed $5.0 million annual appropriation for watershed restoration, there is a very high likelihood that the Severance Tax Operational Fund statutory reserve requirement will not be met in FY 2024-25.
- Staff has included information from the Governor's Office on the fund balance and amount of the match that has been leveraged for the Infrastructure Investment and Jobs Act Cash Fund (IIJA). Staff recently learned that the intent of the transfer of severance tax revenue to the IIJA cash fund **is not** to add to the amount in the cash fund, but to transfer funds from the IIJA cash fund back to the General Fund. In light of this new information, staff sees no reason to transfer any money into or out of the IIJA cash fund.

RECOMMENDATIONS

- **Staff recommends that the Committee increase the annual appropriation from the Severance Tax Operational Fund to the Soil Conservation Grant Program to $700,000.** The demand for soil conservation grant funding appears to be healthy enough to support an increased appropriation, and the current amount of funding – $450,000 – has not been changed since the program's inception in 2006. The overall impact to the Operational Fund of increasing this appropriation is small, and staff believes that this small annual investment would have a significant impact on the state's soil conservation efforts.
- **Staff recommends that the Committee <u>not</u> create a new annual appropriation from the Severance Tax Operational Fund for watershed restoration.** Adding this program to the list

of discretionary programs would cause a situation where the Operational Fund would be unable to meet the statutory reserve requirement. Absent this additional appropriation, the reserve requirement would likely be met.

- **Staff recommends that the Committee create a statutory annual transfer from the Perpetual Base Fund to the Watershed Health and Recreation Category of the Water Plan Grant Program for the purpose of watershed restoration.** Staff believes that if the Committee wants to provide additional support to watershed planning and restoration efforts across the state, a better solution would be to transfer funds out of the PBF as opposed to the Operational Fund.
- **Staff recommends that the Committee initiate a one-time transfer from the Perpetual Base Fund to the General Fund of $26,086,559.** This is the amount that has already spilled over into the Perpetual Base Fund from the Operational Fund and would have no impact on the amount in the Operational Fund.
- **Staff recommends that the Committee initiate a one-time transfer from the Severance Tax Operational Fund to the General Fund of $11,291,681.** This is the amount, based on the LCS March 2024 revenue forecast, that would otherwise spill over into the Perpetual Base Fund at the end of FY 2024-25. Staff believes that there is no reason to transfer funds into the IIJA cash fund only to transfer an equal amount of funds out. Regarding the specific amount recommended for the transfer, this is the amount that is projected by LCS to maintain the 200.0 reserve requirement in the Severance Tax Operational Fund for FY 2024-25. If the Committee chooses to base their budget on the OSPB forecast instead, the transfer amount would be $18,259,805.
- **Staff recommends that the Committee initiate a one-time transfer from the Energy Impact Assistance Fund to the General Fund of $25.0 million.** According to the Department of Local Affairs and the Governor's Office, this amount has been set aside within the EIAF and has not been encumbered for FY 2024-25.

SEVERANCE TAX OPERATIONAL FUND DISTRIBUTIONS

This section of the memo will cover the statutory uses for severance tax operational fund revenues, the Soil Conservation Grant Program, and statewide watershed restoration efforts. Staff will also discuss the potential impact on the Severance Tax Operational Fund reserve requirement if the Committee were to increase appropriations from the STOF.

SEVERANCE TAX REVENUE USES

There are three broad categories for which severance tax revenues can be used.

- For the development and conservation of the state's water resources;
- For the use in funding programs that promote and encourage sound natural resource planning, management, and development related to minerals, energy, geology, and water; and
- For the use in funding programs to reduce the burden of increasing home energy costs on low-income households. (Section 39-29-109 (1), C.R.S.)

