

- f. Add repeal dates to all excluded cash funds listed in Section 24-75-402, (5), C.R.S., requiring excluded funds to be reconsidered and extended prior to their repeal.
- g. Exclude the Division of Professions and Occupations Cash Fund from the requirements of Section 24-75-402, C.R.S., including automatic repeal in seven years.
- h. Require the State Controller to restrict spending authority following the third consecutive year of excess reserves, equal to the lesser of the excess reserve or the maximum reserve, until a waiver is approved or the fund is in compliance.

CAPITAL CONSTRUCTION

18. Alfredo Kemm (Cap-brf. Page 12) - Staff recommends that the Committee reconsider last year's decision to fund IT capital projects with General Fund and sponsor legislation to fund IT capital projects with Capital Construction Funds through the creation of a dedicated IT capital account within the Capital Construction Fund.
19. Alfredo Kemm (Cap-brf. Page 16) - Staff recommends that the Committee sponsor legislation to add a planning unit in the Office of the State Architect (OSA) to improve the building capital planning and budget process and provide capital planning oversight and expertise to state agencies.
20. Alfredo Kemm (Cap-brf. Page 19) - Staff recommends that the Committee sponsor legislation to require a funding mechanism for controlled maintenance costs as part of the building capital budget process as follows:
 - Cash-funded: Staff recommends that non-state-funded (cash-funded) building projects annually set aside actual depreciation for the depreciation period in a capital outlay reserve for the purpose of independently cash-funding future controlled maintenance or capital renewal projects related to the capital project.
 - COP-financed: Staff recommends that cash-funded, COP-financed building projects set aside 1.0 percent of building cost annually in a capital outlay reserve. Staff recommends that state-funded, COP-financed building projects pay 1.0 percent of building cost annually into the Controlled Maintenance Trust Fund.
 - State-funded: Staff recommends that state-funded building projects include a depreciation-based, state lease payment system. Such a system would provide up-front payment for project construction with Capital Construction Funds and require an ongoing, annual State Lease Payment line item in the operating budget. The lease payment amount and its duration would be equal to the depreciation allowed for the project. The equivalent of 1.0 percent of project cost would be paid into the Controlled Maintenance Trust Fund with the balance paid into the Capital Construction Fund. Controlled maintenance projects would pay depreciation entirely into the Controlled Maintenance Trust Fund.

Alternatively, staff recommends that the Committee pursue legislation to require that all state agencies pay annually, 1.0% of building cost or building value into a dedicated capital outlay reserve for cash-funded facilities or into the Controlled Maintenance Trust Fund for state-funded facilities through a Controlled Maintenance Payment in the operating budget.