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MEMORANDUM

December 9, 2015

TO: Members of the House and Senate Finance Committees
FROM: Katie Ruedebusch, Research Analyst, 303-866-3001
SUBJECT: Reports Submitted to the Joint Finance Committee: 2015 Interim

Summary

This memorandum provides information on the reports received by the House and Senate Finance Committees during the 2015 interim. The memorandum is organized according to reporting entity. In addition, the memorandum includes a list of reports due during the 2016 legislative session.

Colorado Energy Research Authority

Energy Research Cash Fund annual report. The Colorado Energy Research Authority (authority) directs the allocation of state matching funds to the research proposals of the Colorado Energy Research Collaboratory, a consortium of the Colorado School of Mines, Colorado State University, the University of Colorado Boulder, and the National Renewable Energy Laboratory. The report summarizes the authority's research investments and the impact of the research in Colorado.¹ The most recent annual report can be found here:
<http://www.leg.state.co.us/library/reports.nsf/ReportsDoc.xsp?documentId=10CCE095A557DA7C87257CE60068EA68>

Colorado Office of Economic Development Reports

Colorado Regional Tourism Act annual report. Under Colorado law, the Colorado Office of Economic Development (OEDIT) and Department of Revenue (DOR) report to the finance committees annually on the tax expenditures used for regional tourism economic development and the aggregate amount of state sales tax increment revenue diverted to financing entities for approved projects.² The report received during the interim updates the committees on the Pueblo Regional Tourism Zone and the Colorado Springs Regional Tourism Zone. The most recent and archived reports can be found here:
<http://www.leg.state.co.us/library/reports.nsf/ReportsDoc.xsp?documentId=0005818B158E9E6B87257656006747AD>

¹Section 24-48.5-120 (4)(a), C.R.S.

²Section 24-46-308 (5), (6)(a), C.R.S.

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Economic gardening pilot project annual report. House Bill 13-1003 created a three-year economic gardening pilot program within OEDIT with annual reporting requirements.³ Economic gardening is defined in state law as an approach to economic growth and development that emphasizes nurturing and cultivating local small businesses by providing strategic assistance to second-stage companies. Second-stage companies are fast-growing companies that are no longer startups, but are growing and expanding quickly. The report provides a summary of the annual progress of the pilot project, along with program expenditure information and client testimonies. The most recent report can be found here: <http://www.leg.state.co.us/library/reports.nsf/ReportsDoc.xsp?documentId=5197CBF767A2998587257B8100510EE0>

Bioscience discovery evaluation grant program annual report. OEDIT provided the finance committees with the annual report regarding the Bioscience Discovery Evaluation Grant Program.⁴ The program funded the development of novel bioscience technologies and was repealed effective January 2, 2015. The report details the final 20 projects approved for funding during FY 2014-15. The most final annual report can be found here: <http://www.leg.state.co.us/library/reports.nsf/ReportsDoc.xsp?documentId=CF50605E65A62D7287257234006A88E6>

Conservation Easement Reports

Conservation easement Department of Revenue quarterly report. During the interim, the finance committees received two quarterly reports from DOR regarding conservation easements.⁵ The conservation easement tax credit allows real property owners who donate all or part a conservation easement to a governmental entity or charitable organization to receive an income tax credit. The reports discuss figures regarding the number of appraisals, consultations, mediations, administrative hearings, district court filings, and the results of tax credit dispute cases. The reports also include budgetary information. The most recent report can be found here: <http://www.leg.state.co.us/library/reports.nsf/ReportsDoc.xsp?documentId=AD095B067D9BC6C987257A8A0057108C>

Conservation easement appeals in the Colorado courts quarterly report. During the interim, the finance committees received two quarterly reports from the State Court Administrator for the Colorado Judicial Department regarding conservation easements.⁶ Under Colorado law, certain conservation easement credit claim disputes initiated prior to May 19, 2011, may be appealed directly to the district courts instead of through the administrative hearings process.⁷ The reports detail the number of taxpayers choosing the appeals process, the number of cases pending, the number cases resolved to date, the funds expended by the courts for appeals, and the amount of deficient taxes, interest, and penalties owed or waived. The most recent report can be found here: <http://www.leg.state.co.us/library/reports.nsf/ReportsDoc.xsp?documentId=3224C360BAAB7FEF87257A3F00626E59>

³Section 24-48.5-102.7 (6), C.R.S.

⁴Section 24-48.5-108 (4)(b), C.R.S., (2014).

⁵Section 39-22-522.5 (12), C.R.S.

⁶Section 39-22-522.5 (13), C.R.S.