Those three uses are split into different funds and different departments to accomplish the goals set in statute. For the development and conservation of the state's water resources, the Perpetual Base Fund was established in the Department of Natural Resources (DNR). For funding programs that promote and encourage sound natural resource planning, the Severance Tax Operational Fund was established in DNR. And for funding programs to reduce the burden of increasing home energy costs on low-income households, the Energy Impact Assistance Fund was established in the Department of Local Affairs (DOLA).

In the Department of Natural Resources, the specific statutory uses for the PBF are as follows:
- For state water projects, including the construction, rehabilitation, enlargement, or improvement of such flood control, water supply, and hydroelectric energy facilities together with related recreational facilities as will abate floods or conserve, effect more efficient use of, develop, or protect the water and hydroelectric energy resource and supplies of the state;
- Transfers into the water supply reserve fund;
- Transfers to the Interbasin compact committee operation fund; and
- Transfers to the water efficiency grant program cash fund.

Also in DNR, the specific statutory uses for the STOF are as follows:
- For the Energy and Carbon Management Commission (up to 35.0 percent);
- For programs within the Colorado Geological Survey (up to 15.0 percent);
- For the Avalanche Information Center (up to 5.0 percent);
- For the Division of Reclamation, Mining, and Safety (up to 25.0 percent);
- For the Water Conservation Board (up to 5.0 percent);
- For the Division of Parks and Wildlife (up to 15.0 percent);
- For the Species Conservation Trust Fund (discretionary, up to $5.0 million);
- For the Aquatic Nuisance Species Fund (discretionary, up to $4,006,005);
- For the Conservation District Grant Fund (discretionary, up to $450,000); and
- For the Wildfire Mitigation Capacity Development Fund (discretionary, up to $5.0 million).

In the Department of Local Affairs, 70.0 percent of the total severance tax revenues must be distributed to political subdivisions socially or economically impacted by the development, processing, or energy conversion of minerals and mineral fuels and used for the planning, construction, and maintenance of public facilities and for the provision of public services. The other 30.0 percent is allocated to counties

SEVERANCE TAX OPERATIONAL FUND DISTRIBUTIONS AND RESERVE

During staff's presentation, the Committee raised the possibility of increasing the appropriation to the Soil Conservation Grant Fund from $450,000 to $700,000 and adding a new program to the list of discretionary appropriations to distribute up to $5.0 million per year to watershed restoration efforts.

In the current fiscal year (FY 2023-24), the total appropriation out of the Severance Tax Operational Fund is $34,258,976. Because of the 200.0 percent reserve requirement, that means that the total obligation of severance tax revenue to the operational fund is $102,776,928. Total revenue to the Operational Fund in FY 2023-24 is estimated by LCS at $109,233,952 and by OSPB at $113,258,952. Because any remaining revenue in excess of the reserve requirement spills over into the PBF, a total of $5,239,652 would spill into the PBF under LCS estimates while $9,264,652 would spill into the PBF under OSPB estimates.

FY 2023-24 OPERATIONAL FUND REVENUE				
	APPROPRIATION	TOTAL OBLIGATION	TOTAL REVENUE	SPILLOVER TO PBF
LCS Estimates	$34,258,976	$102,776,928	$109,233,952	$5,239,652
OSPB Estimates	$34,258,976	$102,776,928	$113,258,952	$9,264,652

Looking ahead to FY 2024-25, the following table outlines the projected appropriation, revenue, and PBF spillover amounts according the March 2024 forecast accounting for the proposed transfers.

FY 2024-25 OPERATIONAL FUND REVENUE					
	APPROPRIATION	TOTAL OBLIGATION	TOTAL AVAILABLE REVENUE	SEV TAX TRANSFERS	SPILLOVER TO PBF
LCS Estimates	$33,447,888	$100,343,664	$111,635,345	($18,213,441)	($6,921,760)
OSPB Estimates	$33,447,888	$100,343,664	$120,885,339	($18,259,805)	$2,281,870

Based on the March 2024 forecast, with the proposed additional $5,250,000 appropriation for Soil Conservation Grants and watershed restoration, the spillover to the PBF is reflected as negative. In other words, the 200.0 reserve requirement will not be met. In these tables, I have shown negative numbers in the "Spillover to PBF" column. In reality, there would be no spillover. This number indicates the amount by which the reserve would fall short of the statutory requirement.

