



GOVERNOR'S OFFICES

*FY 2010-11 and 2011-12 Balancing Proposal
February 15, 2011*

Dwayne Romero
Director – Economic Development

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Limited Gaming Revenue Distributions – Proposal for Colorado Promotion

Proposal Summary:

Per current law, for years when General Fund revenues are insufficient to support appropriations included in the Joint Budget Committee's annual Appropriations Report, revenue collected through limited gaming that would otherwise be transferred to the Travel and Tourism, New Jobs Incentives, State Council on the Arts, Film Incentives and Clean Energy cash funds shall instead be transferred to the General Fund. This proposal requests a legislative change to ensure partial limited gaming transfers go these programs for each of the next two fiscal years, regardless of State tax collections, beginning in FY 2010-11. Specifically,

- The net projected limited gaming transfer to the General Fund for FY 2010-11 is \$33.2 million based on the December 2010 OSPB forecast; with no funding transfers for programs administered by the Governor's Office of Economic Development and International Trade (OEDIT) or the Governor's Energy Office (GEO).
- Additionally, under the prior Administration via a November 1 Fact Sheet, the Governor's Office requested limited gaming fund transfers for OEDIT programs in FY 2011-12, equal to one-half of FY 2007-08 appropriation levels.
- This request seeks to revise previously requested funding for these programs, to ensure the following limited gaming transfers in each of the next two fiscal years regardless of current appropriation levels and projected tax collection estimates: \$13.0 million for Colorado Travel and Tourism Promotion, \$1.6 million for New Jobs Incentives, \$0.8 million for the State Council on the Arts, and \$0.3 million for Film Incentives.
- Additionally, this request seeks to ensure transfers to the Clean Energy Fund equal to \$2.0 million, beginning at the end of FY 2011-12. This specific funding is crucial as temporary ARRA federal funding will no longer be available to GEO, diminishing this office's ability to promote policies for safe, clean, reliable energy production, transmission and consumption after FY 2011-12.
- Given the Governor's Office November 1 Budget Request anticipated some limited gaming transfers to OEDIT programs, the corresponding Schedule 13 for this request aligns the Governor's Office FY 2011-12 Budget Request with this proposal. This request also replaces the fact sheet submitted under the prior Administration for limited gaming transfers to occur at the end of FY 2011-12.
- Any limited gaming revenue remaining above these amounts, which would otherwise be available for Governor's Office programs, would continue to be transferred to the General Fund, as defined under current law.

FY 2011-12 Spending Authority from FY 2010-11 Limited Gaming Revenue Transfers	November 1 Request	Proposed Authority	Request (Schedule 13)
Colorado Promotion - Colorado Welcome Centers	\$502,042	\$498,597	(\$3,445)
Colorado Promotion – Other Program Costs	\$10,196,475	\$12,501,403	\$2,304,928
New Jobs Incentives	\$1,600,000	\$1,600,000	\$0
Creative Industries (new line item)*	\$1,090,393	\$1,100,000	\$9,607
Total Cash Fund Spending Authority	\$13,388,910	\$15,700,000	\$2,311,090

* Includes Council on the Arts and the Colorado Office of Film, Television and Media

Assumptions:

Projected revenues from limited gaming are based on the OSPB December 2010 Revenue Forecast.

