

# CAPITAL CONSTRUCTION

## Capital Construction Projects

**Senate Bill 11-155** (Enacted)  
Supplemental Appropriations for  
Capital Construction

**Senate Bill 11-209** (Enacted)  
Long Appropriations Bill

## Changes to the Duties of the Capital Development Committee

**House Bill 11-1301** (Enacted)  
Higher Education Institution Efficiencies

**House Bill 11-1310** (Enacted)  
Funding for Capitol Dome Restoration

## Revenue for Capital Projects

**Senate Bill 11-209** (Enacted)  
Long Appropriations Bill

**Senate Bill 11-222** (Enacted)  
Capital Construction Transfers

**House Bill 11-1114** (Postponed Indefinitely)  
Lease-Purchase Agreement Approval  
Requirements

**House Bill 11-1123** (Postponed Indefinitely)  
Prohibit Severance Related Revenue to  
General Fund

**House Bill 11-1237** (Enacted)  
National Guard Quarters &  
Billeting Fund

**House Bill 11-1280** (Postponed Indefinitely)  
Limit General Fund Appropriation Growth

**House Bill 11-1308** (Postponed Indefinitely)  
Distribute Federal Mineral Lease Revenues  
to Affected Counties

## Changes to State Agencies that May Impact Future Capital Requests

**Senate Bill 11-208** (Enacted)  
Merge Department of Natural Resources  
Parks and Wildlife

**Senate Bill 11-214** (Enacted)  
Decommission Fort Lyon Prison

**Senate Bill 11-265** (Enacted)  
Name Change Mesa State College

**House Bill 11-1301** (Enacted)  
Higher Education Institution Efficiencies

## Legislation Concerning Conservation Easements

**Senate Bill 11-050** (Enacted)  
Value of Condemned Conservation  
Easement

**Senate Bill 11-073** (Postponed Indefinitely)  
Reverse State Revenue Increasing  
Legislation

**House Bill 11-1208** (Deemed Lost)  
Conservation Easements

**House Bill 11-1300** (Enacted)  
Conservation Easement Tax Credit Dispute  
Resolution

A number of the bills considered by the General Assembly during the 2011 legislative session affected capital construction and the duties of the Capital Development Committee (CDC).

## Capital Construction Projects

**Spending on capital construction.** Senate Bill 11-209 (the Long Bill) provides funding in FY 2011-12 for 44 capital construction and controlled maintenance projects totaling \$174.5 million, including \$48.9 million in state funds, and \$125.6 million in cash and federal funds. The bill funds 3 certificates of participation payments, 4 state-funded capital construction projects, 16 state-funded controlled maintenance projects, and 21 cash projects. Figure 1 lists all FY 2011-12 state-funded capital construction projects by agency, including the total state funds and project type.

**Figure 1  
FY 2011-12 State-Funded Capital Construction Projects by Agency**

Agency	Total State Funds	Capital Construction Projects	Controlled Maintenance Projects	Certificates of Participation	Total # of Projects
<b>State Departments</b>					
Colorado Historical Society	\$200,376	0	1	0	1
Corrections	\$18,952,353	0	2	1	3
Cumbres & Toltec	\$286,000	1	1	0	2
Higher Education	\$4,066,510	0	0	1	1
Human Services	\$1,495,808	0	2	0	2
Military and Veterans Affairs	\$4,210,056	1	1	0	2
Office of Information Technology	\$876,057	0	1	0	1
Personnel and Administration	\$3,018,104	0	3	0	3
Revenue	\$7,063,864	1	0	0	1
Transportation	\$500,000	1	0	0	1
<b>Total State Departments</b>	<b>\$40,669,128</b>	<b>4</b>	<b>11</b>	<b>2</b>	<b>17</b>
<b>Higher Education Institutions</b>					
Auraria Higher Education Center	\$852,535	0	1	0	1
Colorado School of Mines	\$393,470	0	1	0	1
Northeastern Junior College	\$269,000	0	1	0	1
University of Colorado at Boulder	\$607,492	0	1	0	1
University of Colorado at Colorado Springs	\$187,588	0	1	0	1
University of Colorado Denver	\$5,912,536	0	0	1	1
<b>Total Higher Education</b>	<b>\$8,222,621</b>	<b>0</b>	<b>5</b>	<b>1</b>	<b>6</b>
<b>Statewide Total</b>	<b>\$48,891,749</b>	<b>4</b>	<b>16</b>	<b>3</b>	<b>23</b>