FY 2024-25 OPERATIONAL FUND REVENUE (WITH PROPOSED ADDITIONS)					
	APPROPRIATION	TOTAL OBLIGATION	TOTAL AVAILABLE REVENUE	SEV TAX TRANSFERS	SPILLOVER TO PBF
LCS Estimates	$38,697,888	$116,093,664	$111,635,345	($18,213,441)	($22,671,760)
OSPB Estimates	$38,697,888	$116,093,664	$120,885,339	($18,259,805)	($13,468,130)

If an additional $5,250,000 is appropriated out of the operational fund, it will require annual severance tax revenues of roughly $116.1 million to meet the reserve requirement. This, along with the Governor's proposed severance tax transfers, would cause a shortfall in the statutory reserve requirement in FY 2024-25.

It is staff's opinion that knowingly obligating more than the anticipated revenue from the Severance Tax Operational Fund is not sound fiscal practice and will inevitably lead to a situation that mirrors one that a prior JBC faced as recently as FY 2020-21, when the operational fund needed to be backfilled with General Fund to prevent clawbacks from the discretionary programs.

SOIL CONSERVATION GRANT PROGRAM

The Soil Conservation Grant Program was established in 2006 under H.B. 06-1393 (Severance Tax Match Fed Funds Cons Dist) to provide the Department of Agriculture with a source of grant funding to match local and private funds for soil conservation efforts around the state. The level of the appropriation was set at $450,000 per year in that legislation, and it has remained at that level since. There is an additional statutory transfer from the General Fund on July 1 of every year of $148,000 to distribute $2,000 to each of the 74 conservation districts (S.B. 22-195).

These efforts are focused almost exclusively on private landowners who wish to enhance the soil on their land or provide educational opportunities for communities which are impacted in some way by the land. Along with providing educational opportunities to both adults and children impacted by the land, soil conservation grants are used in myriad ways, including for:

- Pest control;
- Rangeland improvements;
- Fencing;
- Irrigation projects;
- Wildfire and watershed plans;
- Soil planning such as no-till farming and the use of cover crops; and
- Water quality and quantity improvements.

The way the grant program works is that landowners first identify an issue that could be solved with grant funding. They then apply for a grant through their local conservation district. For the application, they work to raise either their own money, local dollars, or federal dollars to reach a threshold where the state will match the funds. Based on funds raised, project impact, and/or measurable outcomes, the grant applications are approved or denied and funding is distributed to the conservation district, who then works with the landowner to implement the improvements. Through the whole process, the landowners work with the conservation district to ensure they are meeting the requirements of the grant funding and properly implementing the agreed-upon solution.

Grant applications require at least a one-to-one match of hard cash to be in consideration for an award, but higher levels of matching funds are considered more favorably. This typically leads to 1.5:1 or even 2:1 leverage on the awarded grants. The Colorado State Conservation Board (CSCB) sets the level at which grants can be distributed, and there is currently a cap of $25,000 per grant. The following table outlines the award amounts and matching amounts since 2019.

MATCHING LEVERAGE			
YEAR	GRANT FUNDS	MATCHING FUNDS	LEVERAGE
2019	$669,111	$652,462	1:1
2020	$320,650	$425,025	1.3:1
2021	$319,499	$479,291	1.5:1
2022	$490,029	$1,011,809	2:1
2023	$439,183	$645,208	1.5:1
2024	$467,423	-	

Since 2016, the amount of funding applied for has routinely outpaced the amount of funding available. Since 2019, the average amount of funding applied for is $672,384 and the average funding granted is $450,983. Because of this, staff believes that if the Committee wanted to increase the appropriation from the severance tax operational fund, $700,000 would be a reasonable amount for this program. The only potential issue in staff's mind is the ability for landowners and conservation districts to raise the matching funds to be eligible for the grant funds. This is difficult to predict, as often in these situations supply can easily drive demand, so if more funding is available, there may be increased efforts to raise private or local funds.