⁷Section 39-22-522.5 (2), C.R.S.

Office of the State Auditor

Collection and usage of the motor vehicle FASTER fees. The Colorado Office of the State Auditor (OSA) provided committee members with a 2015 audit report related to the collection and usage of Funding Advancements for Surface Transportation and Economic Recovery Act of 2009 (FASTER) motor vehicle fees. While the audit mainly dealt with the Colorado Department of Transportation, the audit did contain recommendations for DOR regarding FASTER late fee controls and processes. The audit can be found here: [http://www.leg.state.co.us/OSA/coauditor1.nsf/All/09AEE178D41A743187257E9E00767D33/\\$FILE/1410P%20Collection%20and%20Usage%20of%20the%20FASTER%20Motor%20Vehicle%20Fees,%20Performance%20Audit,%20August%202015.pdf](http://www.leg.state.co.us/OSA/coauditor1.nsf/All/09AEE178D41A743187257E9E00767D33/$FILE/1410P%20Collection%20and%20Usage%20of%20the%20FASTER%20Motor%20Vehicle%20Fees,%20Performance%20Audit,%20August%202015.pdf)

Local sales taxes performance audit. OSA provided committee members with a 2015 audit related to DOR's administration of local sales taxes. The audit offered recommendations, including recommending DOR develop geographic information-system resources to better assist local governments and businesses. The audit can be found here: [http://www.leg.state.co.us/OSA/coauditor1.nsf/All/67C2B7E2CD66C46187257F08005592FA/\\$FILE/1422P%20Local%20Sales%20Tax,%20Performance%20Audit,%20November%202015.pdf](http://www.leg.state.co.us/OSA/coauditor1.nsf/All/67C2B7E2CD66C46187257F08005592FA/$FILE/1422P%20Local%20Sales%20Tax,%20Performance%20Audit,%20November%202015.pdf)

Senate Bill 14-214 studies. Senate Bill 14-214 required OSA to conduct two studies regarding the Public Employees' Retirement Association (PERA). The first audit compared the cost and effectiveness of the PERA Hybrid Defined Benefit Plan design to alternative plan designs in the public and private sector. In June 2015, the study found that PERA's Hybrid Plan is more efficient and uses funds more effectively than other types of plans in use today. The audit can be found here: [http://www.leg.state.co.us/OSA/coauditor1.nsf/All/10A3590D2063592E87257E70004B7FBD/\\$FILE/1409P+-+Colorado+Public+Employees'+Retirement+Association+\(PERA\)+Hybrid+Defined+Benefit+Plan+Study.pdf](http://www.leg.state.co.us/OSA/coauditor1.nsf/All/10A3590D2063592E87257E70004B7FBD/$FILE/1409P+-+Colorado+Public+Employees'+Retirement+Association+(PERA)+Hybrid+Defined+Benefit+Plan+Study.pdf)

The second audit is an actuarial sensitivity analysis of PERA's actuarial assumptions to determine when model assumptions for full funding are meeting targets and achieving sustainability. In October 2015, the audit found that PERA's assumptions are currently on track and provided three recommendations for future reporting. The audit can be found here: [http://www.leg.state.co.us/OSA/coauditor1.nsf/All/28BEEB4920844C9E87257ED50050B878/\\$FILE/1416P%20Colorado%20PERA%20Sensitivity%20Analysis%20Report-FINAL.pdf](http://www.leg.state.co.us/OSA/coauditor1.nsf/All/28BEEB4920844C9E87257ED50050B878/$FILE/1416P%20Colorado%20PERA%20Sensitivity%20Analysis%20Report-FINAL.pdf)

Office of the State Controller

Schedule of nonexempt TABOR revenues and schedule of computations. In September, the finance committees received a report from OSA and the State Controller certifying revenues subject to the Taxpayer's Bill of Rights (TABOR) and outlining excess revenue.⁸ The report also includes a comparison of FY 2013-14 to FY 2014-15 general and program nonexempt TABOR revenues. In addition, the report discusses the revenues subject to refund for exceeding the 2013 Proposition AA Blue Book state revenue estimate. Voters allowed the state to retain those revenues through Proposition BB in the 2015 election. The most recent report can be found here:

⁸Section 24-77-106.5 (1)(b), C.R.S.

<http://www.leg.state.co.us/library/reports.nsf/ReportsDoc.xsp?documentId=17485B86AD1C05A087257A6F00547374>

Reports Due during the 2016 Legislative Session

During the 2016 legislative session, the finance committees are scheduled to receive two reports. Reports concerning the Building Excellent Schools (BEST) program and the annual retail marijuana report are due in February and April 2016, respectively.