

**JBC STAFF FISCAL ANALYSIS
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING MEASURES TO PROMOTE REDUCTIONS IN GREENHOUSE GAS EMISSIONS IN COLORADO, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

Prime Sponsors: Sens. Hansen and Priola
Reps. Valdez A. and McCormick

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Appropriation Items of Note

Appropriation Already Added to Bill, Amendment in Packet

General Fund/TABOR Impact

Fiscal Impact of Bill as Amended to Date

The most recent Legislative Council Staff Revised Fiscal Note (attached) reflects the fiscal impact of the bill as of 05/06/22.

XXX	No Change: Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill
	Update: Fiscal impact has changed due to <i>new information or technical issues</i>
	Update: Fiscal impact has changed due to <i>amendment adopted</i> after LCS Fiscal Note was prepared
	Non-Concurrence: JBC Staff and Legislative Council Staff disagree about the fiscal impact of the bill

Amendments in This Packet for Consideration by Appropriations Committee

Amendment	Description
J.002	Staff-prepared appropriation amendment
J.003	Staff-prepared appropriation amendment
L.027	Bill sponsor amendment - changes fiscal impact <i>and</i> appropriation

Current Appropriations Clause in Bill

The bill includes a provision that appropriates a total of \$81,429 cash funds from the Oil and Gas Conservation and Environmental Response Fund to the Department of Natural Resources for FY 2022-23. This provision also states that the appropriation is based on the assumption that the Department will require an additional 0.8 FTE. A further \$145,789 General Fund is appropriated to the Department of Public Health and Environment for FY 2022-23, based on the assumption that the Department will require an additional 1.5 FTE. Finally, the provision appropriates \$2,098,784

General Fund to the Department of Agriculture for FY 2022-23, based on the assumption that the Department will require an additional 0.8 FTE.

Description of Amendments in This Packet

J.002 Staff has prepared amendment **J.002** (attached) to add a provision granting the Department of Agriculture roll forward spending authority for their appropriation through FY 2023-24 to accommodate the needs of the Department in carrying out the carbon reduction and sequestration study to its full extent. This is a technical change to bring the appropriation in alignment with the bill.

J.003 Staff has prepared amendment **J.003** (attached) to increase the appropriation to the Department of Public Health & Environment to a total of \$435,556 General Fund and 2.6 FTE. This is a difference of \$289,767 and 1.1 FTE. The amendment also adds a new reappropriation to the Department of Law of \$177,426 and 1.0 FTE from the funds appropriated to the Department of Public Health & Environment.

L.027 Bill sponsor amendment **L.027** (attached) strikes a provision from the Finance Committee Report that would require increased reporting and rulemaking responsibilities for the Department of Public Health and Environment. Legislative Council Staff and JBC Staff agree that this amendment would eliminate the need for the additional appropriation in amendment J.003.

If the Committee adopts L.027 then it should not adopt amendment J.003. L.002 can be adopted regardless of any other action.

Points to Consider*General Fund Impact*

The Joint Budget Committee has proposed a budget package for FY 2022-23 based on the March 2022 Legislative Council Staff revenue forecast. The budget package includes two set-asides:

- \$40.0 million General Fund for bills that create ongoing obligations; and
- \$900.0 million General Fund for bills that create one-time obligations in FY 2022-23.

The \$40.0 million *appropriations* set-aside includes an additional \$6.0 million General Fund to provide a 15.0 percent General Fund reserve for those appropriations. The \$900.0 million *obligations* set-aside does not include an additional amount for a General Fund reserve and, assumes, but does not require, that obligations be addressed through statutory transfers rather than appropriations. Therefore *appropriations* from the \$900.0 million set-aside require an additional 15.0 percent to maintain the statutory General Fund reserve.

This bill creates an ongoing obligation and requires a General Fund appropriation of \$2,534,340 for FY 2022-23, reducing the \$40.0 million set aside by the same amount.

This bill creates an ongoing obligation through General Fund transfers of \$1,800,000 per year for FY 2022-23 through FY 2027-28. This reduces the \$40.0 million set aside for FY 2022-23 by \$1.8 million.

TABOR/ Excess State Revenues Impact

The March 2022 Legislative Council Staff (LCS) revenue forecast projects a TABOR surplus liability of \$1.6 billion for FY 2022-23 and \$622.6 million for FY 2023-24 to be refunded to taxpayers out of the General Fund.

This bill is estimated to decrease General Fund revenues by \$4.6 million in FY 2022-23 and by \$9.3 million in FY 2023-24, which will result in a decrease in the TABOR surplus liability of an equal amount.