The table below outlines the total amounts applied for and the total amounts granted since 2016.

FUNDING APPLICATIONS VS. GRANTS AWARDED									
	2016	2017	2018	2019	2020	2021	2022	2023	2024
Funding Applied For	$668,928	$81,088	$81,740	$720,564	$726,877	$694,172	$553,029	$558,808	$780,853
Funding Granted	$417,428	$43,595	$48,850	$669,111	$320,650	$319,499	$490,029	$439,183	$467,423
% of Requested Funding Awarded	62.4%	53.8%	59.8%	92.9%	44.1%	46.0%	88.6%	78.6%	59.9%

Because of the consistent demand for soil conservation grant funding around the state and the low impact that this addition would have on appropriations out of the STOF, staff recommends increasing the appropriation from the STOF to the Soil Conservation Grant Program by $250,000 to bring the total appropriation to $700,000.

WATERSHED RESTORATION FUNDING

Watershed recovery and restoration processes take place primarily following wildfires in response to the damage they cause to watersheds. This damage can include contaminated water, increased sedimentation, increased erosion, and flooding. To prevent these impacts from causing too much harm, both public and private entities take action sometimes before and sometimes after the fire has created a damaged watershed. In about half of wildfire events, the wildfire occurs in a watershed where a watershed planning group already exists and ostensibly already has a plan in place to start recovery work right away. However, in the other half of events, the wildfire occurs where no watershed planning group operates. When this happens, public and private entities work together to support recovery efforts.

FUNDING SOURCES

In some counties, there are levies that support watershed health activities, but not in all. As a result, watershed recovery efforts typically need to find funding elsewhere. One source of funding available for watershed restoration is the Emergency Watershed Protection Program (EWP) through the Natural Resources Conservation Service. This program provides federal dollars and will fund 75.0 percent of a recovery plan contingent on the other 25.0 percent being paid from other sources. Typically, those other sources are the entities that sponsor the recovery efforts – like counties or other coalitions of public and private groups, or the State.

In the case of the recovery efforts for the East Troublesome Fire and Cameron Peak Fire, the Colorado Water Conservation Board (CWCB) provided the 25.0 percent matching funds through the Watershed Restoration Program, but this is not typical. This funding was available as a result of an influx of federal dollars for this purpose. The following table, provided by DNR, outlines how much federal funding Colorado has received, spent, and encumbered since FY 2021-22.

Table 1: Colorado Watershed Restoration Program Appropriations, Encumbrances, and Expenditures FY 2021-22 to FY 2023-24 ($ millions)

Colorado Watershed Restoration Program Bill Number	Appropriated	Encumbered/ Obligated	Expended	Unencumbered ($)
General Fund Stimulus (S.B. 21-240* & S.B. 21-054)	$ 34.00	$6.73	$27.11	$ 0.153
American Rescue Plan Act Stimulus (H.B. 22-1379*)	$ 10.00	$2.57	$0.03	$ 7.4
Total	**$ 44.00**	**$9.297**	**$ 27.140**	**$7.553**

**Source: https://coforward.colorado.gov/data/agency-spending-data/dept-of-natural-resources-dnr*

Aside from the availability of federal match funding, the State also provides funding for watershed recovery through competitive grants from the Water Plan Grant Program. The Watershed Health and Recreation Category of the Water Plan Grant Program – which is funded through sports betting revenues – has provided a total of $21.2 million over the last three years to support restoration efforts, and according to DNR, the CWCB expects to provide around $8.0 million of funding per year in future years. The following table, provided by the Department, outlines the annual awarded grant amounts.

