

CCI LEGISLATIVE REPORT

COLORADO COUNTIES, INC.
FEBRUARY 11, 2008

CCI Meeting Reminder

All Steering Committee meetings are held at CCI.

Friday, February 15

9:00 – 10:30 a.m.

Public Lands

10:30 – 12:00 p.m.

Agriculture, Wildlife, & Rural Affairs

12:30 – 2:00 p.m.

Land Use & Natural Resources

2:00 – 3:30 p.m.

Health & Human Services

Friday, March 7

9:00 – 10:30 a.m.

Tourism, Resorts, & Economic Development

10:30 – 12:00 p.m.

General Government

12:30 – 2:00 p.m.

Taxation & Finance

2:00 – 3:30 p.m.

Transportation & Telecommunications

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FML Cascade Formula – What to do with the “new” revenue?

There is universal agreement that the current Federal Mineral Leases (FML) cascade formula is complex. While many have argued for a more simplified formula, all signs point to an increasingly complex formula.

To date, conversations about FML, and its complex formula, have centered on the “new” revenue the state anticipates from future drilling activities in areas like the Roan Plateau. Representatives Buescher and Balmer, and Senators Schwartz and Penry are at the forefront of these conversations. Plenty of proposals have been presented, but no bills have yet been introduced.

In general terms, the latest proposal to be offered includes the following provisions:

1. Leave the existing FML cascade allocations intact.
2. Allow the cash flow received by the current beneficiaries of the existing FML cascade allocations to grow by 5% per year.
3. New revenue, above this 5% growth rate, would then be diverted and equally split (50/50) between higher education and local governments.
 - a. Higher Education: Of the 50% share of new revenue diverted to higher education,
 - i. 10% would be distributed to the Higher Education Infrastructure Fund to address immediate capital construction needs; and
 - ii. 40% would go to the Higher Education Permanent Fund.
 - b. Local Government: While details are still in flux, one proposal distributes the 50% share of new revenues as follows:
 - i. The whole 50% would be distributed directly to counties and

cities based on impacts.

- ii. If the local government's distribution exceeds \$10,000, at least 25% of the distribution must be placed in a local reserve fund.

There have also been discussions regarding allocation of some of the "new" revenue to the DoLA grant program. DoLA has requested that the local allocation be split 50/50 between direct distribution and the grant fund. CCI's FML/Severance Tax Task Force considered this latest proposal at their February 8th meeting. Task force members do not support giving DoLA additional FML revenues for its Energy Impact Assistance Grant Program. While commissioners support DoLA's program and the existing funding it receives under the FML cascade allocations, impacted counties argue that new FML revenue must go directly to the communities impacted hardest by energy extraction.

Task force members also expressed concerns about the 5% growth rate for current beneficiaries. Others commented on the existing FML cascade formula and asked to see changes to its varied provisions. Finally, commissioners asked that the local permanent fund provision be removed from the proposal except as an alternative to the creation of a state permanent fund.

Conversations about what to do with the new FML revenues are dynamic in nature. They are on-going and evolving constantly. CCI understands that other legislators may be contemplating their own ideas and solutions to the projected mineral revenue growth. CCI's Federal Mineral Lease/Severance Tax Task Force and CCI staff will continue to track these conversations. The task force's next meeting is scheduled for Friday, March 7th unless circumstances require an earlier meeting.

Agriculture, Wildlife, & Rural Affairs (AWRA)

HB08-1200, Computer Assisted Remote Hunting (Soper, Tochtrop)

CCI Position: Support

This bill prohibits hunting using a computer-assisted remote hunting facilities. The idea was originally launched to enable those with disabilities to hunt from a remote location. Even though the practice has not become widely popular, multiple states have taken the initiative to ban the practice.

Questions or Comments? Contact Andy Karsian at 303.883.9381 or akarsian@ccionline.org.

