



Legislative
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HB 20-1370

FINAL FISCAL NOTE

Drafting Number: LLS 20-1202
Prime Sponsors: Rep. Esgar; McCluskie
 Sen. Moreno; Rankin
Date: August 31, 2020
Bill Status: Signed into Law
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Bill Topic: TRANSFERS FROM UNCLAIMED PROPERTY TRUST FUND

Summary of Fiscal Impact:

- State Revenue
- State Expenditure
- State Transfer
- TABOR Refund
- Local Government
- Statutory Public Entity

Budget package bill. The bill delays for two years conditional transfers from the Unclaimed Property Trust Fund to the Housing Development Grant Fund. In addition to the two-year delay in state transfers, the bill is expected to decrease state expenditures in FY 2021-22 and FY 2022-23.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: This fiscal note reflects the enacted bill.

**Table 1
State Fiscal Impacts Under HB 20-1370**

		FY 2020-21	FY 2021-22
Revenue		-	-
Expenditures	Housing Development Grant Fund	-	(\$30 million)
	Total	-	(\$30 million)
	Total FTE	-	(7.0 FTE)
Transfers	Unclaimed Property Trust Fund	\$30 million	\$30 million
	Housing Development Grant Fund	(\$30 million)	(\$30 million)
	Total	\$0	\$0
TABOR Refund		-	-

Summary of Legislation

House Bill 19-1322 created a mechanism that would transfer up to \$30 million from the Unclaimed Property Trust Fund to the Housing Development Grant Fund in the Division of Housing in a year for which Legislative Council Staff's June Economic and Revenue Forecast estimates state revenue to be below the excess state revenue cap by at least \$30 million. This bill delays the implementation of this transfer by two fiscal years, with transfers possible from FY 2022-23 through FY 2024-25.

Background

Unclaimed Property Trust Fund. The Unclaimed Property Division of the Treasury Department holds, in perpetuity or until claimed, lost or forgotten assets of individuals and businesses in Colorado. The Unclaimed Property Trust Fund consists of all moneys collected under the Unclaimed Property Act, and interest earned on the account. State law transfers an annual amount sufficient to fund the Adult Dental Fund in the Department of Health Care Policy and Financing, an estimated \$17.4 million in FY 2018-19. The Unclaimed Property Trust Fund is TABOR-exempt; however, transfers out of the fund are generally subject to TABOR.

Housing Development Grant Fund. Under current law, the Housing Development Grant Fund consists of moneys appropriated by the General Assembly for the Division of Housing in the Department of Local Affairs to acquire, rehabilitate, and construct affordable housing projects through a competitive grant process. The fund also covers the cost of acquiring economic data used to advise the State Housing Board on local housing conditions.

Under House Bill 19-1322, in addition to existing statutory mandates, the funds transferred to the Housing Development Grant Fund may be spent for the following purposes:

- grants and loans for housing in non-urban areas for purchasers with up to 120 percent of the area median household income;
- down payment assistance programs for households with up to 100 percent of the area median household income in conjunction with public and private organizations;
- programs for home rehabilitation;
- repair, replacement, and disposal of mobile homes, in conjunction with local organizations;
- grants and loans for land acquisition and infrastructure costs for the provision of utilities for affordable housing developments;
- grants and loans for affordable housing targeted at specific area or income levels; and
- rental assistance programs targeting homeless families, Medicaid clients in nursing homes, family unification, veterans, households below 60 percent of the area's median income, and survivors of domestic violence.

Assumptions

Based on the May 2020 Economic and Revenue Forecast, the fiscal note assumes that the first transfer from the Unclaimed Property Trust Fund to the Housing Development Grant Fund would occur in FY 2020-21. Although the transfer is contingent on the June 2021 forecast, it is assumed that forecasted revenue will not increase sufficiently to obviate a transfer.

Such transfers also depend on the available balance in the Unclaimed Property Trust Fund; should less than \$30 million be available, transfers of less than \$30 million are possible. As the current, unrestricted balance of the fund is over \$250 million, the fiscal note assumes that, in any year for which a transfer is triggered, \$30 million would be transferred.

State Transfers

No transfer is required in FY 2020-21 or FY 2021-22. The bill delays these conditional transfers for two years. Transfers are possible beginning in FY 2022-23, conditional on the balance of the Unclaimed Property Trust Fund on June 1, 2022, and the June 2022 Economic and Revenue Forecast.

State Expenditures

As discussed in the Assumptions section, were a \$30 million transfer to be made in FY 2020-21, expenditures would increase by \$30 million and 7.0 FTE in FY 2021-22 in the Division of Housing within the Department of Local Affairs. By delaying the implementation of these transfers for two years, this bill avoids this increase in expenditures, which is shown as a reduction in expenditures in Table 1. To the extent that the conditions which trigger such a transfer are met in any of FY 2022-23 through FY 2024-25, a similar increase in expenditures would occur in the subsequent fiscal year.

Effective Date

This bill was signed into law by the Governor and took effect on June 29, 2020.

State and Local Government Contacts

Legislative Department

Local Affairs

Treasury