MEMORANDUM

JOINT BUDGET COMMITTEE

TO	JBC Members
FROM	JBC Staff
DATE	March 11, 2025
SUBJECT	Figure Setting Comeback Packet 1

Included in this packet are staff comeback memos for the following items:

Joint Budget Committee Staff

Memorandum

To:	JBC Members
From:	Phoebe Canagarajah, JBC Staff (303-866-2149)
Date:	Friday, March 7, 2025
Department:	Department of Agriculture
Subject:	Staff Informational Comeback - State Fair

This memo includes the following information, requested during the Department of Agriculture's figure setting presentation:

1. Amount of Marijuana Tax cash fund appropriated to the State Fair
2. Research into increasing local contributions to the State Fair
3. Attached: Department's written informational comeback responses

Marijuana Tax Cash Fund to State Fair

The Committee had asked how much the State Fair receives from the Marijuana Tax cash fund (MTCF). The State Fair is appropriated $300,000 from the MTCF to help cover Future Farmers of America (FFA) and 4-H program expenses.

Increasing local contributions to the State Fair

The Committee had requested research into how to increase local contributions to the State Fair, which both staff and the Department analyzed. Staff research builds upon and corroborate the Department's written responses, provided in this informational comeback package and summarized below, namely:

- Not many state fairs receive dedicated local contributions, and
- Pueblo contributes an equal or greater amount to Colorado's State Fair, compared to states that receive any form of local support.

The Department indicated two ways to increase local contributions: (1) expand public-private partnerships, or (2) create a dedicated local tax or fee that funds the State Fair**. However, neither would result in meaningful increases to Pueblo's State Fair contributions**, as the State Fair already engages in public-private partnerships, and the model state for a dedicated local tax (Arkansas) collects an equivalent amount of money currently contributed by Pueblo. Also, in addition to financial resources, Pueblo donates in-kind assistance like police support. Finally, while increasing local support to the State Fair could ease General Fund pressures, it would not help the State Fair attain enterprise status.

Staff and Department analysis only looked into ten state fairs, shared in the table below (Department analysis italicized). Staff analysis was also limited to available financial audits, which may not have included all forms of local support. **If the Committee would like a more comprehensive national analysis of local contributions to state fairs, staff requests to conduct this during the interim**, to present during next session's budget briefing**.**

Local Contributions to Other State Fairs		
State	Funding Sources	Local Funding (Y/N)
Ohio	Mainly revenue from fair and fairground operations. Historically has received some state GF (about $380,000), which has increased recently for capital construction	N
Minnesota	No state/local contribution. Revenue from state fair and fairgrounds revenue, as well as donations	N
Utah	Small ongoing state GF (about $325,000) plus capital construction. No consistent form of local contribution, but in 2022 got one-time $1.0 million donation from City of Salt Lake. Otherwise, mainly state fair and fairgrounds revenue	Y - One-time donation
Arizona	No state funds. No local revenue, except that Mariposa County rents the fairgrounds for the county fair. Mainly state fair and fairgrounds revenue	Y - Through renting fairgrounds
Iowa	State funds for capital construction. No apparent dedicated local contribution. Mainly state fair and fairgrounds revenue	N
Oklahoma	State support for some FTE and capital construction. No apparent dedicated local contribution. Mainly state fair and fairgrounds revenue	N
New Mexico	*State funds for capital construction, otherwise state fair and fairgrounds revenue. No local support*	*N*
Arkansas	*No significant state support except for special projects and budget shortfalls. City of Little Rock currently providing one-time $3.0 million contribution for capital outlay, funded through 10-year city tax (equating to $300,000 annually)*	*Y – temporary city tax*
Indiana	*About $2.5 million annual of state GF for operating expenses and capital construction. No dedicated local support*	*N*
California	*State support for fairgrounds maintenance. No dedicated local support*	*N*

CDA Comeback Inquires from Figure Setting

Agency:	Colorado Department of Agriculture
From:	Jennifer Hughes, CFO and Budget Director
Date:	Mar 6, 2025

This memo provides a response to various inquiries that were brought up at CDA's Figure Setting on February 14, 2025.

1. **Can the Agrivoltaic grants and renewable energy and energy efficiency grant be rolled into one program**

Moving the Agrivoltaic Grant funding under the Renewable Energy and Efficiency grant program would allow for CDA to continue funding the same project types while providing additional flexibility by allowing for a one year roll forward on the agrivoltaic grants. However, since the programs are already run by the same staff there are no administrative efficiencies that will be realized by doing this.