General Government (GG)

HB08-1155, Voting Systems Certification for 2008 (Balmer & Marshall, Gordon & Johnson)

CCI Position: Support

One of the largest obstacles to holding elections in 2008 is the recertification of county voting machines. This bill allows for the Secretary of State to expedite the recertification process without relaxing any of the existing standards set for voting systems. One helpful provision of the bill allows county clerks to assist with the testing of the machines. While this bill is moving toward ensuring a successful 2008 election, other issues are still pressing as the election nears.

HB08-1128, Signature Verification Tech in Election (Marostica, Gordon)

CCI Position: Support

There is machinery available that is able to digitally compare signatures from the county clerk's database with the signature on a mail ballot. This bill would allow counties, at their own discretion, to use these machines. The original verification process would still be in place. If the machine found a signature to be suspect, then election judges would verify it and run it through the normal process.

One issue that has yet to be resolved in this bill is whether or not to put a tear away flap over the voter's signature. While the flap would cover the signature to ensure privacy, any person could access the signature. Privacy is important, but as was demonstrated in committee, a person's signature is not difficult to come by in today's digital age.

Questions or Comments? Contact Andy Karsian at 303.883.9381 or akarsian@ccionline.org.

Health & Human Services (HHS)

HB08-1229, Substitute Provider in Family Child Care Home (Weissmann)

CCI Position: Pending

There are times when a licensed care provider is not available in a family child care home and a substitute must provide temporary care. This bill requires the substitute provider to be certified

and gives the responsibilities of carrying out the details of the certification to the board of human services.

This bill closes a loophole in the current requirements for the licensing of a child care provider. In particular, it assures background checks are performed for any substitute provider and all licensing criteria are satisfied. This bill provides parents with greater protection, by ensuring that any child care provider or substitute provider has met the provisions of law.

HB08-1250, County Social Services Funds Relief (Pommer, Johnson)

CCI Position: Pending

The county contingency fund was created to supplement social services funding in counties where the mill levy was not sufficient as a funding source. This bill changes the formula used to determine which counties are eligible to receive funds from this source, as well as changing the fund to be known as the county tax base relief fund.

This bill will permit state assistance funding for the most tax-burdened counties and would permit the JBC to move the balance of the county contingency fund to the county administration line, where these new funds will be available without local matching responsibilities. Furthermore, all funds moved to county administration are then eligible for federal matching funds, spreading the dollars much further. County directors have worked with CCI and the Colorado Department of Human Services in crafting this legislation as a long-sought solution to the funding needs of poorer counties.

HB08-1265, Eligibility Child Care Assistance Program (Todd)

CCI Position: Pending

HB 1265 changes the eligibility requirement of the Child Care Assistance Program from 225% of federal poverty level (FPL) to 85% of the state median income. For example, 225% of federal poverty level for a family of four is about \$47,700 and 85% of state median income is about \$50,770. The change does raise the number of eligible families to receive this assistance. However, the legislation is permissive and would allow counties to choose to their own level of eligibility up to the maximum level allowed by federal standards.

Counties have the individual authority to set the federal poverty level for eligibility in child care, within certain parameters, creating important flexibility throughout the state. This legislation will expand the upper parameter, allowing the FPL to rise for those counties who have no waiting lists and have the resources to serve more families.

Questions or Comments? Contact Pat Ratliff at 303.668.0264 or plr45@aol.com.

Land Use & Natural Resources (LUNR)

HB08-1259, Special Districts (M. Carroll)

CCI Position: Pending

This bill provides that a special district is only allowed to provide services within its own boundaries. For those that already serve outside of their own area, a petition is to be filed to

change the service plan to comply with this requirement. Every special district is required to submit a report to each city and county in the district, the division of local government, and the state auditor. It contains requirements for regular special district elections to be held on the date of a general or coordinated election and other specifications on such elections.

HB 1259 could result in the formation of many new Title 32 districts, in those areas where services are provided by agreement, outside a district's boundaries. Intergovernmental services and agreements represent good governance, and this legislation raises some concerns about additional and potentially burdensome oversight, where sufficient oversight already exists. This bill has been assigned to the CCI Land Use and Natural Resources Steering Committee and will be heard at the next meeting. The CCI General Government Steering Committee weighed in on the issue and voted to monitor the bill.

