Taxation & Finance

Legislative Reform for Accurate County Fiscal Impact Reporting	
Larimer County (Commissioner Jody Shadduck-McNally)	
Preferred Contact:	
Co-Sponsoring Counties/Commissioners:	None.
Who is your subject matter expert?	TBC
Has this proposal been approved by your BoCC?	Yes.
Have you reviewed the CCI Instructional Memo?	Yes.
Describe the problem your proposal will solve.	1. Eliminates the ""Indeterminate"" Loophole Currently, because the 120-day legislative session moves incredibly fast, the Legislative Council Staff (LCS) frequently uses phrases like ""The local government impact is indeterminate"" or ""This bill may increase county expenditures, but the exact amount cannot be estimated at this time."" By striking the ""when possible"" clause from the law, a bill cannot advance to a vote without a concrete, data-backed county impact assessment. It forces the state to pause and calculate the math before making policy. 2. Closes the ""Ghost Mandate"" Gap Right now, C.R.S. § 29-1-304.5 says counties don't have to comply with unfunded mandates. However, if a fiscal note claims the impact is ""indeterminate"" or ""minimal,"" the state can argue the bill isn't a mandate. Counties are then forced into a difficult legal position: either comply and absorb the cost, or sue the state to prove it's an unfunded mandate. Adding a mandatory 72-hour county consultation window ensures local budget experts provide the real data upfront. If the data shows a net-positive cost, the bill is instantly flagged as a ""Potential Unfunded State Mandate,"" giving counties the immediate legal backing to opt-out of compliance without costly lawsuits. 3. Stops Property Tax Diversion When the state passes laws affecting human services, public health, or local jail operations without funding them, counties still have to pay the bills. To do this, they are forced to divert local property tax revenue away from county priorities like road repairs, local law enforcement, and emergency services.

	This change protects local tax dollars. By forcing the state to explicitly fund its directives (or make them strictly optional), county property taxes stay in the community to fund local infrastructure and services. 4. Levels the Playing Field for Rural Counties Large counties have dedicated policy teams to watch the state legislature. Small, rural counties do not have the staff to analyze how a 100-page state bill will decimate their tiny local budgets. By standardizing a ""County Cost Calculator"" and requiring LCS to sample small, medium, and large counties equally, rural Colorado gets an automatic voice in the fiscal note process without having to spend limited resources on high-priced lobbyists. What is the ultimate source of this problem: Outdated statute, Lack of existing statute/regulation, Administrative policy gap
Areas of Impact:	Day-to-day operations of the county, Functionality of county programs or services, Power/Authority/Mandate of county government, General community advancement
What is the ultimate source of this problem?	Outdated statute, Lack of existing statute/regulation, Administrative policy gap
What is your initial proposal to solve this problem?	This proposal seeks to amend Joint Rule 22 of the General Assembly and C.R.S. § 29-1-304.9 to establish stricter statutory mandates: Eliminate Conditional Language, Mandatory County Consultation Window, and The ""Unfunded Mandate"" Trigger.
Please provide sample language for this solution.	HOUSE/SENATE JOINT RESOLUTION 27-XXXX BY REPRESENTATIVE(S)/SENATOR(S) [Sponsor Name] CONCERNING AMENDMENTS TO JOINT RULE NO. 22 OF THE THE HOUSE OF REPRESENTATIVES AND THE SENATE TO STRENGTHEN TRANSPARENCY AND ENFORCEMENT OF FISCAL IMPACT ASSESSMENT FOR LOCAL GOVERNMENTS. WHEREAS, Section 29-1-304.5, Colorado Revised Statutes, prohibits the General Assembly from imposing unfunded mandates on local governments, including counties and school districts; and WHEREAS, Accurate, exhaustive, and timely fiscal data is vital to upholding this statutory prohibition and protecting local taxpayers from the diversion of local property revenues; now, therefore, Be It Resolved by the [House of Representatives/Senate] of the [General] Assembly of the State of Colorado, the [Senate/House of Representatives] concurring herein: That Joint Rule No. 22 of the Joint Rules of the Senate and House of Representatives is amended BY THE ADDITION OF A NEW SUBSECTION to read: (g) Mandatory Local Government Impact Designation. (1) Every fiscal note prepared pursuant to this rule that identifies a net-positive expenditure or

revenue reduction for a county, municipality, school district, or special district shall explicitly designate such legislation as a ""Potential Unfunded State Mandate or Reduction in Allocation"" unless the legislation contains a corresponding state appropriation sufficient to cover one hundred percent of said expenditure or revenue loss.

