

Department of Local Affairs
Overview of FY 2014-15 Budget
Submission

November 1, 2013

Departmental Introduction

The Department of Local Affairs (DOLA) serves as the primary interface between the State and local communities. The department provides financial support to local communities and training and technical assistance to elected community leaders in the areas of governance, housing, and property tax administration. While all state governments provide such services through various departmental structures, Colorado's approach is unique in that these local community services are gathered into one department of "Local Affairs" which has a central focus on strengthening those communities and enhancing livability. In this role, DOLA serves as the portal through which most communities access many state government services.

DOLA makes financial resources available to support community infrastructure (i.e. water, sewer, road and bridge projects) and services (i.e. housing) either through statutory formula distributions of state and federal funds (i.e. energy impact, gaming impact, Community Service Block Grants) or through state and federal grants at the discretion of the Executive Director with guidance from citizen boards. Roughly 95 percent of the monies for which the department is responsible return to communities to improve infrastructure and services for the citizens. These investments in local communities not only improve the quality of life for citizens, but they also put people to work. Every \$1 million invested in these communities creates 17 jobs (direct, indirect, and induced).

DOLA distributes the state's energy impact funds (severance taxes and federal mineral lease revenues) to local governments throughout the state to mitigate the adverse impacts of the development of the state's abundant energy reserves. The distribution of approximately 40% of these funds is formula-based, with resources going directly back to energy-impacted communities. The remaining 60% of these funds are made available through competitive grants. The funds for the competitive grant portion have been swept into the state's General Fund for the last several years to help balance the state's budget. This diversion of energy impact funds has caused serious hardship on local governments which are already struggling with significantly reduced local property tax revenues. The diversion has also resulted in a huge backlog of much needed community infrastructure projects. DOLA expects community needs will far exceed the availability of funds for the first round of grant funding available in early 2014.

In order to strengthen Colorado's communities most effectively, DOLA has established a culture within the department that encourages collaboration and efficiency. When administrative functions and programmatic tasks are shared across the organization, customers at the local level, including local elected and appointed officials, receive more integrated services. This sharing of expertise and function, along with workload, provides considerable administrative efficiency. Cross-training and teamwork among our divisions create the conditions for better service to local communities.

Statutory Authority

The statutory authority for the Department is found in Title 24, Article 32, Colorado Revised Statutes (2012).

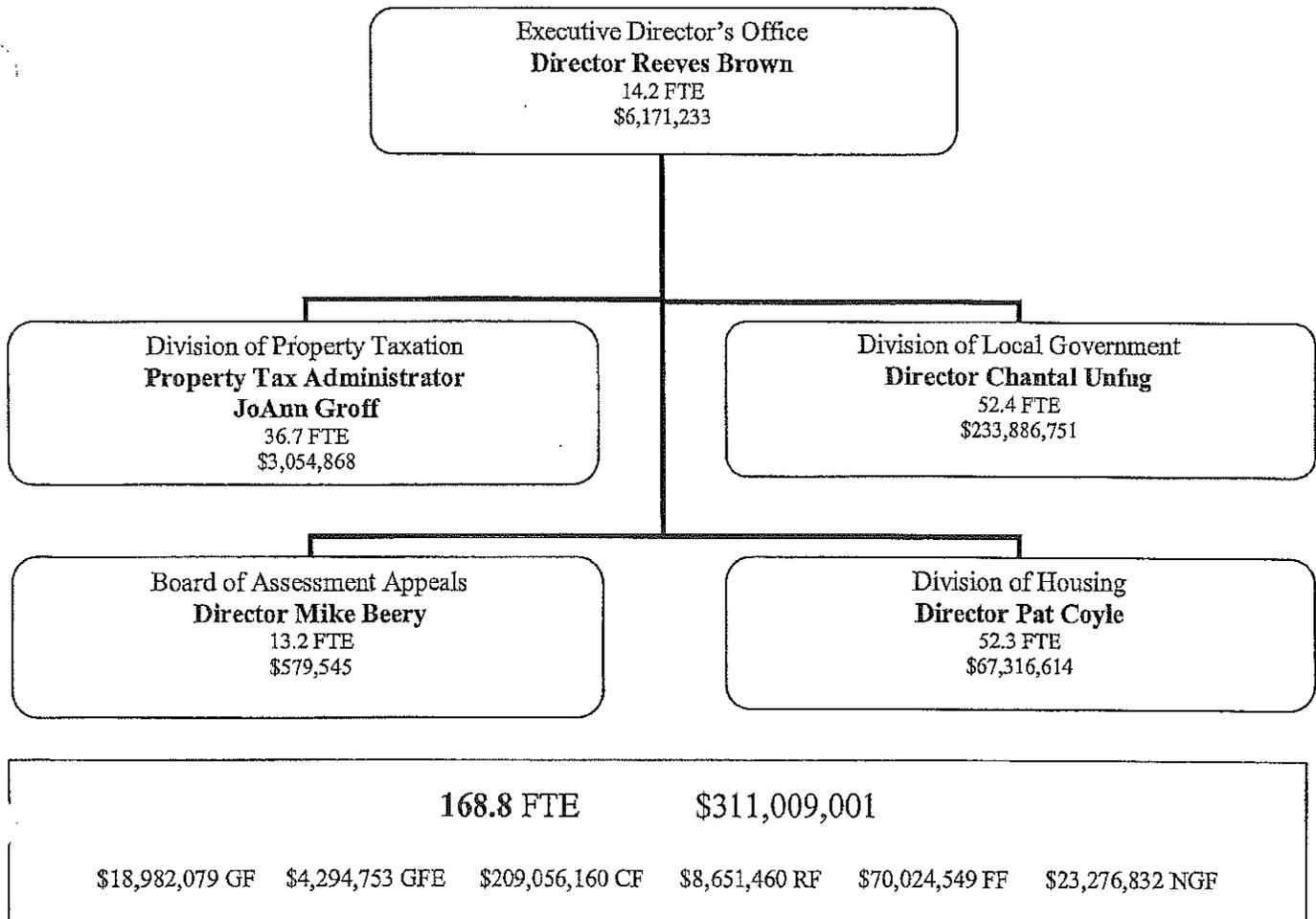
Division of Property Taxation (DPT) authority can be found in Article X, Colorado Constitution; Title 39, Article 2.