2. **Why State Fair finances have been so volatile**

The expenses and revenues look volatile during this time, primarily because of the impacts of COVID-19. In 2020, the Colorado State Fair (CSF) was unable to put on an in-person event for the public and thus had significantly decreased revenues and expenses for that year. The CSF is reliant on the 11-day Fair to generate operating revenue for year-round operations of the Fairgrounds. In recent years, expenses beyond the control of the CSF such as salary increases (driven by the step plan) and the cost of maintaining the grounds (inflation and supply chain driven) have increased at a higher rate than we have been able to increase revenues. The CSF has sought to address these issues through an increase in spending authority in order to attract larger and more popular concerts, thus bringing in additional ticket sale revenue. This has been effective and the CSF has seen an increase in ticket sales, however, this approach has not yet increased revenue to the point to fully offset the additional expenses.

3. **Ways to increase local contributions to State Fair/what local contribution levels are like for other state fairs**

Every state fair is different. Some fairs receive significant state and local support and others do not. It is important to compare state fairs that are similar in size and duration to Colorado's. CSF annual attendance is approximately 500,000 and runs for 11 days, this review includes states with similar attendance rates New Mexico, Arkansas, California (who while boasting a large urban population, holds their fair in Sacramento), and Indiana.

- The New Mexico State Fair, in general, does not receive state or local support with the exception of special projects such as capital outlay.[1]
- Similarly, the Arkansas State Fair does not receive significant state or local support with the exception of special projects and budget shortfalls.[2] Currently, the City of Little Rock is in the process of providing a $3,000,000 one-time contribution for capital outlay, this will be funded through a city tax over a ten year period, this equates to $300,000 annually, which is the same as the City of Pueblo.[3]
- The Indiana State Fair receives significant state general fund support for both operating expenses (approximately $2.5 million annually) and capital expenditures, including a multi-year $50 million bond for upgrades to fairgrounds.[4] The Indiana State Fair receives grants and donations from local entities like the Indianapolis Foundation but not directly from the city or county.
- The California Expo (State Fair), does not receive significant state funding for operating expenses but has received significant state support for maintaining infrastructure. The Cal Expo does receive approximately $682,000 in grants and donations from various entities but not specifically the city or county of Sacramento. Similarly, Cal Expo has received capital outlay funds and emergency funds to build emergency shelters and infrastructure.[5]

Ways that local contributions could be increased to the Colorado State Fair include - expanding public-private partnerships - however it is important to note that the CSF engages in many of these already including events such as the Legislative BBQ with the Pueblo Chamber of Commerce. Additionally, the city or county could consider a dedicated tax or fee similar to the city of Little Rock in Arkansas. However, it is worth noting that the revenue generated from Little Rocks Tourism and lodging tax is similar to the amount given annually from the City and County of Pueblo which averages $400,000 a year.

The city and county of Pueblo have contributed greatly to grounds maintenance and capital outlay including the Gate 5 remodel in the amount of $585,626.[6] Additionally, the City and County of Pueblo supply police support and other in-kind support to the fair that is not recorded as income/revenues generated. Also, as the State Fair works toward enterprise status, we must take into account that all local funding also contributes to the 10% government funding limit for enterprises.

[1] https://www.exponm.com/p/about#:~:text=EXPO%20New%20Mexico%20is%20a,state%20for%20capital%20outlay%20improvements.
[2] https://www.arkansasonline.com/news/2018/dec/22/state-tosses-foundering-fair-lifeline-o-1/
[3] https://www.littlerock.gov/media/21796/2024-city-of-little-rock-budget-book_gfoa.pdf
[4] https://iga.in.gov/publications/agency_report/2023-08-24T14-51-57.541Z-2022%20Annual%20Report%20-%20Indiana%20State%20Fair%20Commission.pdf
[5] https://calexpostatefair.com/wp-content/uploads/2021/06/California-Exposition-and-State-Fair-Annual-Financial-Report-FYE-12.31.2019-2018.pdf
[6] https://coloradostatefair.com/wp-content/uploads/2024/02/2023-Annual-Report-FINAL.pdf page 53

4. This is for ADT - Animal Health R1: How much is the Dept currently spending on travel/outreach, and what will be its reduced budget?

Table 1.1 General Fund Coverage for Travel/Outreach				
	FY 2022-23	FY 2023-24	FY 2024-25	FY 2025-26 (budgeted)
Travel/Outreach	$47,424.81	$54,468.00	$47,363.00	TBD

The approved staff recommendation reduced the Department's request by $32,414. If the staff recommendation is finalized in the Long Bill, the Department will analyze all of the budgetary needs for the program and develop our 2025-26 travel and outreach budget at that time.

