



**COLORADO**

**Department of Local Affairs**

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# **FY 2022-23 Budget Request**

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# **COLORADO**

## **Department of Local Affairs**

Line Item Descriptions

FY 2022-23 Budget Request

**NOVEMBER 1, 2021**

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***(1) Executive Director's Office***

**(A) ADMINISTRATION**

**PERSONAL SERVICES**

This line item is for the base salaries, PERA, and Medicare expenses for the Executive Director's Office.

**HEALTH, LIFE, AND DENTAL**

This line item is appropriated at the department level for each division's Health, Life and Dental expenses.

**SHORT-TERM DISABILITY**

This line item is appropriated at the department level for each division's short term disability expenses.

**PAID FAMILY MEDICAL LEAVE INITIATIVE**

This line item is appropriated at the department level for each division's Proposition 118, Paid Family Medical Leave Initiative expenses.

**S.B. 04-257 AMORTIZATION EQUALIZATION DISTRIBUTION**

This line item is appropriated at the department level for each division's amortization equalization distribution (AED) expenses. These costs are defined in Section 24-51-411, C.R.S. They will remain at 5 percent beginning in FY 2017-18.

**S.B. 06-235 SUPPLEMENTAL AMORTIZATION EQUALIZATION DISTRIBUTION**

This line item is appropriated at the department level for each division's SAED expenses. These costs are defined in Section 24-51-411, C.R.S. They will remain at 5 percent beginning in FY 2017-18.

**PERA DIRECT DISTRIBUTION**

With the adoption of S.B. 18-200, the State will make an annual direct distribution payment of \$225 million to PERA to help eliminate the unfunded liability for the State, Judicial, School, and Denver Public School divisions. Beginning with the FY 2019-20 budget cycle, a new common policy line item was created to allocate the State division's portion of the \$225 million to all state agencies based on their proportional share of total payroll. This payment was suspended for one year pursuant to the adoption of H.B. 20-1379 ("Suspend Direct Distribution to PERA for FY 2020-21"). The payment resumed for FY22-23.

**SALARY SURVEY**

This line item is appropriated at the department level for each division's salary increases.

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### **WORKERS' COMPENSATION**

This line item provides funding to the Department of Personnel and Administration to support the State's self-insured workers' compensation program.

### **OPERATING EXPENSES**

This line item pays for expenses in the Executive Director's Office such as office supplies and in-state travel.

### **LEGAL SERVICES**

This line item funds the cost of purchasing legal services from the Department of Law. Beginning in FY 2017-18, these expenses are charged by an "allocated" methodology versus a "budgeted hours" methodology. This means that annual appropriations will be adjusted through a two-year "true-up".

### **PAYMENT OF RISK MANAGEMENT AND PROPERTY FUNDS**

The State's Risk Management program consists of two parts: the Liability Program and the Property Program. This line item pays for premiums related to these insurance coverages, broker services, third party administration fees, legal services related to these programs, and deductibles.

### **VEHICLE LEASE PAYMENTS**

This line item pays the costs that agencies incur from the State's vehicle lease-purchase loan payments plus a management fee collected by the Department of Personnel and Administration.

### **INFORMATION TECHNOLOGY ASSET MAINTENANCE**

This line item funds the Department's annual computer replacements and software maintenance.

### **LEASED SPACE**

This line item funds office space located around the State for the department's various field staff.

### **CAPITOL COMPLEX LEASED SPACE**

This line item provides funding for payments to the Department of Personnel and Administration for its management of the Department's office space within the Capitol Complex and the Grand Junction State Building.

### **PAYMENTS TO OIT**

This line item provides funding for payments to the Governor's Office of Information Technology (OIT) for its support of the State's Data Center, Colorado State Network, and other services to the Department, as well as support of OIT initiatives and staff.

**CORE OPERATIONS**

This line item provides funding to support the State's accounting system called the Colorado Operations Resource Engine (CORE).