Distribution of Limited Gaming Revenues	FY09-10	FY10-11	FY11-12
A. Total Limited Gaming Revenues	\$111.2	\$114.7	\$121.8
Annual Percent Change	12.4%	3.1%	6.2%
A1. Gaming Revenues Not from Taxes	\$3.5	\$2.5	\$2.5
A2. Gaming Revenues Related to Taxes	\$107.8	\$112.2	\$119.3
B. Base Limited Gaming Revenues (max 3% growth)	\$97.8	\$100.7	\$103.7
Annual Percent Change	3.0%	3.0%	3.0%
B1. Amount Off the Top for Administration	(\$12.5)	(\$12.5)	(\$12.5)
B2. Additional Revenue not from Taxes (=A1)	\$3.5	\$2.5	\$2.5
B3. Amount for Distribution to Existing Recipients	\$88.8	\$90.7	\$93.7
C. Extended Limited Gaming Revenues (=A-B-A1)	\$9.9	\$11.5	\$15.6
Annual Percent Change	N/A	15.8%	35.9%
C1. Amount Off the Top for Administration	(\$1.4)	(\$1.4)	(\$1.4)
C2. Amount for Distribution	\$8.5	\$10.1	\$14.2
C3. Amount to Existing Recipients	\$0.5	\$0.6	\$0.9
C4. Amount to New Recipients	\$8.0	\$9.5	\$13.4
D. Total Amount to Existing Recipients (=B3+C3)	\$88.8	\$91.3	\$94.5
<i>Amount to State Historical Society</i>	\$24.9	\$25.6	\$26.5
<i>Amount to Counties</i>	\$10.7	\$11.0	\$11.3
<i>Amount to Cities</i>	\$8.9	\$9.1	\$9.5
<i>Amount to Distribute to Remaining Programs</i>	\$44.4	\$45.6	\$47.3
<i>Amount to Local Government Impact Fund</i>	\$3.8	\$5.9	\$6.1
<i>Colorado Tourism Promotion Fund</i>	\$14.1	\$13.0	\$13.0
<i>New Jobs Incentives Fund</i>	\$1.3	\$1.6	\$1.6
<i>State Council on the Arts Fund</i>	\$1.1	\$0.8	\$0.8
<i>Film Incentives Fund</i>	\$0.4	\$0.3	\$0.3
<i>Colorado Office of Economic Development</i>	\$0.0	\$0.0	\$0.0
<i>Bioscience Discovery Evaluation Fund</i>	\$5.5	\$5.5	\$5.5
<i>Innovative Higher Education Research Fund</i>	\$2.0	\$1.0	\$1.0
<i>Colorado Department of Transportation</i>	\$0.0	\$0.0	\$0.0
<i>Clean Energy Fund</i>	\$0.0	\$0.0	\$2.0
<i>Transfer to the General Fund</i>	\$16.2	\$17.5	\$16.9
E. Total Amount to New Recipients (=C4)	\$8.0	\$9.5	\$13.4
<i>Community Colleges, Mesa and Adams State (78%)</i>	\$6.3	\$7.4	\$10.4
<i>Counties (12%)</i>	\$1.0	\$1.1	\$1.6
<i>Cities (10%)</i>	\$0.8	\$1.0	\$1.3

Current Statutory Authority or Needed Statutory Change:

This proposal would require statutory changes to 12-47.1-701 (4) and (5), C.R.S. to allow for the above defined limited gaming transfers for various Governor's Office of Economic Development and International Trade and Energy Office programs, beginning at the end of FY 2010-11 (FY 2011-12 for Energy Office programs).

Schedule 13
Change Request for FY 2011-12 Budget Request Cycle

Decision Item FY 2011-12	Base Reduction Item FY 2011-12	Supplemental FY 2010-11	Budget Amendment FY 2011-12
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Request Title: FY2010 - 2011 Supplemental Proposal For Colorado Promotion
Department: Governor's Office - OEDIT **Dept. Approval by:** *Oliver Koldt* **Date:** 2-7-11
Priority Number: SU - 1 **OSPb Approval:** *Erin M. Johnson* **Date:** 2/14/2011