5. For this year: Ways to cut into the GF funding to State Fair Maintenance? A cash fund analysis in July 2024 determined that the State Fair could only absorb the $450,000 GF allocation outlined in Decision Item R4. At this time, reducing the State Fair's GF maintenance funding is not advisable due to the following:

- The State Fairgrounds spans over 100 acres, with buildings ranging from 30 to 100 years old. Current funding and spending authority make it difficult to adequately maintain, update, and comply with state building codes and regulations.
- A performance audit required the creation of a Maintenance and Improvement Plan to address deferred maintenance and new projects. These efforts are nearly impossible without external funding, such as GF maintenance appropriations.
- Many State Fair buildings do not meet current fire suppression, ADA, and safety codes. As a heavily used public facility, addressing these compliance issues requires GF maintenance funding, as updates are too costly to cover within the existing budget.
- Post-COVID increases in material and labor costs (25%–35% higher) have further strained the budget, which has not increased accordingly.
- The annual maintenance and repair budget within operations is $450,000 in cash funds, separate from the $429,492 GF maintenance appropriation. The operations budget primarily covers routine facility upkeep, often deferring maintenance for emergency repairs. The GF maintenance appropriation funds high-priority projects that cannot be completed otherwise. Both funding sources are fully expended annually.

Reducing GF maintenance funding would significantly impact the State Fair's ability to maintain safe, compliant, and functional facilities.

6. For future: Can the Wine Development Board be enterprised?

- The revenue sources for the Wine Development Board are unique and more complicated than some of our other programs. CDA will need additional time to analyze whether the Board could be turned into an enterprise, the potential obstacles in doing so, and what overall impact that would have on the state budget.

Joint Budget Committee Staff

Memorandum

To:	Members of the Joint Budget Committee
From:	Louellen Lowe, JBC Staff (303-866-2981)
Date:	March 3, 2025
Department:	Department of Treasury
Subject:	Staff Comeback – R6 CoreLogic Contract

This memo includes the following items:

- Background information regarding the Department's R6 CoreLogic contract for the Deferred Property Tax Program
- The Joint Technology Committee recommendation regarding the Department's request
- Follow up information requested by the Committee regarding the feasibility of ending or stepping down this program.

Original Request and Recommendation

➔ R6 CoreLogic contract for the deferred property tax program

Original Request Request

The Department requests $2,459,187 General Fund in FY 2025-26 and $2,631,330 General Fund in FY 2026-27 to support the CoreLogic contract renewal and enhancement. This represents a $251,841 increase over the current CoreLogic contract amount. CoreLogic is the third party administrator responsible for the creation and management of the expanded deferred property tax program.

Updated Request

Since the staff figure setting on February 5th, the Department has worked swiftly and diligently to negotiate a contract reduction and received updated contract pricing beginning in FY 2025-26. This new contract proposal provides savings of $632,361 in FY 2025-26. Additionally, the Department is exploring options to cost share with counties and other solutions to drive direct and indirect savings to the General Fund. The Department will further evaluate those options should the program be continued.

The renegotiated contract would result in a total request of $1,826,826 general fund for FY 2025-26.

Original Recommendation

JBC staff recommended delayed action on the Department of Treasury's *R6 CoreLogic Contract for the Deferred Property Tax Program* because the item was referred to the Joint Technology Committee for consideration. The Joint Technology Committee recommended approval of the request on February 19, 2025 with no listed concerns.

Updated Recommendation

Based on the history of this program and significant buy-in from legislators as well as the Department's efforts to negotiate a reduced contract, staff recommends approval of the lower request in the amounts identified by the Department. If the Committee still wishes to pursue an end to this program, staff proposes the inclusion of a Request for Information requiring the Department to develop a reasonable path forward and ascertain associated costs to responsibly wind down the program.

Program Overview and Legislative History

The Property Tax Deferral Program (DPT) has existed in some form since 1984. Originally, it was available for seniors and active military and managed by county treasurers as well as one staff member in the Office of the State Treasurer. However, changes enacted by the legislature have resulted in the centralization of the program in the Department of the Treasury and an expansion of its reach.

From the Department's hearing responses:

"The Property Tax Deferral Program (DPT Program) is available to seniors, active military and tax growth applicants (those whose property taxes have increased by 4% over the last two years.) Currently, the majority of people enrolled in the program are seniors across the state. The Property Tax Deferral program allows those who qualify, including seniors, to defer their property taxes for any amount of time.

Simple interest is applied, based on the ten-year Treasury rate as of February 1 each year, which is currently 3.87%. Enrollees may repay their property taxes at this fixed rate and on a timeline that works for them. They can choose to pay back the simple-interest loan over time, or wait until their house has been sold or allow their estate to pay it off after they pass. This removes the burden of making a high cost, one-lump sum property tax payment, which would provide challenges to folks who are on a fixed income."

The following legislative changes have been made in recent years to the Deferred Property Tax Program:

- SB 21-293: Property Tax Classification and Assessment Rates ($75,000 to Office of Gov.)
  - Expanded the ability to defer property taxes to all primary residence owners whose property taxes exceed 4.0 percent growth on a 2-year rolling average basis.

