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Final Fiscal Note

Drafting Number: LLS 21-0680 **Date:** July 15, 2021
Prime Sponsors: Sen. Jaquez Lewis; Winter **Bill Status:** Signed into Law
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Bill Topic: **REMOVE BARRIERS TO CERTAIN PUBLIC OPPORTUNITIES**

Summary of Fiscal Impact: State Revenue TABOR Refund
 State Expenditure Local Government
 State Transfer Statutory Public Entity

The bill repeals the prohibition to provide state and local benefits to unlawfully present individuals. The bill will increase state and local revenue and expenditures on an ongoing basis.

Appropriation Summary: For FY 2021-22, the bill requires and includes appropriation of \$131,649 to the departments of Human Services and Revenue.

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

**Table 1
State Fiscal Impacts Under SB 21-199**

	Budget Year FY 2021-22	Out Year FY 2022-23
Revenue	-	-
Expenditures		
General Fund ¹	\$131,649	\$20,724
Federal Funds	\$130,859	\$42,551
Total Expenditures	\$262,508	\$63,275
Transfers	-	-
TABOR Refund	-	-

¹The bill may also increase state expenditures by an undetermined amount to provide state benefits to unlawfully present individuals, see State Expenditures section for more information.

Summary of Legislation

Upon passage of the bill, verification of lawful presence in the United States is not required for any purposes where lawful presence is not required by law, ordinance, or rule pursuant to a federal stimulus law or rule. Starting on July 1, 2022, this bill repeals the broad prohibition of providing state and local public benefits to individuals not lawfully present, and repeals specific requirements that individuals must be lawfully present when applying for a professional licenses, public works contracts, and local business licenses. The bill expands what forms of identifications may be accepted by state agencies and repeals the Secure and Verifiable Identity Act.

Background

Under 8 USCS § 1621, unlawfully present individuals are ineligible to receive any "state and local benefits" unless a state enacts a law granting eligibility to these individuals. State and local benefits are defined in federal law to include the following, if provided by a state or local government:

- grants;
- contracts;
- loans;
- professional or commercial licenses;
- retirement benefits;
- welfare and food assistance;
- healthcare;
- disability benefits;
- public or assisted housing;
- postsecondary education;
- unemployment benefits; or
- any other similar benefits.

State Revenue

If more individuals apply for professional licenses, revenue to the Professions and Occupation Cash Fund in the Department of Regulatory Agencies will increase. Because fees are set based on a variety of factors and the number of unlawfully present people who may seek a state license is a small percentage of the overall state population, state revenue is not expected to increase significantly. Similarly, if the bill results in more applications for child care licenses and background checks, revenue to the Child Care Licensing Cash Fund in the Department of Human Services (DHS) and the CBI Identification Unit Cash Fund in the Department of Public Safety will increase. Revenue to these cash funds are subject to the TABOR revenue limit.

State Expenditures

The bill will increase expenditures in the DHS and the Department of Revenue (DOR) to update Information Technology (IT) systems, increase and decrease workload in certain state agencies, and may increase state expenditures for certain state benefits by an undetermined amount, as described below.

**Table 2
Expenditures Under SB 21-199**

Cost Components	FY 2021-22	FY 2022-23
Department of Human Services		
Computer Programming	\$178,627	\$63,275
	<u>\$178,627</u>	<u>\$63,275</u>
	\$47,768	\$20,724
	\$130,859	\$42,551
Department of Revenue		
Computer Programming	\$83,881	-
DOR Subtotal	\$83,881	-
	<u>\$262,508</u>	<u>\$63,275</u>
	\$131,649	\$20,724
	\$130,859	\$42,551

DHS IT Modifications. The bill will increase expenditures in the DHS by \$178,627 in FY 2021-22 and \$63,275 in FY 2022-23 to update several IT systems. Specifically, the child welfare IT system (TRAILS) and the Child Care Licensing Database require updates so the systems can accept alternative forms of identification other than social security numbers or tax ID numbers for family care homes and child care center licensing purposes. Updates to TRAILS assumes about 460 hours of work at a rate of \$157 per hour and updates to the Licensing Database are about 850 hours at a rate of \$125 per hour. Costs in FY 2022-23 include on-going maintenance costs at 200 hours per year for TRAILS and 255 hours for the Licensing Database. These upgrade costs receive a 75 percent federal match.

Updates are also required to Colorado’s public benefit management system (CBMS), which determines eligibility and tracks payments for many public benefits. This work is estimated to take around 330 hours which can be absorbed within existing annual appropriations for CBMS system modifications.

