

19) Severance Tax/FML: Restriction on Transfers of Local Government Impact Dollars

SB 16-097 is a reaction to continued access by the state to local governments' share of the severance tax and federal mineral lease (FML) revenue. Since 2009, the General Assembly has balanced its budgets in five separate years by draining over \$300 million dollars of local money into the state budget. The bill would prohibit the legislature or the governor from future transfers, and if the bill were restricted to this only, then staff would recommend support. However, the second part of the bill changes the distribution metrics of local governments severance tax from 30% direct distribution/70% energy impact fund to 60% direct distribution/40% energy impact fund. The current distribution was carefully crafted after months of meetings in the 2008 interim and enshrined in law the following year in two CML-supported bills. Finally, DOLA would only be allowed to give energy impact grants to local governments that received more than \$200,000 from its direct distribution in the prior state fiscal year. This is extraordinarily prejudicial to small towns that impacted, but may not register metrics high enough to meet the threshold. It also presumes that all impacts occur when there is drilling/mining activity or when employees are present, when in fact, impacts occur long after the industry packs up and moves on. Staff believes the metrics should be discussed further and amended out of the bill. **Staff Recommendation: Opposed unless amended.** *Lobbyist: Kevin Bommer*

COMMITTEE RECOMMENDATION: OPPOSE UNLESS AMENDED

o Fiscal Fair Play: Road & Bridge Mill Levy Parity

A 2014 CML review of 55 Colorado county road and bridge mill levies over the previous decade showed 34 counties have decreased their road and bridge mill levies when comparing the levies in 2014 from their respective high points between 2004 and 2014. Only seven mill levies were higher in 2014 than during the previous nine years. Some of the decreases have been dramatic: Jefferson County cut its mill levy in half, which slashed \$11.3 million from municipal budgets; the El Paso County road and bridge levy today is just 20 percent of what it was in 2005 (in real dollars, the loss to municipalities in El Paso County totals nearly \$5 million); and Moffat County and Montrose County have simply eliminated the road and bridge mill levy altogether.

SB 16-100 will ensure that the legislature's will, as expressed in legislation passed nearly 40 years ago, is restored. The legislature unintentionally left open a loophole for counties to unilaterally reduce the shareback to municipalities by reducing the mill levy. Counties are then able to backfill their county road and bridge funds with other revenue, such as specific ownership taxes, while redistributing the municipalities share of the road and bridge money for other county purposes.

The diversions occur without municipalities being consulted and having a voice in the decision or whether and to what extent municipal revenue should be pledged by the county to other purposes. Ironically, this is the same argument used by counties against urban renewal projects, which occur after significant municipal investment leads toward the *possibility* of increased property values and property taxes to counties. In the case of road and bridge, *real* dollars are being collected from municipal taxpayers and diverted to other purposes in real time, in spite of legislative intent. Municipal taxpayers should rightly expect their fair share of their property taxes for road and bridge projects be returned to their municipality for that purpose, and not redistributed to other parts of counties' budgets.

SB 16-100 will restore the equity originally envisioned by the General Assembly decades ago. It will ensure property taxes remitted by taxpayers in incorporated areas make it back to the municipality for their road and bridge needs. You can read more about the issue on [CML's Legislative Matters blog](#).

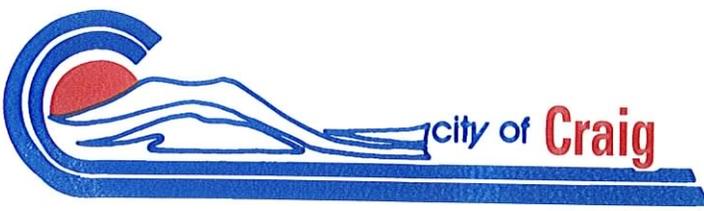
Bill: SB 16-100, Road & Bridge Mill Levy Parity

Sponsors: Sen. Cheri Jahn, D-Wheat Ridge; Rep. Dan Pabon, D-Denver

Status: S. Transportation

Position: Support

Lobbyist: [Kevin Bommer](#)



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Senator Randy Baumgardner
District 8
200 East Colfax
Denver, CO 80203

Dear Senator Baumgardner:

The Craig City Council has serious concerns with SB 16-097 which might unfairly eliminate our severance tax distribution in its current form.

We support your efforts to try and prevent the State from routinely raiding these funds to balance the State's budget. However, the provision that would only allow DOLA to give energy impact grants to local governments that received more than \$200,000 from direct distribution in the prior state fiscal year would cause fiscal problems to smaller towns. Some of these smaller towns in your district are severely impacted by the energy industry. Craig will see at least a 60% decrease in severance taxes this next year and there may be additional reductions in the future due to declines in natural resource extraction in our region.

The Craig City Council encourages you to reconsider the portion of the bill referenced above and encourage you to continue your work to support the communities around the state that are truly impacted and deserving of these funds under the current intent of the law.

Sincerely,

Mayor Raymond Beck

Mayor Pro Tem Kent Nielson

Councilman Joe Bird

Councilman Tony Bohrer

Councilman Derek Duran

Councilman Jarrod Ogden

Councilman John Ponikvar