

**JBC STAFF FISCAL ANALYSIS
SENATE APPROPRIATIONS COMMITTEE**

CONCERNING TEMPORARY ASSISTANCE FOR INDIVIDUALS WHO ARE FACING A FINANCIAL HARDSHIP DUE TO THE COVID-19 PANDEMIC, AND, IN CONNECTION THEREWITH, CREATING THE EMERGENCY DIRECT ASSISTANCE GRANT PROGRAM AND TRANSFERRING MONEY TO THE EMERGENCY DIRECT ASSISTANCE GRANT PROGRAM FUND AND TO THE HOUSING DEVELOPMENT GRANT FUND AND THE EVICTION LEGAL DEFENSE FUND FOR THIS ASSISTANCE.

Prime Sponsors: Sens. Gonzales and Holbert
Reps. Exum and Tipper

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Date Prepared: November 30, 2020

Appropriation Items of Note

Appropriation Required, Amendment in Packet

General Fund/TABOR Impact

Fiscal Impact of Bill as Amended to Date

The most recent Legislative Council Staff Fiscal Note (attached) reflects the fiscal impact of the bill as of 11/30/20.

	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>
XXX	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

The Senate Finance Committee Report (11/30/20) includes amendments that increase the General Fund transfer to the Housing Development Grant Fund from \$44,500,000 to \$54,000,000 and also increases the General Fund transfer to the pandemic subaccount of the Eviction Legal Defense Fund from \$500,000 to \$1,000,000. Legislative Council Staff agrees that for FY 2020-21, the required appropriation is increased to \$1,000,000 from the pandemic subaccount of the Eviction Legal Defense Fund to the Judicial Department. The appropriation of \$16,751 reappropriated funds to the Governor's Office of Information Technology is unchanged.

Amendments in This Packet for Consideration by Appropriations Committee

Amendment	Description
J.001	Staff-prepared appropriation amendment

Current Appropriations Clause in Bill

The bill requires but does not contain an appropriation clause.

Description of Amendments in This Packet

J.001 Staff has prepared amendment **J.001** (attached) to add a provision appropriating a total of \$1,000,000 cash funds from the pandemic subaccount of the Eviction Legal Defense Fund to the Judicial Department and \$16,751 reappropriated funds from the General Fund transfer to the Housing Development Grant Fund within the Department of Local Affairs to the Office of Information Technology in the Governor's Office for FY 2020-21.

Points to Consider*General Fund Impact*

The FY 2020-21 transfers of \$54.0 million General Fund into the Housing Development Grant Fund, \$5.0 million General Fund into the Emergency Direct Assistance Grant Program Fund, and \$1.0 million General Fund into the pandemic subaccount of the Eviction Legal Defense Fund included in this bill will reduce the amount of General Fund available for other purposes in FY 2020-21 or FY 2021-22 by \$60.0 million.

There is significant uncertainty regarding the total amount of General Fund revenue that will be available in FY 2020-21 and FY 2021-22.

- *FY 2019-20 General Fund Reserve.* Based on the September 2020 economic forecasts, both the Office of State Planning and Budgeting (OSPB) and Legislative Council Staff (LCS) anticipate the General Fund reserve for the fiscal year ending June 30, 2020 to exceed the statutorily required reserve of \$363.5 million (3.07 percent of FY 2019-20 General Fund appropriations). OSPB anticipates an excess reserve of \$1,427.2 million and LCS anticipates an excess reserve of \$1,265.5 million.
- *FY 2020-21 General Fund Reserve.* The required General Fund reserve for the fiscal year ending June 30, 2021 is 2.86 percent of FY 2020-21 General Fund appropriations (currently \$306.9 million). Based on the September 2020 economic forecasts, both OSPB and LCS anticipate the General Fund reserve for the fiscal year ending June 30, 2021 to exceed the statutorily required reserve.
- *General Fund Revenue Uncertainty.* The OSPB and LCS projections of gross General Fund revenues to be collected in FY 2020-21 differ significantly, with the OSPB projections exceeding those of LCS by \$887.6 million in FY 2020-21 and by \$292.0 million in FY 2021-22. In addition, the quarterly September 2020 economic forecasts do not reflect the revenue impacts of voter-approved statewide ballot measures (e.g., Proposition 116 which reduced the state income tax rate) or the economic impacts associated with the recent increases in COVID-19 cases. The economic forecasts that will be released on Friday, December 18, 2020, will reflect these impacts.