**Senate Bill 11-155** 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. The combined impact of the 23 supplemental requests from all funding sources is a reduction in funding of \$123,647,018. However, funding from state funds increased by \$2,651,738, while cash funding decreased by \$126,298,756. 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. Three projects make changes to the state-funded appropriation amount for projects, including adjustments to the annual payment amount for two certificates of participation projects.

### **Changes to the Duties of the Capital Development Committee**

Two bills considered by the General Assembly during the 2011 session make changes to the duties of the Capital Development Committee regarding the review of capital construction projects.

***Funding for repairs to the State Capitol building dome.*** During the 2010 session, the General Assembly authorized two bills that made provisions for repairs to the State Capitol building dome. House Bill 10-1402 authorized a nonprofit statewide historic preservation organization to raise money for crucial dome repairs. The CDC is charged with overseeing the fund-raising efforts on behalf of the project. Senate Bill 10-192 directed the transfer of moneys from the State Historical Fund to the Capitol Dome Restoration Fund for repairs to the State Capitol building dome. The act transfers up to \$12.0 million from the State Historical Fund to the newly created Capitol Dome Restoration Fund over the course of three fiscal years beginning in FY 2010-11, or \$4.0 million annually. The moneys transferred in FY 2011-12 and FY 2012-13 are to be reduced by the amount donated by the nonprofit organization and/or the amount granted for the dome repair project by the Colorado Historical Society. **House Bill 11-1310** authorizes the transfer of an additional \$5.0 million from the State Historical Fund to the Capitol Dome Restoration Fund for FY 2013-14. The bill also extends authorization for the fund-raising program on behalf of the dome project to December 31, 2014.

The bill authorizes the Governor's Office of State Planning and Budgeting and the CDC to approve emergency contingency expenditures for the project from the Capitol Dome Restoration Fund or the Capitol Dome Restoration Trust Fund. Finally, the bill requires, prior to the end of FY 2014-15, a complete accounting of the total of in-kind and monetary donations received on behalf of the project and of project expenditures in order to ensure that all contributions from the State Historical Fund are reduced dollar for dollar.

***Legislative review of higher education institution cash-funded capital projects.*** **House Bill 11-1301** makes changes to law concerning state institutions of higher education in several areas including capital construction. The capital construction sections of the bill clarify that adjustments to cash-funded projects that have been approved prior to January 1, 2010, are subject to the same streamlined approval process established for projects approved after this date, and that these approved projects may be reported in an annual expenditures report to the state controller instead of being reported quarterly. Under current law, higher education institution cash-funded projects approved after January 1, 2010, are not subject to appropriation.

The bill also clarifies existing law about proportional spending. Currently, when an institution funds a capital construction project with both state and private money, spending must be done proportionally from both sources as the project progresses. This bill allows the institution to receive the full appropriation of state moneys at anytime prior to, during, or after the receipt of the private money. However, in the event there are moneys remaining after the project is completed, the institution is required to refund moneys to the state in proportion to the amount of state capital construction dollars appropriated for the entire project.

Finally, the bill permits institutions to purchase scientific equipment without approval or oversight by the Department of Personnel and Administration, if the purchase is made without state appropriations from the Capital Construction Fund. The bill also exempts this type of purchase from legislative oversight because it is no longer included in the definition of capital construction.

