

## Summary of Capital Development-Related Bills, 2011 Session (as of April 4, 2011)

Pending Committee Action			
<p>Bill Number:     <b>House Bill 11-1208</b></p> <p>Sponsors:        <i>Representative McKinley</i>                       <i>None</i></p>		<p>Short Title:       <b>Conservation Easements</b></p> <p>Status:            House Finance</p>	
<p>The bill requires that the amount of state income tax credit allowed for the donation of a conservation easement be repaid to the General Fund in the event that the conservation easement is terminated. The bill also states that should a governmental entity interfere with the conservancy value of a conservation easement, including, with certain exceptions, activities on a property near or in the airspace above a conservation easement, this interference will constitute a taking of or damage to the easement which can be compensated. If land subject to a conservation easement is condemned, the amount of compensation must include the amount of any income tax credit allowed for the donation to be repaid to the General Fund. Finally, the bill restricts the ability of the executive director of the Department of Revenue to contest an appraisal and income tax credit claimed for a conservation easement prior to January 1, 2008.</p> <p>The Capital Development Committee makes advisory recommendations prior to the purchase of conservation easements that exceed a period of 25 years or a cost of \$100,000 by the Division of Wildlife and the Division of Parks and Outdoor Recreation. The changes to law concerning the state income tax credit allowed for conservation easements made by the bill will not impact the duties of the Capital Development Committee.</p>	<p><b>Fiscal Information:</b> The fiscal note assumes that all of the conservation easement credits identified by the Department of Revenue (DOR) as either "denied" or "to be denied," that were claimed for income tax years beginning prior to January 1, 2008, will be considered as granted and approved. Therefore, it is estimated that the bill will cause a one-time reduction in General Fund revenue of \$222,819,545 in FY 2011-12.</p> <p>Upon passage of the bill, DOR will no longer require the resources allocated for dispute resolution for credits claimed between tax year 2000 and 2007. Approximately three-quarters of the resources allocated to conservation easement issues are attributable to denials during the affected time period. For FY 2012-13, all of the resources currently allocated for this purpose would no longer be necessary. Therefore, DOR will experience a General Fund expenditure reduction of \$816,517 and 3.0 FTE in FY 2011-12, and a reduction of \$1,096,193 and 4.0 FTE in FY 2012-13.</p>		
<p>Bill Number:     <b>House Bill 11-1237</b></p> <p>Sponsors:        <i>Representative Swerdfeger</i>                       <i>Senator Bacon</i></p>		<p>Short Title:       <b>Chargeable Quarters and Billeting Cash Fund</b></p> <p>Status:            Senate Finance</p>	
<p>The bill creates the Chargeable Quarters and Billeting Cash Fund within the Department of Military and Veterans Affairs (DMVA). Moneys accrue to the fund from rental fees paid for public or private use of Colorado Army National Guard Facilities. Moneys in the fund will be continuously appropriated and may be used for costs associated with operating National Guard training facilities, including the repair and replacement of such facilities. In the future, moneys in the fund could potentially offset the amount of state funds requested for capital construction or controlled maintenance projects at DMVA facilities.</p>	<p><b>Fiscal Information:</b> The fiscal note estimates that the DMVA will collect approximately \$120,000 in the fund each fiscal year. Expenditures from the fund will vary depending on National Guard needs by fiscal year; however, over time expenditures are assumed to be equivalent to revenue into the fund.</p>		

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Pending Committee Action (Cont.)	
<p>Bill Number:     <b>House Bill 11-1280</b></p> <p>Sponsors:       <i>Representatives Beezley and DelGrosso</i>                       <i>Senator Brophy</i></p> <p>The bill reestablishes a statutory General Fund transfer for capital construction. Pursuant to House Bill 02-1310, from 2004 to 2009, one-third of General Fund excess reserves were transferred annually to the Capital Construction Fund (CCF). The other two-thirds were credited to the Highway Users Tax Fund. Moneys transferred in a given fiscal year were excess funds from the prior fiscal year, and were generally used to fund projects in the subsequent fiscal year. A total of \$350.3 million was made available from this source for capital projects during the six fiscal years a transfer was made to the CCF. The largest single year transfer was in FY 2007-08 in the amount of \$145.6 million.</p> <p>Legislation passed during the 2009 session repealed the automatic House Bill 02-1310 transfer beginning in FY 2008-09; therefore, FY 2009-10 marked the last year that money was made available for capital projects from this revenue source.</p>	<p>Short Title:       <b>Limit General Fund Appropriations Growth</b></p> <p>Status:            House Finance</p> <p><b>Fiscal Information:</b> This bill will likely increase moneys for capital projects in the future. However, it seems unlikely that any increase would be realized during the forecast period since it will take time to grow the 8 percent rainy day fund. Since the repeal of the HB 02-1310 transfer, there has been no regular source of revenue for capital projects and all moneys for capital, with the exception of limited interest earnings on the CCF, have been transferred from the General Fund as part of the annual budget bill process. During the period that moneys were transferred pursuant to HB 02-1310 for capital, only some of the total capital budget was paid from this source, but the HB 02-1310 moneys provided a solid base from which to begin annual prioritization of funding for capital requests. It is expected that the bill would reestablish this practice in the future.</p>