Board of Assessment Appeals (BAA) authority can be found in Article II, Title 39 of the Colorado Constitution.

Division of Housing authority can be found in Title 24, Article 32, Section 702, Colorado Revised Statutes (2011).

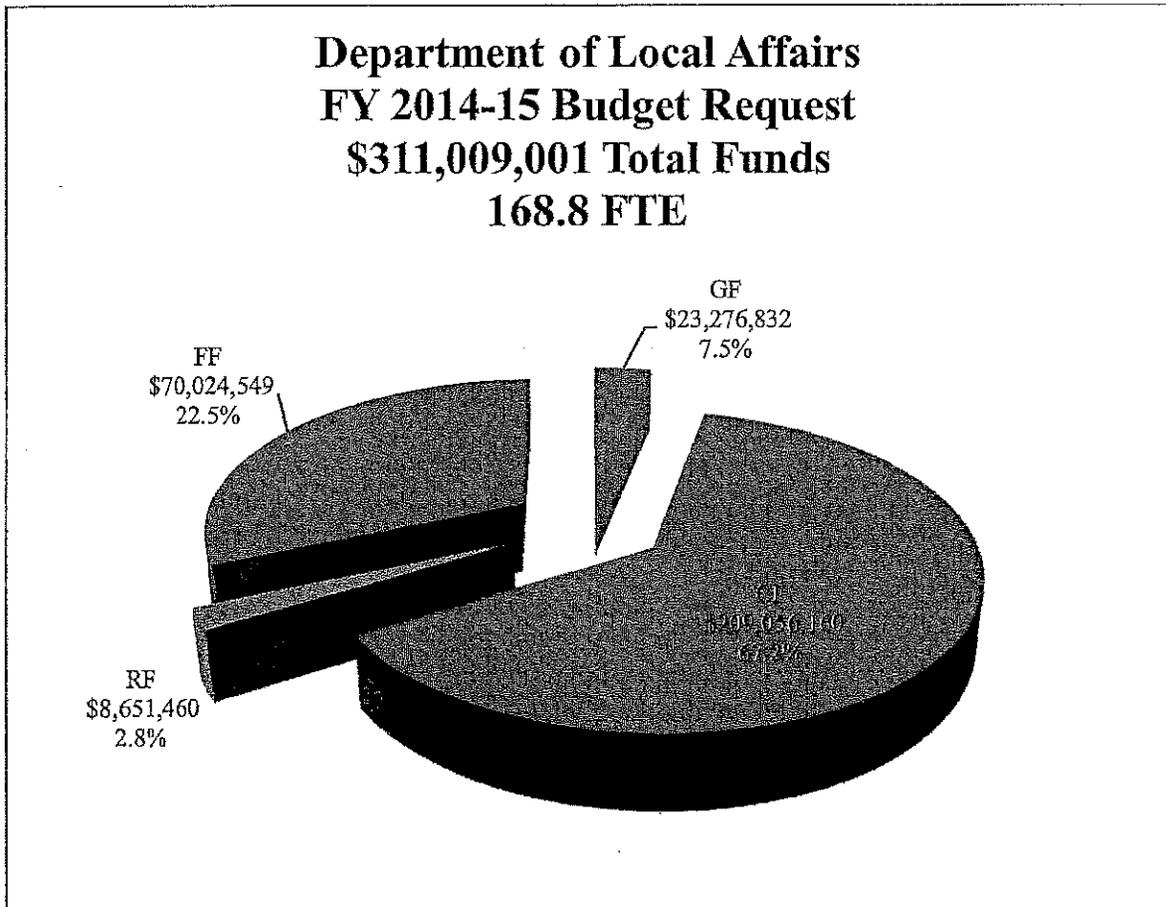
Division of Local Government authority can be found in Title 24, Article 32, Section 102, Colorado Revised Statutes (2011).

FY 2014-15 Organizational Chart and Requested Funding



**FY 2014-15
Requested Department Funding**

DOLA requests total funding of \$311,009,001 for FY 2014-15. The funding consists of 7.5 percent General Fund, 67.2 percent Cash Funds, 2.8 percent Re-appropriated Funds, and 22.5 percent Federal Funds.



Dedicated Cash Funding Sources

In addition to its federal and general fund support, 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 requested year in italics):

- Local Government Mineral and Energy Impact Grants (*\$150,000,000; 72 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 (*\$50,000,751; 24 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 (*\$5,000,000; 2 percent*) - a portion of limited gaming tax revenues distributed to communities impacted by gaming activities.