



# Legislative Council Staff

## Research Note

Version: Final

Date: 12/5/2016

### Bill Number

**Senate Bill 16-020**

### Sponsors

**Senator Sonnenberg**  
**Representative Becker K.**

### Short Title

***Clarify Calculation Issues of  
Automatic Capital Funding***

### Research Analyst

**Matt Becker (x4785)**

### Status

This research note reflects the final version of the bill, which was signed into law by the Governor and took effect on March 9, 2016.

### Summary

This bill, ***recommended by the Capital Development Committee***, clarifies the timing of depreciation equivalent payments that will be made pursuant to Senate Bill 15-211. The depreciation calculation for capital construction projects funded through the Long Bill from the General Fund, Capital Construction Fund, or Controlled Maintenance Trust Fund will be made from the date of acquisition or completion of a project to June 30 of the fiscal year of acquisition or completion. This calculation will be used to identify the depreciation equivalent amount that will be appropriated in the following year's budget. The depreciation calculation will continue on a fiscal year basis until depreciation for a capital asset is no longer recorded.

The bill also clarifies the role of the Department of Higher Education in coordinating reporting depreciation equivalent payment calculations from institutions of higher education.

### Background

Senate Bill 15-211 created a process to annually set aside an amount equal to the calculated depreciation of a capital asset funded through the capital construction section of the Long Bill. Beginning with projects funded in the 2015 Long Bill, the bill established three set-aside mechanisms based on how a project is funded. If a project is funded from more than one cash fund or from a cash fund and from state funds, the set-aside amounts are shared proportionately between the various fund sources. The set-aside amounts may be appropriated for future capital

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expenses such as routine maintenance, equipment replacement, or the construction of a new building.

## Senate Action

***Senate State, Veterans, & Military Affairs Committee (January 20, 2016).*** The bill was referred to the Senate Committee of the Whole with a recommendation that it be placed on the consent calendar.

***Senate second reading (January 25, 2016).*** The Senate passed the bill on second reading.

***Senate third reading (January 26, 2016).*** The Senate passed the bill on third reading.

## House Action

***House Finance Committee (February 4, 2016).*** The bill was referred to the House Committee of the Whole.

***House second reading (February 8, 2016).*** The House passed the bill on second reading.

***House third reading (February 9, 2016).*** The House passed the bill on third reading.