**MOFFAT TUNNEL IMPROVEMENT DISTRICT**

The Moffat Tunnel Improvement District was formed by state statute in 1922 to finance the construction of a railroad tunnel under the Continental Divide. The legislature adopted S.B. 96-233, which set in motion an effort to sell the assets of the District, dissolve the elected commission that had managed the District since 1922, and, if any District assets could not be sold by 1998, transfer control of the District to the Department. As such, not all District assets were sold and control of the District was transferred to the Department in February 1998. The District is a legally distinct special district under Article 8 of Title 32 of the Colorado Revised Statutes and earns revenue from two leases: one with the Union Pacific Railroad and another with CenturyLink telecommunications. This line item funds costs to manage the Moffat Tunnel Improvement District.

**(B) STATE DEMOGRAPHY OFFICE**

Beginning in FY 2020-21, the State Demography Office was officially transferred from the Division of Local Government (DLG) to the Executive Director's Office. This was a budget neutral request that transferred 6.0 FTE and funding sources previously appropriated to DLG. The State Demography Office is Colorado's primary state agency for population and demographic information.

***(2) Property Taxation***

**DIVISION OF PROPERTY TAXATION**

This line item funds program costs for the division. Under the general laws of Colorado, county assessors are required to value all taxable property within their territorial jurisdictions. The Division of Property Taxation provides training, regulation, coordination, and administration of property tax law throughout the sixty-four counties within the state.

**STATE BOARD OF EQUALIZATION**

The State Board of Equalization has supervision over the administration of all laws concerning the valuation and assessment of taxable property and the levying of property taxes. This line item pays the Board's operating expenses.

**BOARD OF ASSESSMENT APPEALS**

This line item funds staff and operating expenses for the Board of Assessment Appeals (BAA). The BAA is currently composed of eight board members who meet to hear appeals by property taxpayers regarding decisions of county boards of equalization, county boards of commissioners, and the state property tax administrator on valuation of real and personal property, abatement of taxes, and exemptions for state-assessed properties. In order to improve accessibility to non-metro Denver counties, the BAA offers hearings by video conference and occasionally schedules hearings in Grand Junction and Alamosa as funding permits.



**INDIRECT COST ASSESSMENT**

The rate is applied to cash, re-appropriated, and federal fund sources according to the indirect rate cost recovery plan approved by the department's "cognizant" agency.

***(3) Division of Housing***

**(A) COMMUNITY AND NON-PROFIT SERVICES**

**(1) Administration**

**PERSONAL SERVICES**

This line item funds base salaries, PERA, and Medicare expenses for the Community and Non-Profit Services section of the division.

**OPERATING EXPENSES**

This line item funds operating expenses for the Community and Non-Profit Services section of the division, such as in-state travel, office supplies, fleet fuel costs, and postage.

**(2) Community Services**

**LOW INCOME RENTAL SUBSIDIES**

This line item provides a General Fund appropriation to support behavioral health vouchers for participants in the Assertive Community Treatment (ACT) program, Adult Resources for Care and Help (ARCH) vouchers, and Colorado Choice Transitions (CCT) program vouchers. The CCT program continues to receive increased funding from savings generated by H.B. 18-1326 ("Support for Transition from Institutional Settings"). This line item also funds federal Housing Choice Vouchers (f.k.a. Section 8 vouchers) that assist in obtaining affordable rental housing units for local workforce needs and for lower income families.

**HOMELESS PREVENTION PROGRAMS**

This line item includes the Homeless Prevention Activities Program created in Section 39-22-1302 (1), C.R.S., and the federal Department of Housing and Urban Development (HUD) program that also supports homeless prevention activities, including the operation of shelters and assistance to families who have received eviction notices or utility service termination notices. This line item does not include entitlement moneys granted on a formula basis directly to the cities of Denver and Colorado Springs.

**(3) FORT LYON SUPPORTIVE HOUSING PROGRAM**

The General Fund appropriation of assists in the treatment and housing of homeless veterans and other individuals by the Colorado Coalition for the Homeless (CCH). The program support up to 247 residents every month. A portion of this appropriation is also provided to Bent County for utilities, repair, and maintenance of the residential campus.

