

**JBC STAFF FISCAL ANALYSIS
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING RESOURCES FOR DISASTER PREPAREDNESS AND RECOVERY, AND, IN CONNECTION THEREWITH, CREATING THE DISASTER RESILIENCE REBUILDING PROGRAM, THE SUSTAINABLE REBUILDING PROGRAM, THE OFFICE OF CLIMATE PREPAREDNESS, AND MAKING AN APPROPRIATION.

Prime Sponsors: Senator Fenberg
Representative Amabile

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Appropriation Items of Note

Appropriation Required, Amendment in Packet

General Fund Impact

New Cash Funds (with Continuous Appropriation)

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 04/29/22.

	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 Appropriations Committee Report (05/02/22), adopted by the Senate on Second reading with a floor amendment (05/02/22), and the House State, Civic, Military, and Veterans Affairs Committee Report (05/04/22) include amendments to the bill. Legislative Council Staff and JBC Staff agree that the amendments reduce General Fund revenue from sales and use tax between an estimated \$6.0 million and \$7.4 million in FY 2022-23. The amendments also direct the Department of Public Safety to create and maintain a portal for wildfire survivors, which increases the General Fund appropriation required by \$886,927 General Fund.

Amendments in This Packet for Consideration by Appropriations Committee

Amendment	Description
J.002	Staff-prepared appropriation amendment
L.018	Bill Sponsor amendment - changes the fiscal impact

Current Appropriations Clause in Bill

The bill includes an appropriation clause that provides a total of \$1,184,123 to multiple state agencies for FY 2022-23, including \$905,218 General Fund and \$230,000 cash funds from the Division of Insurance Cash Fund. This provision also states that the appropriation is based on the assumption that the impacted agencies will require an additional 7.3 FTE. The appropriations include:

- \$472,137 General Fund for the Office of the Governor, including a provision that states the appropriation is based on the assumption the Office will require an additional 2.7 FTE;
- \$29,571 reappropriated funds to the Department of Law;
- \$233,837 General Fund to the Department of Local Affairs including the assumption that the department will require an additional 2.8 FTE;
- \$91,937 General Fund to the Department of Agriculture including the assumption that the department will require an additional 0.9 FTE
- \$107,307 General Fund to the Department of Natural Resources including the assumption that the department will require an additional 0.9 FTE
- \$19,334 reappropriated funds to the Department of Personnel; and
- \$230,000 cash funds to the Department of regulatory Agencies.

The current appropriations clause does not provide \$886,927 General Fund for the Department of Public Safety to create and maintain a portal for wildfire survivors as require by the House State, Civic, Military, and Veterans Affairs amendment (05/04/22).

Description of Amendments in This Packet

J.002 Staff has prepared amendment **J.002** (attached) to add a provision appropriating a total of \$886,927 General Fund to the Department of Public Safety for FY 2022-23. This provision also states that the appropriation is based on the assumption that the Department will require an additional 1.8 FTE.

L.018 Bill Sponsor amendment **L.018** (attached) eliminates the sales and use tax exemptions added by the House State, Civic, Military, and Veterans Affairs Committee Report. Legislative Council Staff and JBC Staff agree that adopting amendment **L.018** will eliminate the revenue reduction identified above, which was estimated to be between \$6.0 million and \$7.4 million.

The Committee should adopt amendment J.002 regardless of whether it adopts amendment L.018.

Points to Consider

Technical Issue

Of the amount required by the Department of Public Safety to implement the bill, \$18,267,618 is identified as coming from the Colorado Firefighting Air Corps Fund, which is continuously appropriated. The corpus of the fund is a transfer of \$15.5 million from the Disaster Emergency Fund. Is it the General Assembly's intent to direct the Department of Public Safety to implement the bill without sufficient funding?

General Fund Impact

The Joint Budget Committee has proposed a budget package for FY 2022-23 based on the March 2022 Legislative Council Staff revenue forecast. The budget package includes two set-asides:

- \$40.0 million General Fund for bills that create ongoing obligations; and
- \$900.0 million General Fund for bills that create one-time obligations in FY 2022-23.

The \$40.0 million *appropriations* set-aside includes an additional \$6.0 million General Fund to provide a 15.0 percent General Fund reserve for those appropriations. The \$900.0 million *obligations* set-aside does not include an additional amount for a General Fund reserve and, assumes, but does not require, that obligations be addressed through statutory transfers rather than appropriations. Therefore *appropriations* from the \$900.0 million set-aside require an additional 15.0 percent to maintain the statutory General Fund reserve.

This bill creates a one-time obligation and includes a General Fund transfer of \$35.0 million for FY 2021-22, reducing the \$900.0 million set aside by the same amount. It also creates an ongoing obligation of \$905,218 General Fund, which would reduce the \$40.0 million set aside by that amount.

Further, pursuant to Section 10-3-209 (4), C.R.S., taxes on insurance premiums are credited to the Division of Insurance Cash Fund (with a maximum transfer of five percent of premium tax collections) to cover appropriations made by the General Assembly. Any increase in appropriations reduces the amount of tax revenue deposited in the General Fund, thereby reducing the 900.0 million General Fund set aside for one-time obligations. This bill is anticipated to reduce the set aside by \$230,000, as a result of this diversion, which reduces the \$900.0 million dollar set aside for one-time purposes by a total of \$35,230,000.

Legislative Appropriation Authority

Continuous spending authority, also known as **continuous appropriations**, allows departments to spend money for statutorily specified purposes up to the amount of money in the fund without seeking annual legislative approval. An annual appropriation provides a limit on spending authority, while a continuous appropriation provides unlimited spending authority.

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JBC Staff Analysis

This method of funding moves these expenditures off-budget, and thus expenditures are not reported or accounted for through the budget process. Is it necessary for the:

- Colorado Energy Office to **not** seek annual authority from the General Assembly to spend money from Sustainable Rebuilding Program Fund?
- Department of Local Affairs to **not** seek annual authority from the General Assembly to spend money from Disaster Resilience Rebuilding Program Fund?