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Signed Into Law	
<p>Bill Number:     <b>Senate Bill 11-155</b></p> <p>Sponsors:        <i>Senator Hodge</i>                       <i>Representative Gerou</i></p>	<p>Short Title:       <b>Supplemental Appropriations for Capital Construction</b></p> <p>Status:            Signed Into Law</p>
<p>The bill makes supplemental capital construction appropriations for 23 projects, including 3 requests to amend information about the source of cash funds listed in the 2010 Long Bill. Three projects make changes to the state-funded appropriation amount for projects, including adjustments to the annual payment amount for 2 certificates of participation projects.</p>	<p><b>Fiscal Information:</b> The combined impact of the 23 supplemental requests from all funding sources is -\$123,647,018 million, including \$2,651,738 million from state funds and -\$126,298,756 million from cash sources. Over half of the supplemental requests eliminate cash funding for higher education projects. This was done at the request of various higher education institutions in order to permit the projects to be resubmitted at a later date under new rules for the review and consideration of higher education capital construction cash-funded projects.</p>

## Summary of Capital Development-Related Bills, 2011 Session (as of April 4, 2011)

Postponed Indefinitely			
<p>Bill Number:     <b>House Bill 11-1114</b></p> <p>Sponsors:       <i>Representative Ramirez</i>                       <i>None</i></p>	<p>Short Title:       <b>Lease-purchase Agreement Approval Requirements</b></p> <p>Status:            Postponed Indefinitely</p>	<p>Under current law, any lease-purchase agreement for real property that requires total payments exceeding \$500,000 over the term of the agreement must be authorized by a bill other than the annual general appropriations act or a supplemental appropriations act. This bill would have increased the authorization threshold to require that a bill authorizing a lease-purchase agreement for real property be approved by a two-thirds majority of the House and the Senate. Lease-purchase agreements authorized by a bill enacted before July 1, 2011, were exempt from the bill. Lease-purchase agreements that did not provide for the issuance of certificates of participation or similar financial instruments and entered into by the Department of Transportation, institutions of higher education, the State Treasurer, or the Legislative Department were also exempt from the bill.</p>	<p><b>Fiscal Information:</b> None.</p>
<p>Bill Number:     <b>House Bill 11-1123</b></p> <p>Sponsors:       <i>Representative Coram</i>                       <i>Senator Roberts</i></p>	<p>Short Title:       <b>Prohibit Severance Tax Revenue Transfer to General Fund</b></p> <p>Status:            Postponed Indefinitely</p>	<p>The bill would have prohibited the transfer of certain state severance tax revenues and federal mineral lease revenues to the General Fund, including two cash funds that affect moneys for capital construction and controlled maintenance. Specifically, the bill prohibited transfers of money to the General Fund from the Higher Education Federal Mineral Lease Revenues Fund (revenues fund) and the Higher Education Maintenance and Reserve Fund (maintenance and reserve fund). The principal and interest earnings of the revenues fund may be used to pay for higher education capital construction projects for academic purposes, or for financing of such projects. Moneys from this fund are currently used to make certificates of participation (COP) annual lease payments for COPs issued in November 2008 to pay for 12 projects at various higher education institutions. Interest earnings on the maintenance and reserve fund may be used for higher education controlled maintenance projects. No moneys have been appropriated from this fund for controlled maintenance to date.</p>	<p><b>Fiscal Information:</b> Prohibiting the transfer of money from these cash funds to the General Fund means that more money could have been available for capital construction projects at institutions of higher education. The revenues fund is projected to earn \$2.4 million in FY 2010-11 and \$2.8 million in FY 2011-12, which will likely be used to offset the annual lease payments for higher education COP projects.</p> <p>The maintenance and reserve fund is projected to earn \$2.2 million in FY 2010-11 and \$3.8 million in FY 2011-12, of which only the interest earned on the principal may be spent. To date, the maintenance and reserve fund has earned minimal interest due to transfers of the principal balance authorized during the 2009 and 2010 legislative sessions. It is unlikely that there will be sufficient interest earnings to offset controlled maintenance requests during the fiscal forecast period.</p>