DOR IT Modifications. This bill requires expenditures of \$83,881 in FY 2021-22 only to program, test, and update database fields in the DOR's GenTax software system to allow the system to accept individual tax identification numbers for the Property Tax/Rent/Heat (PTC) Rebate. Programming costs are estimated at \$60,750, representing 270 hours of contract programming at a rate of \$225 per hour. Costs for testing at the department are estimated at \$5,771, representing 229 hours of User Acceptance Testing at a contract testing rate of \$25.20 per hour and 496 hours of Systems Support Office testing at \$35 per hour.

Workload increases. Starting in FY 2022-23, the Department of Regulatory Agencies may have an increase in applications to process for registration, certification, and licensing in the professions that they regulate. This increase is expected to be addressed within existing appropriations. In addition, the workload of the Taxation Division in the DOR will increase to the extent more individuals claim the Property Tax/Rent/Heat Rebate. Assuming a 3 percent increase to number of application filed in 2018, the fiscal note estimates that the division will see an additional 460 applications. Based on this estimate, the fiscal note assumes workload can be accomplished with existing resources. If more individuals file applications, additional funds will be requested through the annual budget process.

Workload decreases. Starting in FY 2022-23, the bill will decrease workload for various state agencies to no longer verify lawful presence when processing applications for a professional license, certain state-funded assistance programs, or similar state and local public benefits. The Colorado Department of Labor and Employment will no longer be required to check and audit contractors to ensure that they do not employ persons who are not lawfully present. No change in appropriations is required due to these minimal workload savings.

Potential state expenditures. The fiscal note assumes that the bill will increase eligibility only for state programs that are not entitlements and are not subject to federal requirements concerning lawfully present status, and in most cases, are provided on a first-come, first-served basis within available appropriations. Starting in FY 2022-23, if more individuals receive state benefits, the bill will decrease the amount of benefits available to individuals who are eligible under current law. The General Assembly may choose to increase appropriations in order to keep current per-person funding levels constant.

For informational purposes, Table 2 has identified programs in the Department of Human Services, the Department of Health Care Policy and Financing, and the Department of Revenue that may be impacted by this bill. Assuming eligible populations for these state programs increase by 3.0 percent (the estimated portion of Colorado's population that is not lawfully present), state expenditures may increase by up to \$12.1 million. This estimate represents total benefit costs and includes General Fund, Cash Funds, and federal funds. Because it is unknown how many individuals will seek government resources, any increase in appropriations will be requested through the annual budget process.

Table 2
Potential Increase in Expenditures Under SB 21-199

	FY 2020-21 Appropriation	Potential Expenditure Increase ²
State Program		
Community Behavioral Health Programs – DHS	\$249,000,000 ¹	\$7,470,000
Family Support Services Program – HCPF	\$7,515,264	\$225,458
Supported Living Services Program – HCPF	\$9,893,584	\$296,808
Dental Health Care Low Income Seniors – HCPF	\$2,990,358	\$89,711
Indigent Care Program - HCPF	\$129,774,983	\$3,893,250
Property Tax/Rent/Heat Rebate – DOR ³	\$5,762,833	\$172,885
	Total Cost	Up to \$12,148,112

¹ Includes funds received from federal government not represented in state budget.

² Assumes a 3.0 percent increase in utilization.

³ Based on PTC rebates paid in calendar year 2018.

TABOR refunds. The bill is expected to increase the amount of state revenue required to be refunded to taxpayers by a minimal amount. TABOR refunds are paid from the General Fund. This estimate is based on the June 2021 LCS revenue forecast, which incorporates the revenue impacts of bills passed during the 2021 session. A forecast of state revenue subject to TABOR is not available beyond FY 2022-23.

Federal ARPA funds. This bill [increases/decreases] state revenue, which may impact the state's flexibility in spending federal American Rescue Plan Act (ARPA) funds. For more information, see the LCS memo, titled "Legislative Changes and Flexibility in Use of American Rescue Plan Funds," available online at: <https://leg.colorado.gov/node/2211881>.

Local Government

If more individuals apply for local business licenses, revenue and expenditures to local governments will increase starting in FY 2022-23. In addition, expenditures for local governments will increase to provide additional local benefits. To the extent the bill expands state benefits that are administered at the local level, expenditures for county departments will increase to determine eligibility and to administer benefits. Costs to administer benefits to unlawfully present individuals will vary by county based on the number of unlawfully present individuals seeking services in a certain county.

Effective Date

This bill was signed into law by the Governor and took effect on June 25, 2021.

State Appropriations

For FY 2021-22, the bill requires and includes the following appropriations:

- \$178,627 to the Department of Human Services, of which \$47,768 is General Fund and \$130,859 is federal funds; and
- \$83,881 from the General Fund to the Department of Revenue.

State and Local Government Contacts

Counties	Education	Health Care Policy and Financing
Higher Education	Human Services	Information Technology
Labor	Law	Local Affairs
Military Affairs	Municipalities	Natural Resources
Personnel	Public Safety	Public Health and Environment
Regulatory Agencies	Revenue	Secretary Of State
Transportation		