



**Colorado  
Legislative  
Council  
Staff**

**HB17-1144**

**FISCAL NOTE**

**FISCAL IMPACT:**  State  Local  Statutory Public Entity  Conditional  No Fiscal Impact

**Drafting Number:** LLS 17-0323

**Date:** February 14, 2017

**Prime Sponsor(s):** Rep. Esgar  
Sen. Baumgardner

**Bill Status:** House Finance  
**Fiscal Analyst:** Kori Donaldson (303-866-4976)

**BILL TOPIC:** AMEND CAPITAL CONSTRUCTION AUTOMATIC FUNDING MECHANISM

Fiscal Impact Summary	FY 2017-2018	FY 2018-2019
State Revenue		
State Expenditures	<u>See State Expenditures section.</u>	
<b>Appropriation Required:</b> Indeterminate for multiple state departments for FY 2018-19.		
<b>Future Year Impacts:</b> Ongoing increase in appropriations for multiple state departments.		

**Summary of Legislation**

The bill, *recommended by the Capital Development Committee*, changes how depreciation equivalent payments from cash fund sources are recorded by state departments. Senate Bill 15-211 created a process to annually set aside an amount equal to the calculated depreciation of a capital asset funded through the capital construction section of the Long Bill. Under current law, if a state department project is paid in whole or part from a cash fund source, the state department is required to calculate the depreciable cost of the project and, once the depreciation period begins, to set aside an amount equal to the calculated depreciation in a capital reserve account created within the cash fund. This bill requires these payments to be appropriated to a capital reserve account within the cash fund through the operating section of the Long Bill.

The bill also clarifies that monies allocated to the Division of Parks and Wildlife from lottery proceeds are exempt from the set-aside and appropriation requirements.

**State Expenditures and Appropriations**

The bill requires that the amount of the calculated depreciation set-aside for cash-funded projects be appropriated through the Long Bill. It does not change the amount of the calculated set-aside, where the set-aside amount will be held, or the amount that will be spent from any set-aside funds. Therefore, while the bill is expected to increase cash fund appropriations beginning in FY 2017-18, it does not create a corresponding increase in the amount of spending in any fiscal year.

The total set-aside amount for FY 2018-19 is not estimated because it depends on a number of factors that cannot be determined at this time, including: when state departments will begin recording depreciation on cash-funded projects authorized and completed since FY 2015-16; the amount of each project's total cost that is depreciable; and the length of the depreciation period for each of the assets improved or constructed through a cash funds appropriation. Capital projects typically take more than a single fiscal year to complete. Furthermore, not all capital costs are depreciable and the length of the depreciation period varies based on the type of repairs made or construction undertaken by a project. This fiscal note assumes that the appropriations required under the bill will be addressed through the annual budget process.

### **Effective Date**

The bill takes effect August 9, 2017, if the General Assembly adjourns on May 10, 2017, as scheduled, and no referendum petition is filed.

### **State and Local Government Contacts**

State Departments

Governor

Information Technology