    - Ordered study of the feasibility of expanding the DPT Program, for which CoreLogic was hired.
    - Study determined that there were approximately 475,000 eligible properties in Colorado, of which 35,000 may apply for deferral. If all 35,000 deferred property taxes, it would cost the state approximately $165.0 million.
- SB 22-220: Property Tax Deferral Program ($1,725,883 GF; 1.0 FTE)
    - DPT Program expanded to include all homeowners with a 4% increase in property tax rate over the past two years.
    - Moved the deferred property tax program from county treasurers to the State Treasury to centralize the administration of the program.
    - Appropriated funds for a third-party administrator of the program and 1.0 program director in the Department
        - Summer and Fall 2022 —CoreLogic selected via RFP process to build the application system and website, run the call center, and manage marketing. Program director hired in Treasury.
        - January 2023 — Expansion of DPT program to include seniors, military, and "tax growth cap" launched.
- HB23-1284: Modifications to the Property Tax Deferral Program (no appropriation)
    - Prior to changes, a homeowner could not defer tax on a home that was income-producing. This restriction was exempted by this bill if the owner is 65 and older, called into military service, or a surviving spouse who chooses to continue to defer property taxes.
    - Allows homeowners called into military service and have a loan guaranteed by the US Veterans Administration to defer property taxes if the value of the deferred taxes and all other liens on the property exceed the law limit (90 percent of the home's actual value).
- HB23B-1008: Appropriation to Department of Treasury ($87,910 GF; 0.9 FTE)
    - Treasury received 1 FTE in Accounting to help manage the DPT Program expansion
- SB 24-233: Property Tax ($108,971, 0.5 FTE)
    - The General Assembly expanded the state's property tax deferral program to allow homeowners of a primary residence to defer an increase in their property tax bill with any growth in that tax.
    - Treasury received funding to rebuild the software system for the property tax deferral program to accommodate the changes and an expected increase in participation, estimated at $70,000. It also received funding for .5 FTE to assist with program administration.

Program Utilization

The following table shows program participation and the average deferral since the program was transferred to the Department.

Deffered Property Tax Program			
Tax Year	# Participants	# Counties	Average Lien $
2021	540	15	$ 4,874.15
2022	910	20	$ 4,046.41
2023	1042	30	$ 5,039.50

* Information not provided

Notably, this program has seen a growth rate of 49% in applicants this year through 2/27 compared to the same period last year.

CoreLogic Contract

The CoreLogic Contract includes the licensing fee for the program's custom-designed platform as well as a call center (13 staff members), engineers and coding specialists (5-6 members), product website manager, phone lines, marketing, and continuous platform and system improvements. The dual-sided platform, one public-facing and the administrative back-end, is updated dynamically to meet the needs of the program. This automation replaced a manual process and only requires 2.5 FTE within the Department to manage. The system also helps rapidly identify and flag delinquent accounts.

According to the Department's submission to the Joint Technology Committee, the breakdown of the requested funding is shown in the table below for FY 2025-26. The renegotiated contract is a one-year reduction proposed by CoreLogic. The Department would need to renegotiate the contract again for FY 2026-27.

CoreLogic Contract		
Category	FY 2025-26	FY 2026-27
Annual License Fee	$ 1,669,914	N/A
Phone Line Expense	Waived	N/A
Contingency pricing for additional call center support	$ 31,912	N/A
Technology updates for payoff statements, interest calculation, and liens	$ 125,000	N/A
Managing Services for Google Analytics	$ 0	N/A
Total	$ 1,826,826	N/A

DPT Program Wind Down Option

During the figure setting discussion, Committee members expressed a desire to investigate what would be required to end the program. Because there are active participants in the program, this would come at a cost to the state at least through the next five years. However, additional ongoing funding would likely be required to support staff beyond the 5-year timeline until all loans and accounts in collections are paid off.

If the Committee pursues this approach, the proposal would end applications 4/1/25 for the 2025 tax year, and existing applicants would be grandfathered into the program until their loans are paid off in full or go into collections. One year of CoreLogic back-end data access as well as additional FTE would be needed to handle a responsible ramp-down of the program in FY 2025-26, estimated to cost $1.6 million General Fund.

The Department identified multiple risks associated with ending the program including significant financial hardship for owners, particularly as the primary demographic of participants in the program are seniors on fixed incomes (78% of all applicants). Additionally, as this program aims to alleviate the housing crisis, elimination would potentially worsen and catalyze a new housing crisis with a spike in individual or family displacement for Colorado homeowners who rely on the program. Finally, the proposed wind down would require a shift to manual administration which could open new risks due to manual errors.