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Fiscal Note

Drafting Number:	LLS 24-0961	Date:	March 12, 2024
Prime Sponsors:	Rep. Willford; Garcia Sen. Coleman	Bill Status:	House Finance
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Bill Topic: **BABY BONDS PROGRAM STUDY**

Summary of Fiscal Impact:	<input type="checkbox"/> State Revenue	<input type="checkbox"/> State Transfer	<input type="checkbox"/> Local Government
	<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> TABOR Refund	<input type="checkbox"/> Statutory Public Entity

The bill commissions a feasibility study of a baby bonds program in the state. It increases expenditures in FY 2024-25 only.

Appropriation Summary: For FY 2024-25, the bill requires an appropriation of \$500,000 to the Department of the Treasury.

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

Table 1
State Fiscal Impacts Under HB 24-1297

		Budget Year FY 2024-25	Out Year FY 2025-26
Revenue		-	-
Expenditures	General Fund	\$500,000	-
Transfers		-	-
Other Budget Impacts	General Fund Reserve	\$75,000	-

Summary of Legislation

The bill directs the State Treasurer to conduct or commission a study evaluating the feasibility of a baby bonds program in the state. A baby bonds program permits the state to deposit and invest a specific amount of money into a public trust account for eligible children. Upon turning 18 years old, program recipients may use the money and earnings for predetermined purposes. The study must:

- assess the distribution of wealth across the state;
- assess the landscape of existing public assistance opportunities for wealth building;
- evaluate the feasibility of creating a baby bonds program;
- examine investment options for baby bonds; and,
- determine how a baby bonds program may address racial wealth gaps.

The State Treasurer must submit a report to the General Assembly by April 15, 2025, detailing the study's findings and recommendations for establishing a baby bonds program.

State Expenditures

The bill increases state expenditures in the Treasury Department by up to \$500,000 in FY 2024-25 only, paid from the General Fund, to conduct the study and generate a report.

Contractor fees. The Treasury Department requires up to \$500,000 to hire two or three contractors to conduct various aspects of the study and one to generate a report of the study's findings and recommendations. Based on the scope of work and costs for similar sized studies, the fiscal note assumes that each contractor requires between \$50,000 and \$150,000 to complete each aspect of the study.

Legal services. The Treasury Department may require legal services for contracting, provided by the Department of Law, which can be accomplished within existing legal services appropriations.

Other Budget Impacts

General Fund reserve. Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by the amounts shown in Table 1, decreasing the amount of General Fund available for other purposes.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2024-25, the bill requires a General Fund appropriation of \$500,000 to the Department of the Treasury.

State and Local Government Contacts

Information Technology
Treasury

Law

Personnel

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).