

**JBC STAFF FISCAL ANALYSIS
SENATE APPROPRIATIONS COMMITTEE**

CONCERNING THE PROVISION OF STATE FINANCIAL ASSISTANCE FOR PUBLIC SCHOOL CAPITAL CONSTRUCTION, AND, IN CONNECTION THEREWITH, INCREASING THE AMOUNT OF RETAIL MARIJUANA EXCISE TAX REVENUE THAT IS CREDITED TO THE PUBLIC SCHOOL CAPITAL CONSTRUCTION ASSISTANCE FUND, INCREASING THE MAXIMUM TOTAL AMOUNT OF ANNUAL LEASE PAYMENTS PAYABLE BY THE STATE FOR FINANCIAL ASSISTANCE PROVIDED UNDER THE TERMS OF LEASE-PURCHASE AGREEMENTS, MORE PRECISELY TYING THE TOTAL AMOUNT OF FINANCIAL ASSISTANCE PROVIDED TO CHARTER SCHOOLS TO THE NUMBER OF STUDENTS ENROLLED IN CHARTER SCHOOLS, AND MAKING AN APPROPRIATION.

Prime Sponsors: Representative Bird
Senator Zenzinger

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Fiscal Impact of Bill as Amended to Date

The most recent Legislative Council Staff Revised Fiscal Note (attached) reflects the fiscal impact of the bill as of 04/22/19.

XXX	No Change: Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill
	Update: Fiscal impact has changed due to <i>new information or technical issues</i>
	Update: Fiscal impact has changed due to <i>amendment adopted</i> after LCS Fiscal Note was prepared
	Non-Concurrence: JBC Staff and Legislative Council Staff disagree about the fiscal impact of the bill

Amendments in This Packet for Consideration by Appropriations Committee

Amendment	Description
None.	

Current Appropriations Clause in Bill

The bill includes an appropriation clause that appropriates the following cash funds appropriations to the Department of Education: (1) \$4.25 million from the Charter School Facilities Assistance Account in FY 2018-19 (originating as a transfer from the Public School Capital Construction Assistance Fund); and (2) a total of \$80,656,559 in FY 2019-20, including \$80,000,000 originating from the Public School Capital Construction Assistance Fund and \$656,559 from the State Education Fund. The following table summarizes the bill's appropriations.

Appropriations in Amendment L.007 to H.B. 19-1055	
Activity/Cash Fund Source	Appropriation in Amendment L.007
FY 2018-19 Appropriation Adjustment	
State Aid for Charter School Facilities (Transferred from Public School Capital Construction Assistance Fund to Charter School Facilities Assistance Account and then appropriated)	\$4,250,000
FY 2019-20 Appropriations	
B.E.S.T. Program - Cash Grants (Public School Capital Construction Assistance Fund)	\$50,000,000
Full-day Kindergarten Implementation (Transferred from Public School Capital Construction Assistance Fund to Full-day Kindergarten Facility Capital Construction Fund and then appropriated)	25,000,000
B.E.S.T. Program - Lease-purchase Payments (Public School Capital Construction Assistance Fund)	5,000,000
State Aid for Charter School Facilities (State Education Fund)	656,559
Total FY 2019-20 Appropriations	\$80,656,559

Points to Consider

Public School (Permanent) Fund Impact

Current law credits the greater of \$40.0 million or 90.0 percent of marijuana excise taxes to the Public School Capital Construction Assistance Fund to support the Building Excellent Schools Today (B.E.S.T.) Program and deposits the remaining marijuana excise taxes into the Public School (Permanent) Fund, which then generates interest to support a variety of educational programs. Beginning in FY 2019-20, this bill credits all marijuana excise tax revenues to the Public School Capital Construction Assistance Fund, eliminating transfers to the Permanent Fund. For example, the March 2019 Legislative Council Staff Revenue Forecast anticipates a total of \$62.5 million in marijuana excise tax revenues in FY 2019-20. Current law would credit 90.0 percent of that amount (\$56.3 million) to the Public School Capital Construction Assistance Fund and the remaining \$6.2 million to the Permanent Fund. This bill would credit the entire amount to the Public School Capital Construction Assistance Fund for B.E.S.T. and eliminate the deposit to the Permanent Fund.

Revenue Source

The bill increases the statutory cap on the Department's annual debt service payments for the B.E.S.T. program to \$105.0 million in FY 2019-20 and \$110.0 million in FY 2020-21 and subsequent years. Current law caps the state share of annual lease payments to no more than 50.0 percent of the statutory cap on the *total lease payments* (that is, no more than \$55.0 million of the \$110.0 million limit proposed for FY 2020-21 and beyond). As discussed in the Revised Fiscal Note,

the program's primary sources of state revenues are School Trust revenues from State Land Board lands and marijuana excise tax revenues. As indicated in Table 2 on page 3 of the attached Fiscal Note, State Land Board revenues can fluctuate significantly. In addition, according to the March 2019 Revenue Forecast, marijuana excise tax revenues are projected to continue to decline annually. After spending down the B.E.S.T. Program's available fund balance in the Assistance Fund, ongoing revenues may not be sufficient to support \$55.0 million per year in state funding for lease payments and still maintain current levels of funding for cash grants (\$85.0 million in FY 2018-19).

Future Budget Processes

The bill will increase the amount of marijuana excise tax revenues credited to the Charter School Facilities Assistance Account within the Public School Capital Construction Assistance Fund. Pursuant to Section 22-43.7-110.3 (1), C.R.S., this account is subject to annual appropriation. The FY 2019-20 Long Bill includes an appropriation of \$8.0 million from this account. The General Assembly can make the extra revenues available by increasing the appropriation for FY 2019-20, or by appropriating the additional revenues that are credited to the account in subsequent fiscal years.