**(B) FIELD SERVICES**

**AFFORDABLE HOUSING PROGRAM COSTS**

In addition to paying for program field staff and operating expenses associated with the Affordable Housing Construction Grants and Loans Pursuant to Section 24-32-721, C.R.S. line item, this line item provides statutory funding to reimburse expenses associated with the Bond Allocations Committee, which consists of the Executive Director, four municipal and county officials, three citizens at large, and one representative of state-issuing authorities. The Private Activity Bond Program allocates its capped bond amounts among the issuing authorities of the state. This line item also funds the Home Modification Program, which administers the home modification benefit by overseeing construction duties, bid review, and the management of assets for Medicaid eligible clients. Beginning in FY 2019-20, this line item began receiving additional dollars and FTE to support new funding received from H.B. 19-1245 (“Provide Affordable Housing Funding from Changes to Vendor Fee”).

**AFFORDABLE HOUSING CONSTRUCTION GRANTS AND LOANS PURSUANT TO SECTION 24-32-721, C.R.S.**

This line item provides Housing Development Grants and Loans supported by the General Fund, Marijuana Tax Cash Fund, and federal grants and loans that are provided to local governments and affordable housing developers to improve, preserve, or expand the supply of affordable housing, as well as to fund the acquisition of housing and economic data necessary to advise the board on local housing conditions. The housing must be owned or occupied by persons with moderate to low incomes. Local housing authorities, private developers, nonprofit corporations, cities, and counties may apply for financing. Most grants require a contribution from the community served.

The Department is granted statutory authority to operate the Affordable Housing Construction Grants and Loans Program pursuant to Section 24-32-721, C.R.S., and is empowered to “encourage private enterprise and all public and private agencies engaged in planning, construction, and acquisition of adequate housing or the rehabilitation of existing housing in Colorado.” The State Housing Board advises the Department on housing needs, reviews financing requests, and adopts manufactured housing regulations.

In addition, this line item has funding from the Marijuana Tax Cash Fund since FY 2017-18 to provide construction funding, rental assistance, administration, and case management for people with substance use and mental health issues who require supportive services to obtain and retain housing. This includes individuals exiting or at risk of entering the criminal justice system. Funds may be transferred to the Low Income Rental Subsidies line item for the purpose of issuing housing vouchers for this same population. Although not

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appropriated in the Long Bill, this program is also receiving funding pursuant to H.B. 19-1245 (“Provide Affordable Housing Funding from Changes to Vendor Fee”).

Pursuant to H.B. 21-1028 and the Annual Public Report Affordable Housing, commencing for 2021, and every year thereafter as part of the presentation by the Department to its legislative oversight committees in connection with its "State Measurement for Accountable, Responsive, and Transparent (SMART) Government Act" hearing, the act requires the Division of Housing (Division) to prepare a public report that specifies the total amount of money that:

- The Division or the State Housing Board (board) was appropriated, awarded, allocated, or transferred from any federal, state, other public, or any private source during the prior fiscal year that may be used for the preservation or production of emergency or affordable housing;
- The Division or the board has awarded from any federal, state, other public, or any private source during the prior fiscal year that may be used for the preservation or production of emergency or affordable housing; and
- The Division or the board expended from state funding during the prior fiscal year on administrative costs associated with each funding source and the number of full-time employees supported by the funding source.

The act identifies various items the report must address. The report must be posted on the division's website and shared with the Board as well as DOLA's legislative oversight committees as part of its SMART Government Act hearing.

### **HOUSING ASSISTANCE FOR PERSONS TRANSITIONING FROM THE CRIMINAL OR JUVENILE JUSTICE SYSTEM**

S.B. 17-021 established a housing program for persons with mental illness transitioning from the criminal or juvenile justice systems and directed the Department to manage this program. It is intended to provide grants or loans for the acquisition, construction, or rehabilitation of rental housing for persons with a mental health disorder or co-occurring behavioral health disorder, who are newly released from the Department of Corrections (DOC), the Division of Youth Corrections (DYC) in the Department of Human Services (DHS), or county jails throughout Colorado. This program was modified with adoption of H.B. 20-1262, which eliminated the transfer mechanism established by S.B. 17-021 and provided for direct funding of this program by the Joint Budget Committee and the General Assembly. This line began receiving appropriations from the General Fund in FY 2020-21.

