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Fiscal Note

Drafting Number: LLS 24-0673 Date: February 13, 2024
Prime Sponsors: Rep. McLachlan; Bird Bill Status: House Business & Labor
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Bill Topic: ECONOMIC DEVELOPMENT ORGANIZATION ACTION GRANT PROGRAM

Summary of Fiscal Impact:
State Revenue [] State Transfer [x] Local Government []
State Expenditure [x] TABOR Refund [] Statutory Public Entity []

The bill creates the Economic Development Organization Action Grant Program to award grants to local economic development organizations across the state. It transfers funds and increases state expenditures starting in FY 2024-25.

Appropriation Summary: No appropriation is required. The Economic Development Organization Action Cash Fund is continuously appropriated to the Office of Economic Development.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under HB 24-1160

Table with 4 columns: Category, Sub-category, Budget Year FY 2024-25, and Out Year FY 2025-26. Rows include Revenue, Expenditures (Cash Funds, Centrally Appropriated, Total Expenditures, Total FTE), Transfers (General Fund, Cash Funds, Net Transfer), and Other Budget Impacts.

Summary of Legislation

The bill creates the Economic Development Organization Action Grant Program in the Office of Economic Development and International Trade (OEDIT) to provide grants to Colorado-based economic development organizations (EDOs) that attract, retain, and expand local businesses across the state.

Grant program. The bill requires OEDIT to administer the grant program in partnership with an established statewide EDO and award grants to other eligible EDOs. To be considered for a grant, an EDO must meet certain criteria and submit an application that details a specific economic development initiative, community support and need for the initiative, measurable goals for success, and an itemized budget for any awarded money. Selected EDOs must participate in a six- and twelve-month review of the proposed initiative and submit a final report to the administering EDO detailing the initiative's overall economic impact, local and statewide public benefit, and progress made against success metrics. OEDIT must report grant program data to the General Assembly by November 1 of each year.

Selection committee. OEDIT must create a selection committee to evaluate and rank program applications and includes at least one representative from OEDIT, the Economic Development Council of Colorado, the Colorado Economic Development Commission, and the Department of Local Affairs (DOLA). The selection committee must consider an EDO applicant's location and geographic equity when selecting grant recipients. The number of annually awarded grants is subject to available money.

Cash fund. The bill creates the Economic Development Organization Action Cash Fund and transfers \$2.0 million on July 1, 2024, from the General Fund to the fund. Money in the cash fund is continuously appropriated to OEDIT to administer the program and award grants.

Assumptions

The bill does not include a program repeal date; therefore, the fiscal note assumes that expenditures will continue on a two-year cycle in future fiscal years. These costs will be addressed through the annual budget process.

State Transfers

The bill transfers \$2.0 million from the General Fund to the Economic Development Organization Action Cash Fund on July 1, 2024.

State Expenditures

The bill increases state expenditures in OEDIT by a total of about \$2.0 million in FY 2024-25 and FY 2025-26, paid from the Economic Development Organization Action Cash Fund. The fiscal note assumes that money transferred to the fund will be spent evenly over a two-year period. Expenditures are shown in Table 2 and detailed below.

Table 2
Expenditures Under HB 24-1160

	FY 2024-25	FY 2025-26
Office of Economic Development and International Trade		
Personal Services	\$82,554	\$103,192
Operating Expenses	\$1,024	\$1,280
Capital Outlay Costs	\$6,670	-
Contractor Administration Fee	\$50,000	\$50,000
Salesforce Development	\$23,000	-
Grants	\$821,181	\$821,181
Centrally Appropriated Costs ¹	\$17,741	\$22,177
Total Cost	\$1,011,500	\$988,500
Total FTE	0.8 FTE	1.0 FTE

¹ Centrally appropriated costs are not included in the bill's appropriation.

Office of Economic Development and International Trade. Starting in FY 2024-25, expenditures in OEDIT will increase to administer the grant program, manage a statewide EDO contract, and integrate grant program management software.

- **Staff.** Starting in FY 2024-25, OEDIT requires 1.0 FTE Program Management II to administer the program, develop program materials, conduct outreach to EDOs, evaluate program metrics, and manage the administrative contract. Staff costs and FTE are prorated in the first year based on the bill's effective date.
- **Contractor administration fee.** Starting in FY 2024-25, OEDIT requires an estimated \$50,000 to retain the services of a statewide EDO that will help to distribute grants and provide information resources to grantees.
- **Salesforce development.** OEDIT uses the management software Salesforce to oversee grant recipients, applicants, analytics, and application development. In FY 2024-25, OEDIT requires an estimated \$23,000 to integrate the new grant program into Salesforce.
- **Grants.** After administrative costs, about \$1.65 million will be available for grants. Assuming spending is disbursed evenly over a two-year period, about \$820,000 in grants will be awarded each year with specific amounts determined by OEDIT.
- **Legal services.** OEDIT may require legal services, provided by the Department of Law, which can be accomplished within existing legal services appropriations. Legal counsel is related to contract language, implementation, and ongoing administration of the program.

Department of Local Affairs. Starting in FY 2024-25, workload may increase in DOLA to work collaboratively with OEDIT to conduct field work, participate in strategic planning, perform community outreach, and delegate a representative to the program’s selection committee. The fiscal note assumes that DOLA can provide this work without new appropriations. If workload increases materially to assist OEDIT, expenditures should be funded through the annual budget process, and reappropriated from the Economic Development Organization Action Cash Fund.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are shown in Table 2.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State and Local Government Contacts

Governor	Information Technology	Law
Local Affairs	Office of Economic Development	Personnel
Treasury		

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).