HB08-1279, Governmental Land Use Regulations (Bruce)
CCI Position: Pending

HB 1279 requires all land developers to pay an impact fee directed by the schedule set up by this bill. The developer is allowed to perform work in place of paying the impact fee if it is up to governmental standards. More importantly, this bill prohibits local governments from increasing taxes or generating any other means of revenue to pay for capital expenses resulting from the development, since the impact fee has already been paid for such purposes.

As with most complex and intricate legislation, the problems lie in the details and the mandates and prohibitions. HB 1279 is a very broad brush, which will require substantial and close review by counties and other affected parties.

HB08-1141, Require Sufficient Water Supply (Curry, Bacon)
CCI Position: Support with Amendments

This bill gives local governments the responsibility of determining whether or not an applicant has a sufficient water supply for a proposed real estate development. The applicant must submit a report completed by a registered professional engineer about the water demand of the proposed development. The applicant must show that the proposed development has enough water supply to serve the peak demands daily, monthly and annually. The bill outlines the criteria which the local government will use to make these determinations.

While current statute requires a review by the State Engineer of all development applications received by a county, there has been concern that the process suffers from the lack of standard criteria. This legislation seeks to more clearly define the obligations of a water provider in a development application, as well as the obligation for the local government and the state.

At this time the bill is off the table. The sponsor may seek to craft amending language later in the session, and until that time, the bill is essentially on hold.

Questions or Comments? Contact Pat Ratliff at 303.668.0264 or plr45@aol.com.

Taxation & Finance (TF)

SB08-015, Cemetery District Moneys (Kester, Peniston)

CCI Position: Monitor

Currently, the county treasurer is responsible for the revenues of a cemetery district located within his or her county. In some cases, a cemetery district crosses county lines and has to draw money from two different accounts maintained by both county treasurers. No other special districts are required to keep their money with the county treasurers.

This law gives the cemetery district the ability to choose where to keep their revenues. It is assessed as having no fiscal impact on the counties or other governmental entities. The bill has passed out of the Senate Committee on Local Government unamended.

SB08-030, Increase Period A Public Entity Can Delegate Authorities Regarding Public Securities (Veiga, Ferrandino)

CCI Position: Monitor

Right now, public securities can be purchased by contract or binding bid by members or finance officers of a public entity, who have been given such authority by that public entity. Current law provides that the delegation is effective for 60 days after the issuance. This bill increases the time period for the delegation to be up to one year. Other flexibilities in the purchase of the securities are included in the bill. It has passed Senate third reading.

Questions or Comments? Contact Bill Clayton at 303.884.7618 or claytonwjc@aol.com.

Transportation & Telecommunications (TT)

HB08-1057, Tourist-Oriented Signs Along Rural Highways (Sonnenberg, Williams)

CCI Position: Support

Tourist-oriented directional signs (TODS) are blue signs that direct visitors to private businesses in the area. State and federal laws currently provide permission for the placement of TODS on rural, non-interstate highways. State law requires that they not be placed on four lane divided highways, otherwise known as freeways or expressways. This bill allows the Colorado Department of Transportation (CDOT) to issue permits and establish rules for erecting these signs on rural freeways and expressways. No fiscal impact is anticipated because private businesses are responsible for the costs involved and private contractors administer the program. With assurance from CDOT that local governments would be consulted in sign placement decisions, CCI Transportation and Telecommunications Steering Committee changed its original position of "oppose" to "support."

HB08-1074, Nonconforming Advertising Devices on Highways (Borodkin, Hagedorn)

CCI Position: Monitor

In 1971, federal law changed to regulate outdoor advertising signs and Colorado changed its state laws to conform to the same standards. Signs that were erected prior to the date of the

federal law being effective were allowed to remain unchanged. This bill gives the Colorado Department of Transportation the flexibility to allow signs to remain unchanged without the 1971 date specification.

Questions or Comments? Contact Tony Lombard at 303.884.9113 or tony@lombardclayton.com.