### **MANUFACTURED BUILDINGS PROGRAM**

This program provides education and training to the mobile, manufactured, and factory-built structures industry regarding the building codes and state program requirements applicable to these types of structures within the state. Training is also provided across the State to help consumers make informed decisions when purchasing or considering the purchase of a mobile, manufactured, or factory built

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home. Lastly, grants and related education are available to help manufacturers, installers, owners, and other members of the mobile, manufactured, or factory-built structures industry address safety issues affecting these types of existing residential structures. The adoption of H.B. 08-1319 stipulates that every factory-built structure occupied on or after March 1, 2009, must be certified by this program. This legislation also established specific educational, testing, and liability insurance coverage requirements for manufactured home, mobile home, and factory-built residential structure installers and installation inspectors.

### **MOBILE HOME PARK OVERSIGHT PROGRAM**

Implementation of H.B. 19-1309 (“Mobile Home Park Act Oversight”) created a regulatory framework for mobile home parks and established a registration fee to generate revenue for administering the Program. The cash fund that supports this program is continuously appropriated and is reflected as informational in the Department’s Long Bill.

### **(C) INDIRECT COST ASSESSMENTS**

The rate is applied to cash, re-appropriated, and federal fund sources according to the indirect rate cost recovery plan approved by the Department’s “cognizant” agency.

## ***(4) Division of Local Government***

### **(A) LOCAL GOVERNMENT AND COMMUNITY SERVICES**

#### **(1) Administration**

#### **PERSONAL SERVICES**

This line item funds salaries, PERA, and Medicare expenses for staff in the Local Government and Community Services section who provide technical and financial assistance to local governments, administer elections for special districts, and manage “5.5% Limit” property tax compliance programs as defined in Sections 29-1-301 to 305, C.R.S. Beginning in FY 2019-20, additional dollars and FTE were provided to this line item for H.B. 19-1292 (“Reauthorization of Colorado Resiliency Office Funding”).

#### **OPERATING EXPENSES**

This line item funds operating expenses for the division, such as in-state travel, office supplies, and postage. Beginning in FY 2019-20, additional dollars were provided to this line item for H.B. 19-1292 (“Reauthorization of Colorado Resiliency Office Funding”).

#### **STRATEGIC PLANNING GROUP ON COLORADANS AGE 50 AND OVER**

These funds are provided to continue the work of the Strategic Action Planning Group on Aging (SAPGA) created by H.B. 15-1033 and established in Section 24-32-3404, C.R.S. The Department is no longer directly involved with SAPGA and only serves as the nexus between the members of SAPGA and the State’s fiscal and procurement rules. These funds support additional studies and other services as SAPGA prepares the final update to its Strategic Action Plan due November 1, 2020.

**(A) (2) Local Government Services**

**CONSERVATION TRUST FUND DISBURSEMENTS**

After payment of administrative expenses, the remaining funds are distributed from the Conservation Trust Fund to over 400 eligible local entities pursuant to a statutory formula. The funds received fluctuate with lottery sales revenue.

**VOLUNTEER FIREFIGHTER RETIREMENT PLANS**

This line item funds the state contribution to eligible local governments for volunteer firefighter pension funds. These amounts are not subject to the six percent limit on General Fund appropriations and are distributed according to a statutory formula providing matching funding for each local governments contributions to their volunteer firefighter pension fund.

**VOLUNTEER FIREFIGHTER DEATH AND DISABILITY INSURANCE**

This line item funds the statewide volunteer firefighter accidental death and disability insurance policy. The division works with DPA's Division of Risk Management to contract for Accidental Death, Dismemberment, and Disability Insurance that covers all volunteer firefighters in Colorado for any on-duty activities, including travel to and from any event.

**FIREFIGHTER HEART AND CIRCULATORY MALFUNCTION BENEFITS**

This line item includes amounts originally provided in S.B. 14-172 for the administration of a self-insured pool for Firefighter Heart and Circulatory Malfunction Benefits. These funds are deposited in the Firefighter Benefits Cash Fund established in Section 29-5-302 (11), C.R.S. Reimbursements to municipalities, special districts, fire authorities, or county improvement districts are estimated at approximately \$150 per firefighter per year.

