

**JBC STAFF FISCAL ANALYSIS  
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING THE ALLOCATION OF ADDITIONAL STATE REVENUE MADE AVAILABLE FOR EXPENDITURE DUE TO THE ENACTMENT OF LEGISLATION DURING THE 2016 REGULAR LEGISLATIVE SESSION.

Prime Sponsors: Representative Hullinghorst

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**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 04/21/16.

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| <b>XXX</b> | <b>No Change:</b> Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill                 |
|            | <b>Update:</b> Fiscal impact has changed due to <i>new information or technical issues</i>                   |
|            | <b>Update:</b> Fiscal impact has changed due to <i>amendment adopted</i> after LCS Fiscal Note was prepared  |
|            | <b>Non-Concurrence:</b> 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 does not include an appropriations clause. See the first Point to Consider, below, for more information.

**Points to Consider**

*Timing Issues*

1. The bill requires General Fund money to be transferred and allocated early in the state fiscal year based on economic forecasts rather than actual revenues. Specifically, for FY 2016-17 the bill requires transfers and allocations on September 30, 2016, based on the September 2016 Legislative Council Staff (LCS) revenue forecast; for FY 2017-18 through FY 2020-21 the bill requires transfers and allocations on the first day of the fiscal year based on the March revenue forecast from the preceding fiscal year that was used to develop the state budget (either the LCS or the Office of State Planning and Budgeting forecast). The forecast may significantly over-estimate the TABOR refund obligation that would have occurred absent H.B. 16-1420, triggering transfers and allocations that exceed the General Fund revenues made available as a result of H.B. 16-1420.

*General Fund Impact*

2. The bill requires General Fund transfers and allocations, regardless of whether the state revenue increases that would have driven a TABOR refund absent H.B. 16-1420 are related to General Fund revenues or cash fund revenues. Thus, the General Fund transfers and allocations could potentially be triggered even if General Fund revenues remain flat or decline. Either event might require a decrease in General Fund expenditures for other programs to make the transfers and allocations required by the bill.

*Technical Issues*

3. Contingent on the September 2016 Legislative Council Staff revenue forecast, the bill potentially makes FY 2016-17 allocations to (among other things) the Department of Education and the Department of Higher Education, but for the departments to spend those allocations additional action would be required by the General Assembly. For the Department of Education, the allocation is to reduce the FY 2016-17 negative factor, but that would require a statutory change to the School Finance Act and an appropriation. For the Department of Higher Education, the allocation is to "offset student cost of tuition, improve student services and academic quality, address controlled maintenance needs, and ... provide additional need-based student financial assistance", but to accomplish these tasks with the money the higher education institutions would need spending authority. The JBC staff assumes that the General Assembly would take the additional actions necessary in the 2017 legislative session for the Department of Education and the Department of Higher Education to spend the allocations. However, if the intent is for the departments to be able to spend the allocated funds beginning in September 2016, then the bill would need to be modified with contingent amendments to the School Finance Act and contingent appropriations.