

**JBC STAFF FISCAL ANALYSIS
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING THE CREATION OF THE BIOCHAR IN OIL AND GAS WELL PLUGGING WORKING ADVISORY GROUP TO MAKE RECOMMENDATIONS FOR THE DEVELOPMENT OF A PILOT PROGRAM TO STUDY THE USE OF BIOCHAR IN THE PLUGGING OF OIL AND GAS WELLS.

Prime Sponsors: Reps. McCormick and Amabile
Senator Cutter

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Date Prepared: April 19, 2023

Appropriation Items of Note

Appropriation Required, Amendment in Packet

General Fund Impact

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 02/28/23.

	No Change: Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill
XXX	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

To facilitate a General Fund appropriation to a higher education governing board for a specific limited purpose, the General Assembly typically makes a technical adjustment to statute to authorize the Department of Higher Education to enter into a limited purpose fee-for-service contract for that purpose. Furthermore, once authority is provided for a limited purpose fee-for-service contract, the Department requires appropriations of both General Fund and reappropriated funds to make associated payments.

Section 23-3.3-103 (1), C.R.S., requires that "student financial assistance under [Article 3.3 of Title 23] increase by at least the same percentage as the aggregate percentage increase of all general fund appropriations to institutions of higher education." This bill includes appropriations for the University of Colorado (an institution of higher education). The additional cost of providing aligned financial aid under Article 3.3 of Title 23, consistent with the provisions of Section 23-3.3-103 (1), C.R.S., is \$85,925 General Fund. Legislative Council Staff concurs with this analysis.

Amendments in This Packet for Consideration by Appropriations Committee

Amendment	Description
J.001	Staff-prepared appropriation amendment
L.003/J.002	Bill Sponsor amendment - changes fiscal impact <i>and</i> appropriation
L.004/J.003	Bill Sponsor amendment - changes fiscal impact <i>and</i> appropriation

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 \$456,065 General Fund to the Department of Higher Education for FY 2023-24, based on the assumption that the Department will require an additional 3.0 FTE. The provision also appropriates \$5,600 cash funds from the Colorado Oil and Gas Conservation and Environmental Response Fund to the Department of Natural Resources.

L.003 and J.002

Bill Sponsor amendment **L.003** (attached) adds a provision that exempts appropriations for the implementation of this bill from the requirement for matching appropriations for student financial student aid pursuant to Section 23-3.3-103 (1), C.R.S. The amendment further creates a requirement that the Department of Higher Education enter into a limited purpose fee-for-service contract to conduct the study required by the bill. Legislative Council Staff and JBC Staff agree on the fiscal impact of this amendment.

Staff has prepared amendment **J.002** (attached) to add a provision appropriating \$370,140 General Fund to the Department of Higher Education for FY 2023-24, based on the assumption that the Department will require an additional 3.0 FTE. The provision also appropriates \$5,600 cash funds from the Colorado Oil and Gas Conservation and Environmental Response Fund to the Department of Natural Resources.

L.004 and J.003

Bill Sponsor amendment **L.004** (attached) adds a provision that expands the allowable uses of the Colorado Oil and Gas Conservation and Environmental Response Fund to include Colorado State University for the purposes of conducting the study required by the bill. The amendment also shifts the fund source for the bill from General Fund to cash funds. Legislative Council Staff and JBC Staff agree on the fiscal impact of this amendment.

Staff has prepared amendment **J.003** (attached) to add a provision appropriating \$370,140 cash funds from the Colorado Oil and Gas Conservation and Environmental Response Fund to the Department of Higher Education for FY 2023-24, based on the assumption that the Department will require an additional 3.0 FTE. The provision also appropriates \$5,600 cash

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funds from the Colorado Oil and Gas Conservation and Environmental Response Fund to the Department of Natural Resources for FY 2023-24.

If the Committee adopts L.003, it should also adopt J.002 only. If the Committee adopts L.004, it should also adopt J.003 only. If the Committee adopts J.001, it should not adopt any other amendments.

Points to Consider

General Fund Impact

The Joint Budget Committee has proposed a budget package for FY 2023-24 based on the March 2023 Office of State Planning and Budgeting (OSPB) revenue forecast. The budget package includes two set-asides for legislation outside of the package: (1) \$30.0 million General Fund for bills that create ongoing obligations; and (2) \$469.0 million for bills that create one-time obligations for FY 2023-24 (see table below).

General Fund Appropriation Placeholders for Other 2023 Legislation	
Description	FY 2023-24
Legislation with Ongoing Fiscal Impacts	\$30,000,000
Legislation with One-time Fiscal Impacts	
Workforce-related legislation, including free credentials, math scholarships, adult education, and concurrent enrollment	103,000,000
Housing-related legislation, including property tax relief, land use, and public-private partnerships	221,000,000
Legislation related to topics other than workforce and housing, including rural opportunity, line of duty loss, and Proposition 122 implementation	145,000,000
Subtotal	\$469,000,000
TOTAL Placeholders for Other 2023 Legislation	\$499,000,000

The budget package accounts for the 15.0 percent reserve associated with the above placeholders (a total of \$74.9 million).

This bill creates an ongoing obligation and requires a General Fund appropriation of \$456,065 for FY 2023-24, reducing the \$30.0 million set aside by the same amount. If amendments **L.003** and **J.002** are adopted, the General Fund impact would be \$370,140.

The adoption of **L.004** and **J.003** would negate this General Fund impact.