Table 2: Watershed Health and Recreation Category of the Water Plan Grant Program, Awards for FY 2021-22 to FY 2023-24 ($ millions)

Fiscal Year	Watershed WPGP Awards
FY 2021-22	$8.638
FY 2022-23	$4.375
FY 2023-24	$8.203*
Total	**$21.215**

**The CWCB Board will consider the second cycle of awards for FY 2023-24 on March 13. This amount includes $5.094 in awards that will be considered for approval by the CWCB on this date.*

These two funds – the Watershed Restoration Grant Program (WRGP) and the Watershed Health and Recreation Category (WHRC) of the Water Plan Grant Program – basically serve the same purpose. The main difference is the source of funding. The WRGP is the fund that has awarded grants originating from state and federal stimulus dollars, whereas the WHRC is the fund that awards grants originating from the Water Plan Grant Program, which is funded from the PBF.

FURTHER FUNDING THROUGH SEVERANCE TAX OPERATIONAL FUND

Staff does not recommend additional funding for watershed restoration from the Severance Tax Operational Fund. The primary reason is because, as mentioned above, adding ongoing funding out of the STOF increases the chances that in the near future there will not be enough to fund all of the discretionary programs and fulfill the reserve requirement. As a reminder, any appropriation out of the STOF statutorily requires 200.0 percent of the appropriation to be held in reserve. This means that adding a $5.0 million appropriation ties up $15.0 million severance tax revenues on an ongoing basis.

As the Committee knows, severance tax revenue is one of the most volatile revenue sources in the state. Currently, revenues are high because of high oil and gas prices, but as we get further from the surge in prices caused in part by the supply chain shocks of the pandemic, those revenues will decline because the newly spud wells that have been producing large amounts of oil and gas for the past 2-3 years will significantly decline in production. This is the nature of severance tax revenues, and while tempting to appropriate more from the STOF when revenues are high, those programs will still need to be funded when revenues are low – potentially causing funding shortfalls, clawbacks, or General Fund backfill.

Situations such as this are the exact situations that a prior General Assembly hoped to prevent by removing programs from STOF appropriations through S.B. 21-281 (State Severance Tax Trust Fund Allocation). In that legislation, several programs were removed from STOF appropriations to ensure there would be sufficient funding for the core programs and the remaining discretionary programs. The following table is from the fiscal note for S.B. 21-281 and outlines which programs were moved out of STOF and which programs were kept.

Table 2
Severance Tax Grant Programs—New Financing Under SB 21-281

Severance Tax Tier 2 Grant Program (current maximum funding amount)	New Fund Source	Discretionary Authority	Max. Amount Authorized
Species Conservation Trust Fund ($5.0 million)	Operational Fund	General Assembly – Annual Budget	$5.0 million
Aquatic Nuisance Species Program ($4.0 million)	Operational Fund	General Assembly – Annual Budget	$4.0 million
Soil Conservation District Grant Program. Administered by Department of Agriculture. ($0.45 million)	Operational Fund	General Assembly – Annual Budget	$0.45 million
Water Supply Reserve Fund ($10.0 million)	Severance Tax Perpetual Base Fund	CWCB	None specified
Interbasin Compact Committee ($0.75 million)	Severance Tax Perpetual Base Fund	CWCB	None specified
Water Efficiency Grant Program ($0.55 million)	Severance Tax Perpetual Base Fund	CWCB	None specified
Low-Income Energy Assistance Programs (LEAP). Administered by Department of Human Services, CO Energy Office, and Energy Outreach CO. ($13.0 million)	None specified—see Background Section on HB 21-1105	-	-
Forestry Grant Programs. Administered by State Forest Service and Department of Public Safety. ($2.5 million)	None specified	-	-
Agriculture Value-added Grants. Established by House Bill 21-1242, administered by the Department of Agriculture. ($0.5 million)	None specified	-	-
Annual Total: up to $36.8 million			

On top of the remaining programs, last year the Committee added COSWAP to the list of discretionary programs at a funding level of up to $5.0 million per year.

