



Legislative
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FISCAL NOTE

Drafting Number: LLS 20-1330	Date: June 11, 2020
Prime Sponsors: Rep. Esgar; McCluskie Sen. Moreno	Bill Status: House Appropriations
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Bill Topic: **LIMIT EMERGENCY SPENDING & AUTHORIZE ADDITIONAL APPROP**

- Summary of Fiscal Impact:**
- | | |
|---|--|
| <input type="checkbox"/> State Revenue | <input type="checkbox"/> TABOR Refund |
| <input checked="" type="checkbox"/> State Expenditure | <input type="checkbox"/> Local Government |
| <input type="checkbox"/> State Transfer | <input type="checkbox"/> Statutory Public Entity |

The bill adds oversight requirements regarding disaster spending and continues certain rules regarding interdepartmental transfers and overexpenditures. The bill increases workload and costs in several state departments on an ongoing basis.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The fiscal note reflects the introduced bill.

**Table 1
State Fiscal Impacts Under HB 20-1426**

		FY 2020-21	FY 2021-22	FY 2022-23
Revenue		-	-	-
Expenditures	General Fund	-	-	\$10,743
	Centrally Appropriated	-	-	\$2,891
	Total	-	-	\$13,634
	Total FTE	-	-	0.2 FTE
Transfers		-	-	-
TABOR Refund		-	-	-

Summary of Legislation

The bill requires the Executive Committee of the Legislative Council to meet with the Governor at specified dates following the declaration of a disaster emergency by the Governor. The bill also establishes oversight requirements regarding disaster spending and continues several statutes related to transfers between and overexpenditures by departments.

Disaster spending reporting. Beginning September 20, 2020, the Office of State Planning and Budgeting (OSPB) must submit a regular report on use of the Disaster Emergency Fund to the Joint Budget Committee (JBC) and post the report on its website. OSPB must also submit to the JBC and post on its website a report on the use of federal funds associated with a disaster.

Beginning December 1, 2022, the Office of the State Auditor (OSA) must conduct a performance audit of the fund covering the past two fiscal years. By December 1, 2024 and every two years thereafter, OSA must conduct a financial audit of the fund.

Transfers and overexpenditures. Current law establishes circumstances and limitations under which state departments can make transfers or incur overexpenditures, which are limited to \$5.0 million in the executive branch and \$1 million in the judicial branch in any fiscal year. These authorizations are scheduled to repeal on September 1, 2020. The bill continues them for five years, until September 1, 2025.

Specifically, these circumstances allow for:

- transfers of centralized appropriations;
- transfers between the Department of Health Care and Policy Financing and the Department of Human Services for materially similar and corresponding appropriations, based on Medicaid earned funds or as allowed by a long bill footnote;
- transfers of appropriations within a department for "like purposes," subject to approval by the Governor or Chief Justice, as applicable; and
- overexpenditures of an appropriation within the statutory purpose of a program, accomplishable within the available fund balance, and with permission of the Governor or Chief Justice, as applicable, provided that the department's subsequent fiscal year budget is restricted by the same amount, unless it seeks a supplemental appropriation.

State Expenditures

The bill increases state expenditures in OSA and OSPB, shown in Table 2 and discussed below.

Table 2
Expenditures Under HB 20-1426

	FY 2020-21	FY 2021-22	FY 2022-23
Office of the State Auditor			
Personal Services	-	-	\$10,743
Centrally Appropriated Costs*	-	-	\$2,891
Total Cost	-	-	\$13,634
Total FTE	-	-	0.2 FTE

* Centrally appropriated costs are not included in the bill's appropriation.

Office of the State Auditor. This bill increases state expenditures in the Office of the State Auditor by a total of \$13,634 and 0.2 FTE in FY 2022-23 and every second year thereafter to conduct financial audits of the Disaster Emergency Fund. Workload for performance audits can be accomplished within existing appropriations.

Office of State Planning and Budgeting. Beginning in FY 2020-21, the bill increases workload in OSPB to complete the quarterly reporting requirement. Any increase in workload is expected to be minimal, and no change in appropriation is required.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are estimated to be \$2,891 in FY 2021-22.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State and Local Government Contacts

All State Agencies