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Postponed Indefinitely (Cont.)	
<p>Bill Number:     <b>House Bill 11-1233</b></p> <p>Sponsors:        <i>Representative Williams A.</i>                       <i>None</i></p> <p>The bill would have created a preference for awarding construction contracts for public projects to resident bidders so long as the offering price was no more than 5 percent greater than the low bid from a nonresident. A resident bidder was defined by the bill as a person or business that maintains its principal place of business, and is authorized to transact business, in Colorado. A resident bidder was further defined as a person or business that paid Colorado unemployment compensation taxes in at least six of the last eight quarters prior to bidding on a construction contract. The bill would have required bidders, in order to obtain a residency preference, to certify and provide documentation showing compliance with residency requirements. The bill limited a bidder who was awarded a construction contract on the basis of a residency preference from subcontracting for more than 20 percent of the work to nonresident contractors. The bill authorized a state agency to award construction contracts to a nonresident low bidder if it determined that applying a residency preference conflicted with federal law.</p>	<p>Short Title:       <b>Bidder Preferences In-State Contracting</b></p> <p>Status:            Postponed Indefinitely</p> <p><b>Fiscal Information:</b> Beginning in FY 2011-12, the bill was projected to increase the cost of construction for state agencies. To the extent that a resident bidder's price could be up to 5 percent greater than a low nonresident bidder, state costs for construction were projected to increase. The increase in costs was not estimated because it would have been based on future solicitations and actual bid prices submitted.</p> <p>The fiscal note also projected the creation of one-time state expenditures of \$26,713 cash funds and 0.3 FTE for FY 2011-12 for the Colorado Department of Transportation to revise bidding rules.</p>
<p>Bill Number:     <b>House Bill 11-1249</b></p> <p>Sponsors:        <i>Representative Priola</i>                       <i>Senator Tochtrop</i></p> <p>The bill would have modified various programs administered by the Department of Personnel and Administration and made changes to various administrative functions of the department including a change to law regarding the appraisal of real property to be purchased by the state. Under current law, any state agency that plans to enter into an agreement to purchase real property is required to get an independent appraisal for an estimate of the value of the property before entering into the agreement. The bill changed this requirement so a state agency could enter into an agreement to purchase real property before getting an appraisal, so long as the agreement was contingent on an appraisal supporting the purchase price or value given by the state.</p>	<p>Short Title:       <b>Department of Personnel and Administration Modifications</b></p> <p>Status:            Postponed Indefinitely</p> <p><b>Fiscal Information:</b> There may have been unidentified increases in both revenue and expenditures as a result of passage of the bill. However, there was not expected to be a fiscal impact from the aspect of the bill summarized at the left.</p>

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Postponed Indefinitely (Cont.)	
<p>Bill Number:     <b>Senate Bill 11-073</b></p> <p>Sponsors:        <i>Senator Mitchell</i>                       <i>None</i></p> <p>The bill would have reinstated a state income tax credit that was partially deferred in 2010. Under current law, taxpayers are allowed to claim a state income tax credit for donating a conservation easement. The credit is equal to 50 percent of the fair market value of the easement, with a cap of \$375,000 per easement. House Bill 10-1197 capped the total amount of credit that may be claimed for income tax purposes for tax years 2011, 2012, and 2013. The aggregate cap is \$26 million annually. The bill would have reinstated the full tax credit for tax years 2012 and 2013.</p> <p>The Capital Development Committee makes advisory recommendations prior to the purchase of conservation easements that exceed a period of 25 years or a cost of \$100,000 by the Division of Wildlife and the Division of Parks and Outdoor Recreation.</p>	<p>Short Title:       <b>Reverse State Revenue Increasing Legislation</b></p> <p>Status:            Postponed Indefinitely</p> <p><b>Fiscal Information:</b> Eliminating the limit on conservation easement tax credits was estimated to decrease General Fund revenue by about \$18.5 million in FY 2011-12 and \$37.0 million in FY 2012-13.</p>