	Fund	1	2	3	4	5 (Note 1)	6	7	8	9	10
		Prior-Year Actual FY 2009-10	Appropriation FY 2010-11	Supplemental Request FY 2010-11	Total Revised Request FY 2010-11	Base Request FY 2011-12	Decision/ Base Reduction FY 2011-12	November 1 Request FY 2011-12	Budget Amendment FY 2011-12	Total Revised Request FY 2011-12	Change from Base (Column 5) FY 2012-13
Total of All Line Items	Total	17,147,096	14,924,398	0	14,924,398	12,558,288	0	12,558,288	2,311,090	14,869,378	0
	FTE	7.3	7.3	0.0	7.3	7.3	0.0	7.3	0.0	7.3	0.0
	GF	0	0	0	0	0	0	0	0	0	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	17,147,096	14,914,646	0	14,914,646	11,788,910	0	11,788,910	2,311,090	14,100,000	0
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	0	9,752	0	9,752	769,378	0	769,378	0	769,378	0
Colorado Promotion - Colorado Welcome Centers	Total	509,872	498,597	0	498,597	502,042	0	502,042	(3,445)	498,597	0
	FTE	3.3	3.3	0.0	3.3	3.3	0.0	3.3	0.0	3.3	0.0
	GF	0	0	0	0	0	0	0	0	0	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	509,872	498,597	0	498,597	502,042	0	502,042	(3,445)	498,597	0
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
Colorado Promotion - Other Program Costs	Total	16,637,224	14,416,049	0	14,416,049	10,196,475	0	10,196,475	2,304,928	12,501,403	0
	FTE	4.0	4.0	0.0	4.0	4.0	0.0	4.0	0.0	4.0	0.0
	GF	0	0	0	0	0	0	0	0	0	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	16,637,224	14,416,049	0	14,416,049	10,196,475	0	10,196,475	2,304,928	12,501,403	0
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	0	0	0	0	0	0	0	0	0	0
Creative Industries	Total	0	9,752	0	9,752	1,859,771	0	1,859,771	9,607	1,869,378	0
	FTE	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
	GF	0	0	0	0	0	0	0	0	0	0
	GFE	0	0	0	0	0	0	0	0	0	0
	CF	0	0	0	0	1,090,393	0	1,090,393	9,607	1,100,000	0
	CFE/RF	0	0	0	0	0	0	0	0	0	0
	FF	0	9,752	0	9,752	769,378	0	769,378	0	769,378	0

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Non-Line Item Request: None
Letternote Revised Text for FY 2010-11: Same letternote text as in current Long Bill - Letter Note "g"
Letternote Text Requested for FY 2011-12: Same letternote text as in current Long Bill
Cash or Federal Fund Name and COFRS Fund Number: Colorado Promotion - Other Program Costs - COFRS Fund 13N and Creative Industries Cash Fund - COFRS Fund 25N
Reappropriated Funds Source, by Department and Line Item Name: None
Approval by OIT? Yes: No: N/A: X
Schedule 13s from Affected Departments:
Note (1): Amounts include all Change Requests submitted on November 1



OFFICE OF STATE PLANNING AND BUDGETING

*Budget Reduction Proposal
February 15, 2011*

*Henry Sobanet
Executive Director*

Reduce FY 2010-11 Cash Fund Transfer from Higher Education Maintenance and Reserve Fund to the General Fund: Amended Proposal from the October 22, 2010 Submission

Proposal:

This proposal requests to reduce the transfer amount in FY 2010-11 from the Higher Education Federal Mineral Lease Maintenance and Reserve Fund to the General Fund. On August 23, 2010, OSPB requested a transfer of \$9,422,741 to the General Fund for budget balancing in FY 2010-11. However, after the September 2010 forecast, this amount resulted in a fund deficit of \$1,060,328. On October 22, 2010, the request revised the requested transfer amount to \$8,362,413. On December 20, 2010, OSPB again revised its forecast of the Federal Mineral Lease revenue into this fund and requests that the FY 2010-11 transfer amount be reduced to \$5,100,588, which is \$3,261,825 less than requested on October 22, 2010.

This fund balance typically is used to generate interest, so that the interest can be used to fund controlled maintenance projects for institutions of higher education. However, current law also allows a transfer of the balance of the funds when the Legislative Council forecast indicates that there is not enough General Fund revenue to maintain a 4% reserve.

This submission updates the amount proposed for transfer to include the December OSPB forecast. Statute requires that in the end, the Legislative Council estimate be used. The Legislative Council estimate should be used as the transfer bill is written during the 2011 session. Of note, on January 14, 2011, Joint Budget Committee staff recommended that due to volatility in the projection of the fund revenue, that only the balance as of January 12, 2011 of \$1,122,581 be transferred in FY 2010-11. The Joint Budget Committee approved staff recommendation on the same date. The Joint Budget Committee plans to reflect this in 2011 legislation.