Looking forward to FY 2025-26 and beyond, severance tax revenues are projected to slowly decline from recent highs. Based on the March revenue forecast, if the Committee chooses to transfer the spillover from the STOF to the PBF **and also** add $5.25 million to STOF appropriations, the STOF will be short of the statutory reserve requirement by $13,468,130 using OSPB projections and by $22,671,760 using LCS projections. Staff is of the opinion that purposefully obligating more severance tax revenue than what is statutorily required would be imprudent and directly contradict the purpose of the 200.0 percent reserve requirement.

ALTERNATIVE FOR FUNDING WATERSHED RESTORATION

Staff believes that watershed restoration efforts are important for maintaining the health of the state's water resources, and so if the Committee wishes to fund these efforts, that funding could be achieved a different way.

Instead of appropriating out of the STOF, which would require a 3x obligation of severance tax revenues, the funding could instead come from the Perpetual Base Fund. As can be seen in the table above, the Water Supply Reserve Fund, the Interbasin Compact Committee, and the Water Efficiency Grant Program were all removed from STOF appropriations and placed in the PBF. A similar action could be taken by the Committee in this case. This would require simple legislation that would add a $5.0 million transfer from the PBF to the Watershed Health and Recreation Category within the Water Plan Grant Program. In that legislation, the Committee could specify that the funding would be *in addition to* the existing funding and shall not replace any funding that would otherwise have been used for watershed restoration.

These funds would then be added to the competitive grant process that already exists within the Watershed Health and Recreation Category, providing more opportunity for watershed planning and recovery entities and coalitions to access state funding.

By using this method, severance tax revenues would still be used for watershed restoration efforts, but by transferring those revenues from the PBF instead of appropriating them from the STOF, the need to obligate 3x of the appropriation could be avoided. To add to that, in years like the current year when there is expected to be a spillover from the STOF to the PBF, $5.0 million of that spillover could be thought of as going directly to watershed restoration.

Further, staff does not see any issues with transferring funds out of the PBF for this purpose, as the fund is healthy, with a projected FY 2023-24 ending balance of $311.3 million that is expected to increase to over $400.0 million by the end of FY 2025-26.

For the reasons outlined here, staff recommends funding watershed restoration efforts through annual transfers from the Perpetual Base Fund and not adding this to the list of discretionary appropriations from the Severance Tax Operational Fund.

INFRASTRUCTURE INVESTMENT AND JOBS ACT CASH FUND BALANCE AND AVAILABLE USES

The final piece of this memo concerns questions that the Committee had regarding the interaction between Energy Impact Assistance Grants in the Department of Local Affairs and grant funding through the Infrastructure Investment and Jobs Act Cash Fund (IIJA). Responses to many of those questions are included in the "DOLA Energy Impact Grants" memo from Andrea Uhl dated March 18, 2024. The remaining questions that will be discussed here are the current status of spent funds and encumbered funds as well as the allowable uses of IIJA funds.

ALLOWABLE USES

According to the fiscal note for S.B. 22-215 (Infrastructure Investment and Jobs Act Cash Fund), "a department may expend money in the fund as matching funds for the following infrastructure categories as set forth in the federal act:

- Transportation infrastructure projects;
- Water, environmental, and resiliency projects;
- Power, grid, and broadband projects; and
- Any other infrastructure projects explicitly funded and set forth in the federal act."

While these categories are broad, staff believes that if severance tax revenues were swept into the IIJA cash fund, those revenues could be used for similar or the same purposes, with the additional bonus of drawing down federal funds.