## **Revenue for Capital Projects**

***Revenue for FY 2011-12 state-funded capital construction.*** Moneys for capital construction and controlled maintenance projects approved during the 2011 session were provided in two bills. **Senate Bill 11-222** transfers \$48.2 million for FY 2011-12 projects from the General Fund to the Capital Construction Fund. **Senate Bill 11-209** provides \$0.9 million for FY 2011-12 projects from projected FY 2010-11 interest earnings of the Capital Construction Fund.

***Other revenue for capital construction.*** One bill authorized during the 2011 session may result in additional revenue for future capital projects. **House Bill 11-1237** 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.

***Bills with capital revenue impacts that were postponed indefinitely.*** The General Assembly considered and postponed indefinitely several bills that would have impacted revenue for capital projects. **House Bill 11-1280** would have reestablished a statutory General Fund transfer for capital construction. **House Bill 11-1114** would have required that a bill authorizing a lease-purchase agreement for real property be approved by a two-thirds majority of the House and the Senate therefore increasing the authorization threshold for capital projects financed through certificates of participation.

Two bills would have impacted the distribution of certain federal mineral lease revenues to cash funds that affect money for higher education capital construction and controlled maintenance. **House Bill 11-1308** would have redirected moneys from the Higher Education Maintenance and Reserve Fund to four counties. The interest earnings of this fund can be used for controlled maintenance at higher education institutions. **House Bill 11-1123** would have prohibited the transfer of moneys from the Higher Education Maintenance and Reserve Fund and the Higher Education Revenues Fund to the General Fund therefore reserving these moneys for higher education capital construction and controlled maintenance projects.

## Changes to State Agencies that May Impact Future Capital Requests

The General Assembly considered several bills during the 2011 session that made changes to various state agencies. It is not anticipated that the duties and responsibilities of the CDC will change as a result of the passage of these bills. However, the type and scope of future capital requests will likely reflect the changes made to various state agencies.

***Changes to the name or structure of state agencies.*** **Senate Bill 11-265** changes the name of Mesa State College to Colorado Mesa University. **Senate Bill 11-214** authorizes the decommissioning of the Fort Lyon Correctional Facility and returns the property to federal title and control. **Senate Bill 11-208** combines the divisions of Wildlife and Parks and Outdoor Recreation within the Department of Natural Resources into a new Division of Parks and Wildlife. The bill also combines the Wildlife Commission and the Board of Parks and Outdoor Recreation into a new Parks and Wildlife Board.

***Changes to the responsibilities of state agencies.*** **House Bill 11-1301** changes the requirement that higher education institutions purchase office furniture and office cubicles from Colorado Correctional Industries (CCi). The bill may result in decreased revenue for CCi and thus impact the amount of the annual capital request submitted on behalf of this program by the Department of Corrections.

## Legislation Concerning Conservation Easements

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. In 2010, the General Assembly approved House Bill 10-1197 which capped the total state income tax credit taxpayers are allowed to claim for donating a conservation easement for three years. **Senate Bill 11-073**, which was postponed indefinitely, would have reinstated the full income tax credit. **House Bill 11-1300** modifies the total amount of credit that may be claimed for income tax purposes for tax years 2011, 2012, and 2013. For income tax years 2011 and 2012, the aggregate cap is lowered from \$26 million per year to \$22 million. For income tax year 2013, the aggregate cap is increased from \$26 million to \$34 million. A cap on the aggregate cap may limit the number of conservation easements submitted by the divisions and considered by the CDC in these years.

Two bills make changes to the valuation process after the purchase of conservation easements. **House Bill 11-1300** authorizes a new, expedited method for resolving disputed claims over state income tax credits for conservation easements. **Senate Bill 11-050** creates a 12-member Condemnation of Conserved Property Task Force in order to study the valuation of property being condemned that is subject to a conservation easement. **House Bill 11-1208**, which was deemed lost, would have required 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.