Assumptions and Tables to Show Calculations:

Higher Education Federal Mineral Lease Maintenance and Reserve Fund Projection for Higher Education Controlled Maintenance February 2011					
Fiscal Year	Prior Balance	OSPB December 2010 Spillover Projection	Projected Interest	Reduction per February 15, 2011 Budget Balancing Plan	Accruing Total
FY 2010-11	\$1,120,538	\$3,876,254	\$103,796	(\$5,100,588)	\$0
FY 2011-12	\$0	\$6,091,581	\$121,832	\$0	\$6,213,413
FY 2012-13	\$6,213,413	\$6,579,518	\$255,859	\$0	\$13,048,790

Current Statutory Authority or Needed Statutory Change:

Current statutory authority allows the General Assembly to make this transfer, since the most recent legislative council quarterly revenue estimate indicates that the amount of total General Fund revenues for the fiscal year will not be sufficient to allow the State to maintain the 4% General Fund reserve.

23-19.9-102, C.R.S. (2010) Higher education federal mineral lease revenues fund - higher education maintenance and reserve fund - creation - sources of revenues - use.

(1) (a) The higher education federal mineral lease revenues fund is hereby created in the state treasury. For the 2008-09 fiscal year and for each succeeding fiscal year, the lesser of the first fifty million dollars of the total amount of moneys required to be transferred to the revenues fund and the maintenance and reserve fund pursuant to section 34-63-102 (5.5), C.R.S., or all of such moneys shall be transferred to the revenues fund and the remainder of such moneys shall be transferred to the maintenance and reserve fund. Interest and income derived from the deposit and investment of the revenues fund shall remain in the revenues fund and shall not be transferred to the general fund or any other fund at the end of any fiscal year. The state treasurer may invest the revenues fund in any investment in which the board of trustees of the public employees' retirement association may invest the funds of the association pursuant to section 24-51-206, C.R.S.

(2) (a) The higher education maintenance and reserve fund is hereby created in the state treasury. The principal of the maintenance and reserve fund shall consist of moneys transferred to the maintenance and reserve fund pursuant to section 34-63-102 (5.3) (a) (II), C.R.S. Except as otherwise provided in paragraph (b) of this subsection (2), the principal of the maintenance and reserve fund shall remain in the fund and shall not be expended for any purpose. The general assembly may annually appropriate interest and income derived from the deposit and investment of moneys in the maintenance and reserve fund for controlled maintenance projects for the system of public higher education that are selected through the process set forth in sections 24-30-1303 (1) (k.5) and 2-3-1304 (1) (b), C.R.S. The state treasurer may invest the maintenance and reserve fund in any investment in which the board of trustees of the public employees' retirement association may invest the funds of the association pursuant to section 24-51-206, C.R.S.

(b) (I) If the amount of moneys in the revenues fund will be insufficient to cover the full amount of the payments due to be made under lease-purchase agreements authorized pursuant to section 23-1-106.3 (3), the general assembly may transfer from the principal of the maintenance and reserve fund or from any other sources to the revenues fund sufficient moneys to make the payments.

(II) If, at any time during a fiscal year, the most recent available quarterly revenue estimate prepared by the staff of the legislative council indicates that the amount of total general fund revenues for the fiscal year will not be sufficient to allow the state to maintain the four percent or higher reserve required by section 24-75-201.1 (1), C.R.S., the general assembly may make supplemental appropriations of principal of the maintenance and reserve fund or the state controller may allow overexpenditures to be made from principal of the maintenance and reserve fund pursuant to and in accordance with the requirements of section 24-75-111, C.R.S., in order to offset any reduction in the amount of one or more general fund appropriations for the fiscal year for operating expenses of state-supported institutions of higher education that resulted from the insufficiency in the amount of total general fund revenues.