**LOCAL UTILITY MANAGEMENT ASSISTANCE**

This program works with local governments, the Colorado Water Resources and Power Development Authority (CWRPDA), and the Colorado Department of Public Health and Environment to review water and wastewater system needs in local areas, to provide analysis of the financial capacity of local governments applying for EPA-supported state revolving loan funds for water or wastewater treatment projects, and to assist in the development of financing options. This line item funds personal services and operating expenses for this program.

**ENVIRONMENTAL PROTECTION AGENCY – WATER/SEWER FILE PROJECT**

These federal dollars support staff who determines the eligibility and credit worthiness of local governments for EPA water and sewer loans through the Colorado Water Resources and Power Development Authority (CWRPDA).

**(3) Community Services**

**COMMUNITY SERVICES BLOCK GRANT**

This federal program provides formula-based grants to alleviate the causes and conditions of poverty in communities. Colorado has 31 eligible local entities working under nine CSBG federal objectives including employment, education, income management, housing, emergency services, nutrition, linkages with other federal and state programs, self-sufficiency, and health. Community Services Block Grants are not open for applications; grants are provided to previously eligible entities across Colorado.

**(B) FIELD SERVICES**

**PROGRAM COSTS**

This line item supports the salaries and operating expenses of field staff in local regions who provide technical assistance on all statewide local government issues, community development, rural community development, Main Street, land use and strategic planning, Rural Economic Development Initiative (REDI) grants, administration of grant programs including the Energy and Mineral Impact Program, Limited Gaming, Search and Rescue, Geothermal, and Community Development Block Grants.

**COMMUNITY DEVELOPMENT BLOCK GRANT**

This line represents funds provided by the federal government to support “non-entitlement” municipalities and counties in carrying out community development activities. The funds must be used for activities that benefit either low- and moderate-income persons, prevent or eliminate slums or blight, or address urgent community development needs. While the Department of Local Affairs administers the funds for smaller rural communities, metro areas receive their funding directly from the federal government on an entitlement basis.

**LOCAL GOVERNMENT MINERAL AND ENERGY IMPACT GRANTS AND DISBURSEMENTS**

The Energy and Mineral Impact Assistance Program provides assistance to political subdivisions that are socially or economically impacted by the development, processing, or conversion of minerals and mineral fuels. Funds come from the state severance tax on energy and mineral production and from a portion of the State's share of royalties paid to the federal government for mining and drilling of minerals and mineral fuels on federally-owned land. Funds are distributed through this program through both statutory formula distributions (30% of annual receipts) and competitive grant programs (70% of annual receipts).

**LOCAL GOVERNMENT LIMITED GAMING IMPACT GRANTS**

This line provides financial assistance to local governments to address documented gaming impacts stemming from limited stakes gaming in Gilpin and Teller counties, as well as on Native American lands. Limited stakes gaming has been in existence in these communities since voter approval in 1990. The program is financed with a portion of state taxes on limited gaming activities in these municipalities. Pursuant to S.B. 13-133, the program’s distribution was changed from a percentage basis of total revenue to \$5 million each fiscal year beginning July 1, 2013. This amount was further modified by S.B. 18-191. The gaming tax revenue transfer that supports this program was suspended for FY 2020-21 and FY 2021-22 pursuant to H.B. 20-1399 (“Suspend Limited Gaming Tax Transfer to

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Cash Funds”). For those two years, the Local Government Limited Gaming Impact Fund received a total of \$1,875,000 General Fund to fund program administration, salary and non-salary centrally-appropriated line items, indirect costs, program grants, and the gambling addiction program in the Department of Human Services. The program’s funding returns to proceeds transferred from the limited gaming tax for FY2022-23.

### **LOCAL GOVERNMENT GEOTHERMAL ENERGY IMPACT GRANTS**

This line provides up to \$50,000 in cash fund spending authority to provide Geothermal Energy Impact Grants to local governments impacted by ongoing geothermal resource industry activity in their respective communities, pursuant to Section 34-63-105, C.R.S. This grant program is funded from the State’s share (50%) of proceeds from federal leases under the Geothermal Steam Act.