(2) No committee of reference shall vote upon a bill bearing a ""Potential Unfunded State Mandate or Reduction in Allocation"" designation until the Legislative Council Staff has provided a verified County Cost Impact assessment incorporating data from a representative sample of affected local jurisdictions.

Part 2: Sample Statutory Amendment Language (To Amend C.R.S. § 29-1-304.9)

Note: In Colorado legislative drafting, text to be deleted is shown in strikeout, and new text to be added is shown in CAPITAL LETTERS.

A BILL FOR AN ACT

CONCERNING MEASURES TO ENSURE FISCAL TRANSPARENCY REGARDING STATE MANDATES ON LOCAL GOVERNMENTS.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. In Colorado Revised Statutes, 29-1-304.9, amend (1) introductory portion and (1)(a) as follows:

29-1-304.9. Fiscal note - mandatory local impact analysis.

(1) For any proposed legislation introduced after ~~December 31, 2009~~ DECEMBER 31, 2027, that may have a fiscal impact on a county, school district, or board of cooperative services, the staff of the legislative council shall consider and SHALL provide in the local government impact section of the accompanying fiscal note, when possible, taking into consideration the constraints of the legislative session:

(a) A reasonable, and timely, AND DATA-BACKED estimate of the fiscal impact on the counties, school districts, or boards of cooperative services chosen pursuant to subsection (2) of this section that would result from the proposed legislation. IF AN EXACT ESTIMATE CANNOT BE CALCULATED, THE FISCAL NOTE SHALL NOT DESIGNATE THE IMPACT AS INDETERMINATE, BUT SHALL PROVIDE A MINIMUM ESTIMATED COMPLIANCE COST FLOOR BASED ON HISTORICAL DATA;

SECTION 2. In Colorado Revised Statutes, 29-1-304.9, add (4) as follows:

(4) MANDATORY LOCAL GOVERNMENT REVIEW WINDOW. UPON CONFIDENTIAL RECEIPT OF A BILL DRAFT THAT IMPACTS LOCAL GOVERNMENT EXPENDITURES, THE LEGISLATIVE COUNCIL STAFF SHALL PROVIDE A SECURE, MINIMUM SEVENTY-TWO HOUR WINDOW TO ACCREDITED STATEWIDE ASSOCIATIONS REPRESENTING COUNTY COMMISSIONERS AND MUNICIPALITIES TO SUBMIT LOCAL COST-COMPLIANCE DATA. THE ANALYSIS OF SAID DATA MUST BE FULLY

	INTEGRATED INTO THE PUBLISHED FISCAL NOTE PRIOR TO THE BILL'S FIRST COMMITTEE HEARING.
Are there any solutions that do not require state-level legislation? Has your county explored these alternatives?	We have explored this challenge and contemplating solutions for a few years now and we have explored any other alternative. We have come back to this needed legislative solution.
Has CCI or any other organizations sought a solution to this problem before?	In years past CCI and CCAT have explored a solution and those efforts were not successful
What possible organization(s) would ***support*** your proposed solution?	CCAT and other local governments, other counties, municipalities if the proposal is expanded
What possible organization(s) would ***oppose*** your proposed solution?	The State or Governor's Office
Have you spoken with any legislators about your proposed solution? If so, what was their response?	Working on it, but none have confirmed at this time. We are open to support or assistance with this effort.
What are the financial implications of this ***problem*** to your county? Are there any financial implications to this ***solution*** either?	We may have to hire staff to work on legislative analysis during the session so that we are not pushing work to the departments.
What are the financial implications of this ***problem*** to any other impacted parties? What are the financial implications of this ***solution*** to any other impacted parties?	Cost savings and removal of unfunded mandates, or better bills that don't require counties to comply without accompanying funding to install the mandate.

Please consider any relevant Colorado State Departments.	
Staff Feedback	Risk/Difficulties: Time Commitment: