



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

FISCAL NOTE

Drafting Number:	LLS 18-0810	Date:	February 9, 2018
Prime Sponsors:	Sen. Gardner Rep. Liston	Bill Status:	Senate Finance
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Bill Topic: LEGISLATIVE APPROVAL FOR STATE AGENCY FEE INCREASE

Summary of Fiscal Impact:	<input checked="" type="checkbox"/> State Revenue (<i>conditional</i>) <input checked="" type="checkbox"/> State Expenditure (<i>conditional</i>) <input type="checkbox"/> State Transfer	<input type="checkbox"/> TABOR Refund <input type="checkbox"/> Local Government <input type="checkbox"/> Statutory Public Entity
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This bill requires fee increases to be approved by a majority of the Joint Budget Committee and enacted in legislation. It conditionally decreases state revenue and increases state workload on an ongoing basis.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Summary of Legislation

This bill requires all state agency fee increases to start on July 1 of a given year. To increase a fee, a state agency must submit a fee increase proposal to the Joint Budget Committee (JBC) by February 1, and the proposed fee increase must be approved by a majority of the JBC members.

In a fee increase proposal, state agencies must include the following information:

- the statutory authority for the fee;
- the amount of the fee prior to the increase;
- the proposed increase in the fee or actual increase of an emergency fee;
- the reason for the fee increase;
- a timeline for the fee and anticipated impacts on fee payers and the broader economy; and
- anticipated outcomes if the fee is not increased.

In each legislative session, the JBC will introduce a bill to grant authority to state agencies to increase specific fees. Institutions of higher education are exempted from these requirements.

Agencies may adopt emergency fee increases that do not comply with these requirements if it is necessary to comply with state or federal law, or necessary to maintain the public's health, safety, or welfare. If a state agency adopts an emergency fee increase, it must submit a fee increase proposal outlining the increase by the next February 1. If an emergency fee increase is

not included in the next bill introduced by the JBC, the agency must reduce the fee back to its previous level and refund the increased amount to the fee payer. If a state agency adopts a fee increase between April 1, 2018, and September 1, 2018, the state agency must treat this fee increase as an emergency fee increase.

Background

Under current law, certain fees in statute require JBC or General Assembly approval. For example, the Department of Health Care Policy and Financing currently submits an annual proposal to the Joint Budget Committee for cost sharing for the enrollment fee for the Child Health Plan Plus (CHP+).

State Revenue

Beginning in FY 2018-19, this bill is anticipated to decrease state revenue for all state agencies by an indeterminate amount. All revenue impacts are conditional on the approval of fee increases by the JBC and the General Assembly.

This bill requires state agencies to submit all fee increases for approval by the JBC and the General Assembly. Under current law, most agencies have the authority to increase fees without prior approval by the JBC and General Assembly. Fee increases are based on a number of factors, such as user volume, the price of goods and services on the market, and contractual obligations. To the extent that the JBC does not include future fee increases in enacting legislation, or they are not approved by the General Assembly, this bill may reduce state revenue relative to what it would have been under current law. This revenue impact cannot be determined until it is known which fee increases will be approved.

To the extent that agencies currently have fee increases in review, this bill may reduce state revenue by increasing the length of time needed for the fee review. It may also reduce state revenue if emergency fee increases for fees increased between April 1 and September 1, 2018, are not approved.

TABOR Refund

To the extent that this bill decreases state revenue subject to TABOR in FY 2018-19 and future years, it may reduce refunds in future years when the state next collects a TABOR surplus. State revenue is not currently expected to exceed the TABOR limit in either year and no refund is required. Therefore, the bill is not expected to impact TABOR refunds in these years. Refunds in future years when the state next collects a TABOR surplus may be reduced.

State Expenditures

Beginning in FY 2018-19, this bill increases workload for all agencies that assess fees to prepare fee increase proposals for submission to the JBC. It is assumed that these workload increases can be accomplished within existing appropriations. This bill may also increase state agency workload and expenditures to issue refunds for emergency fee increases that are not approved. This increase would vary depending on the size of the refund and the number of people

impacted by the fee. Additionally, this bill will increase work for JBC members and staff to examine and approve fee increase proposals. It is assumed that any increase in resources required for these activities will be addressed in the annual budget process.

Fee increases are based on a number of factors, such as user volume, the price of goods and services on the market, and contractual obligations. Requiring fee increases to be implemented through the process outlined in this bill may impact how estimates are made for these fees. Additionally, if certain fee increases are not included in enacting legislation, it may interfere with certain federal or contractual obligations. These expenditure impacts are conditional on the approval of fee increases by the JBC and the General Assembly.

If certain fee increases are not approved by enacting legislation, this bill may reduce agency expenditures in the long term. To the extent that fees are not increased for certain programs, staffing and workload in these programs must decrease. This impact would depend on the program and the services provided.

Effective Date

The bill takes effect September 1, 2018, if no referendum petition is filed.

State and Local Government Contacts

All State Agencies