FUND BALANCE AND LEVERAGED FUNDS

As of February 29, 2024, the balance of the IIJA cash fund was $130,902,969. From the original balance of the IIJA cash fund, $12.9 million has been fully awarded, which has drawn down $116.1 million federal funds. Another $12.2 million has been conditionally granted to CDOT and eight local governments, which the Governor's Office expects to yield approximately $57.5 million federal funds. An additional $8.2 million has been budgeted for grant writing, project planning, and administration. The Governor's Office expects to use the remaining balance primarily for broadband, clean water, and rail and transit initiatives. The following table was provided by the Governor's Office and is the most updated IIJA fund balance available.

IIJA CASH FUND BALANCE, EXPENDITURES, AND FUTURE NEEDS			
DESCRIPTION	AMOUNT	RUNNING BALANCE	FEDERAL FUNDS OBTAINED / REQUESTED
Appropriations:			
SB22-215 Appropriation	$80,250,000	$80,250,000	Not Applicable
SB23-283 Appropriation	84,000,000	164,250,000	Not Applicable
Awards totaling $12.9M, drawing down $116.1M in federal funds and realizing 9:1 investment return:			
CDPHE (IIJA Clean Water and Drinking Water State Revolving Funds FFY22-FFY23)	$10,990,060	$153,259,940	$103,344,000
CEO (Grid Resilience FFY24)	1,295,260	151,964,680	8,359,178
City of Idaho Springs	250,000	151,714,680	2,410,000
Woodland Park	55,000	151,659,680	220,000
Cortez	103,100	151,556,580	825,300
Fort Collins	241,120	151,315,460	964,480
Conditional Awards (Pending Federal Award) totaling $12.2M, expected to draw down $57.5M in federal funds and to realize 5:1 investment return:			
CDOT (I70 Wildlife Bridge)	$6,400,000	$144,915,460	$25,600,000
Red Cliff	790,000	144,125,460	4,200,000
City of Pueblo	2,500,000	141,625,460	20,144,901
Telluride	137,793	141,487,667	275,587
Silver Cliff	146,454	141,341,213	146,454
Steamboat Springs	215,744	141,125,469	1,294,462
City of Gunnison	360,000	140,765,469	400,000
City of Gunnison	1,500,000	139,265,469	5,000,000
Alamosa County	150,000	139,115,469	450,000
Grant writing, Project planning, and Admin expenses (budgeted):			
Grant writing and project planning	$4,800,000	$134,315,469	To be determined
Administrative expenses	3,412,500	130,902,969	Not Applicable

IIJA CASH FUND BALANCE, EXPENDITURES, AND FUTURE NEEDS			
DESCRIPTION	AMOUNT	RUNNING BALANCE	FEDERAL FUNDS OBTAINED / REQUESTED
Description of Remaining Known Estimated Future Needs	Amount	Projected Running Balance	
Local Government and Tribal Match grant program remaining	$3,550,789	$127,352,180	
OIT (Broadband - BEAD)	51,600,000	75,752,180	
CDPHE (Clean Water and Drinking Water State Revolving Funds FFY24-FFY26)	19,000,000	56,752,180	
CDOT (Rail, Transit)	61,200,000	(4,447,820)	
CEO (Grid Resilience FFY25 and FFY26)	2,590,520	(7,038,340)	

One important note on this table is that IIJA cash fund dollars are contingent on receipt of federal funding. So if the federal funding is not approved, any disbursed funds from the cash funds revert to the fund.

TECHNICAL NOTE

JBC staff learned last Friday (March 15) that the "proposal" from the Governor's November 1 budget submission letter did not actually intend to **add** funds to the IIJA cash fund. The intent is to transfer the FY 2024-25 PBF spillover to the IIJA cash fund, and then transfer IIJA funds to the General Fund. Despite staff presenting this to the Committee on two separate occasions, staff had not been informed that the transfer to the IIJA cash fund would be net zero in that fund because of an additional General Fund transfer.

As a result of this new information, staff sees no reason to include the IIJA cash fund at all. Instead of transferring severance tax revenues to the IIJA cash fund and then transferring IIJA cash funds to the General Fund, the simpler, more direct solution would be to transfer severance tax revenues directly to the General Fund.