### **RURAL ECONOMIC DEVELOPMENT INITIATIVE GRANTS**

The Department receives General Fund for the purposes of diversifying Colorado’s rural economies and enabling these districts to be less dependent on one large employer or industry. The grant program received one-time General Fund stimulus of \$5,000,000 pursuant to S.B. 21-204 for FY 2021-22.

### **SEARCH AND RESCUE PROGRAM**

The Search and Rescue (SAR) Fund was created to reimburse political subdivisions and search and rescue organizations for the costs incurred in conducting search and rescue operations and to provide funding for the purchase of search and rescue equipment and training. The fund is financed with a \$0.25 surcharge on hunting licenses, fishing licenses, boat registrations, snowmobile registrations, off-highway vehicle registrations, and by the sale of the Colorado Outdoor Recreation Search and Rescue (CORSAR) cards.

### **GRAY AND BLACK MARKET MARIJUANA ENFORCEMENT GRANT PROGRAM**

Created by H.B. 17-1221, this program authorizes the Department to award grants from the Marijuana Tax Cash Fund to local law enforcement agencies and district attorneys to cover investigation and prosecution costs associated with unlicensed and illegal marijuana cultivation or distribution operations. The legislation outlines priorities for the grant program and requires DOLA to establish related policies and procedures. The Department is required to provide an annual update about this program in its annual SMART Act Hearing beginning November 1, 2019.

### **H.B. 17-1326 CRIME PREVENTION INITIATIVE GRANTS**

Created by H.B. 17-1326, this program authorizes the Department to provide \$3 million General Fund in grants designed to reduce crime and promote community development in north Aurora and southeast Colorado Springs. Beginning with the FY 2018-19 Long Bill, this program is now comprised of two line items. The program was expanded to the communities of Grand Junction and Trinidad and the sunset for this program was extended from September 1, 2023, to September 1, 2027 by H.B. 21-1215 (“Expansion Of Justice Crime Prevention Initiative”).

**APPROPRIATION TO THE PEACE OFFICERS MENTAL HEALTH SUPPORT FUND**

This line item is appropriated \$2 million General Fund to support the Peace Officers Mental Health Support Granted Program as described below. These dollars are re-appropriated.

**PEACE OFFICERS MENTAL HEALTH SUPPORT GRANT PROGRAM**

This program was created by H.B. 17-1215 to encourage county sheriffs and municipal police departments to adopt policies that enable mental health professionals to provide on-scene response services to support law enforcement's interaction with persons with mental health disorders and to provide counseling services to officers. This program is funded through a \$2 million General Fund transfer from the 'Appropriation to the Peace Officers Mental Health Support Fund' line item to the Peace Officers Mental Health Support Fund created in Section 24-32-3501 (10)(a), C.R.S. Pursuant to the associated legislation, up to five percent of program dollars may be utilized to cover administrative costs. The list of eligible law enforcement agencies is expanded by H.B. 19-1244 to include State and higher education law enforcement personnel.

**DEFENSE COUNSEL ON FIRST APPEARANCE GRANT PROGRAM**

This program was created by H.B. 18-1353 to reimburse local governments, in full or in part, for their costs associated with providing counsel to defendants at their first appearance in municipal court.

**LAW ENFORCEMENT COMMUNITY SERVICES GRANT PROGRAM**

This program was created by H.B. 18-1020 to provide funding to law enforcement entities, local governments, and community organizations to improve services to the community through policing, outreach, drug intervention, prevention, treatment, recovery, technology, training, and other community services. The Department is not required to start the grant program until sufficient funds have been deposited in the associated cash fund. Five percent of these funds can be used for administration of the grants. The Department received the initial appropriation of \$200,000 for this grant program in FY 2021-22.

**(C) INDIRECT COST ASSESSMENTS**

The rate is applied to cash, re-appropriated, and federal fund sources according to the indirect rate cost recovery plan approved by the department's "cognizant" agency.