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Final Fiscal Note

Drafting Number: LLS 21-0911 Date: June 14, 2021
Prime Sponsors: Sen. Hansen; Rankin Bill Status: Signed into Law
Rep. McCluskie Fiscal Analyst: Sonia Hatfield | 303-866-5851
Sonia.Hatfield@state.co.us

Bill Topic: CDLE EMPLOYMENT & TRAINING TECHNOLOGY FUND

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

Budget package bill. This bill changes the revenue requirements for the Employment and Training Technology Fund. It requires a one-time transfer of funds and increases state revenue through FY 2030-31.

Appropriation Summary: No appropriation is required.

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

Table 1
State Fiscal Impacts Under SB 21-218

Table with 5 columns: Category, Sub-category, Current Year FY 2020-21, Budget Year FY 2021-22, Out Year FY 2022-23. Rows include Revenue (Cash Funds, Total Revenue), Expenditures, Transfers (Cash Funds, Net Transfer), and TABOR Refund.

## **Summary of Legislation**

Under current law, revenue from a 0.0004 assessment on employers' unemployment insurance premiums is allocated to the Employment and Training Technology Fund (Technology Fund) in the Department of Labor and Employment (CDLE) to fund employment and training automation initiatives established by the Division of Unemployment Insurance director. Revenue to the Technology Fund is limited to \$10.0 million per year and a cumulative \$100.0 million. Any amount of revenue from the assessment that exceeds these caps is allocated to the Unemployment Compensation Fund (UCF). Additionally, if the balance in the UCF falls below \$100.0 million, the money in the Technology Fund is allocated to the UCF.

This bill changes the revenue requirements for the Technology Fund by:

- repealing the requirement to allocate the Technology Fund revenue to the UCF when the UCF balance falls below \$100.0 million;
- repealing the \$10.0 million annual cap and adding a \$31.0 million cap on revenue to the Technology Fund between enactment and June 30, 2023;
- adding a new \$7.0 million annual cap on revenue to the Technology Fund starting on July 1, 2023;
- removing the limit of \$100.0 million in cumulative revenue to the Technology Fund;
- repealing the assessment for the Technology Fund on June 30, 2031; and
- clarifying that the unencumbered balance in the Technology Fund as of June 30, 2020, and any amount received in the Technology Fund between July 1, 2020, and bill's effective date will be transferred to the UCF.

This bill will increase state revenue through 2031, and is repealed effective June 30, 2031.

## **Background**

The Joint Technology Committee recommended that the General Assembly provide funding to modernize the Unemployment Insurance Colorado Automated Tax System (CATS) and replace it with a new system for collecting unemployment insurance premiums from employers. Based on this recommendation, the Joint Budget Committee has included a FY 2021-22 appropriation of \$28,422,240 from the Employment and Training Technology Fund to CDLE in the Long Bill, which remains available for three years.

Because the balance of the UCF is currently less than \$100.0 million and expected to remain below \$100.0 million for several years, the balance of the Technology Fund would be transferred to the UCF under current law, preventing CDLE from using the Long Bill appropriation. This bill addresses that issue.

## State Revenue

This bill will increase state revenue to the Technology Fund in the CDLE through FY 2030-2031. Revenue to the Technology Fund will increase by \$31.0 million between FY 2020-21 and FY 2022-23, as shown in Table 2 from the assessment on unemployment insurance premiums. This revenue is not subject to TABOR.

**Table 2**  
**Revenue Under SB 21-218**

<b>Fiscal Year</b>	<b>Technology Fund Revenue</b>
FY 2020-21	\$4,300,000
FY 2021-22	\$13,800,000
FY 2022-23	\$12,900,000

## State Transfers

As of March 22, 2021, there was a cash balance of \$591,215 in the Technology Fund. Based on current law, as clarified in this bill, any of this amount that was not encumbered as of June 30, 2020, is expected to be transferred to the UCF.

## Effective Date

This bill was signed into law by the Governor and took effect on April 27, 2021.

## State and Local Government Contacts

Joint Budget Committee Staff

Labor