

**FINAL
FISCAL NOTE**

Drafting Number: LLS 13-0617	Date: June 27, 2013
Prime Sponsor(s): Rep. Fischer; Vigil Sen. Schwartz; Giron	Bill Status: Signed into Law
	Fiscal Analyst: Kori Donaldson (303-866-4976)

TITLE: CONCERNING THE AUTHORITY OF THE STATE TO ENTER INTO LEASE-PURCHASE AGREEMENTS FOR THE DEPARTMENT OF AGRICULTURE'S OFFICE CONSOLIDATION.

Fiscal Impact Summary	FY 2013-2014	FY 2014-2015
State Revenue Cash Funds Agriculture Management Cash Fund	At least \$2.8 million	
State Expenditures Cash Funds Agricultural Management Cash Fund		\$456,997
FTE Position Change		
Effective Date: The bill was signed into law by the Governor and took effect May 10, 2013.		
Appropriation Summary for FY 2013-2014: None.		
Local Government Impact: None.		

Summary of Legislation

Recommended by the CDC, the bill authorizes the State Treasurer to enter into lease-purchase agreements on behalf of the Department of Agriculture for a period of up to 20 years to purchase and renovate a new office building to house seven of the department's eight divisions. The bill also expands the allowable deposits to the Agriculture Management Cash Fund to include proceeds from the sale of a building which currently houses the department's Inspection and Consumer Services Division.

Background

The Department of Agriculture is seeking to finance the purchase cost and subsequent build out of a new building in order to consolidate its Denver Metro area offices in a single facility. The office consolidation will affect all of the divisions within the department, with the exception of the Colorado State Fair, which is located in Pueblo. The project addresses space deficiencies within the department and realizes efficiencies through the collocation of services. The department, which consists of eight divisions, currently occupies five separate facilities, including two state-owned facilities and three leased offices in the Denver Metro area. The department is planning to purchase a building that is approximately 50,000 GSF.

State Revenue

The state will realize at least \$2.8 million from the sale of the Inspection and Consumer Services Division building, located at 3125 Wyandot Street in Denver. The sale proceeds will be deposited into the Agriculture Management Cash Fund.

The bill authorizes the issuance of certificates of participation (COPs) in the amount of \$6.6 million. Proceeds from the sale of the COPs will be held by a trustee, and so are not reflected as state revenue for purposes of this fiscal note.

State Expenditures

The department requested funding for the project through the capital process. Capital projects are typically appropriated through the capital construction section of the Long Bill in order to subject them to fiscal rules unique to the capital budget, including the allowance of three years to expend an appropriation. The department anticipates at least \$2.8 million will be available from the sale of the Inspection and Consumer Services Division building to offset the cost of purchasing and renovating a new building. Cash funds spending authority for \$2.8 million in FY 2013-14 was appropriated for the project through the capital construction section of the Long Bill, Senate Bill 13-230.

The remaining project costs will be financed through the sale of COPs to be repaid through annual lease payments. This fiscal note assumes that the Department of Agriculture will begin making annual lease payments to repay the COPs beginning in FY 2014-15 from the Agricultural Management Cash Fund. The projected cost of the annual lease payments is \$456,997 over a period of 20 years, for a total repayment cost of about \$9.1 million.

Departments Contacted

Agriculture

Treasury