

Second Regular Session
Seventieth General Assembly
STATE OF COLORADO

DRAFT
11.12.15

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LLS NO. 16-0444.01 Esther van Mourik x4215

COMMITTEE BILL

Capital Development Committee

BILL TOPIC: "Clarify Calculation Issues Of Auto Capital Funding"

A BILL FOR AN ACT

101 **CONCERNING CLARIFICATION OF CERTAIN CALCULATIONS OF THE**
102 **AUTOMATIC FUNDING MECHANISM FOR PAYMENT OF FUTURE**
103 **COSTS ATTRIBUTABLE TO CERTAIN OF THE STATE'S CAPITAL**
104 **ASSETS.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)

Senate Bill 15-211 created an automatic funding mechanism for payment of future costs attributable to certain of the state's capital assets. After the bill became law, it was determined that there was ambiguity

*Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

regarding the timing of the required calculations for capital construction appropriations made from the general fund, the capital construction fund, or the controlled maintenance trust fund. The bill clarifies that the depreciation calculations are to be made from the date of acquisition or the date of completion of the repair, improvement, replacement, renovation, or construction to June 30 of the fiscal year of acquisition or completion. The bill then specifies that the amount continues to be annually calculated on a fiscal year basis until the depreciation for the capital asset is no longer recorded. The bill also clarifies responsibilities of the state institutions of higher education and the department of higher education.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, **amend** 24-30-1310
3 as follows:

4 **24-30-1310. Funding for capital construction, controlled**
5 **maintenance, or capital renewal - definitions.** (1) As used in this
6 section, unless the context otherwise requires:

7 (a) "ANNUAL DEPRECIATION-LEASE EQUIVALENT PAYMENT"
8 MEANS AN AMOUNT EQUAL TO THE RECORDED DEPRECIATION OF THE
9 CAPITAL ASSET ACQUIRED, REPAIRED, IMPROVED, REPLACED, RENOVATED,
10 OR CONSTRUCTED WITH AN APPROPRIATION FROM THE GENERAL FUND, THE
11 CAPITAL CONSTRUCTION FUND, OR THE CONTROLLED MAINTENANCE TRUST
12 FUND, BASED ON THE DEPRECIATION PERIOD, AS CALCULATED BY THE
13 STATE AGENCY OR THE STATE INSTITUTION OF HIGHER EDUCATION, WHICH
14 CALCULATION THE STATE INSTITUTION OF HIGHER EDUCATION SHALL
15 REPORT TO THE DEPARTMENT OF HIGHER EDUCATION. THE AMOUNT IS
16 CALCULATED FROM THE DATE OF ACQUISITION OR THE DATE OF
17 COMPLETION OF THE REPAIR, IMPROVEMENT, REPLACEMENT, RENOVATION,
18 OR CONSTRUCTION TO JUNE 30 OF THE FISCAL YEAR OF ACQUISITION OR
19 COMPLETION. THE AMOUNT CONTINUES TO BE ANNUALLY CALCULATED ON

1 A FISCAL YEAR BASIS UNTIL THE DEPRECIATION FOR THE CAPITAL ASSET IS
2 NO LONGER RECORDED.

3 (a) (b) "Appropriation" means an appropriation in the capital
4 construction section of the annual general appropriation act, not including
5 appropriations for information technology projects, and not including any
6 appropriations made from the information technology capital account in
7 the capital construction fund created in section 24-75-302 (3.7). as
8 enacted by House Bill 15-1266.

9 (b) (c) "Capital construction fund" means the capital construction
10 fund created in section 24-75-302.

11 (c) (d) "Cash fund" does not include the lottery fund created in
12 section 24-35-210 or the limited gaming fund created in section
13 12-47.1-701 (1), C.R.S.

14 (d) (e) "Controlled maintenance trust fund" means the controlled
15 maintenance trust fund created in section 24-75-302.5.

16 (e) (f) "Depreciation" means an amount calculated AND RECORDED
17 in accordance with generally accepted accounting principles.

18 (f) (g) "Depreciation period" means a period determined in fiscal
19 procedures issued by the state controller or the state institution of higher
20 education.

21 (g) (h) "Project cost" means the depreciable components of the
22 total project cost as reflected in the appropriation; except that, if the
23 project is financed, the total project cost does not include any financing
24 costs.

25 (2) For every appropriation in the capital construction section of
26 the 2015-16 annual general appropriation act and every appropriation in
27 the capital construction section of each annual general appropriation act

1 thereafter, not including appropriations for information technology
2 projects, additional funding must be set aside as follows:

3 (a) If the funding source for the appropriation is from a cash fund,
4 the state agency shall annually calculate an amount equal to the
5 RECORDED depreciation of the capital asset acquired, repaired, improved,
6 replaced, renovated, or constructed with the appropriation based on the
7 depreciation period, and on June 30 the state controller shall credit such
8 amount from the cash fund that was the source of the funding for the
9 appropriation to a capital reserve account established by the state agency
10 in such cash fund as specified in section 24-75-403 (2). ~~as enacted by~~
11 ~~House Bill 15-1280:~~

12 (b) If the funding source for the appropriation is from the general
13 fund, the capital construction fund, or the controlled maintenance trust
14 fund, the general assembly shall include an annual depreciation-lease
15 equivalent payment line item payable from the general fund in the
16 operating section of the annual general appropriation act for each state
17 agency, ~~or state institution of higher education equal to the depreciation~~
18 ~~of the capital asset acquired, repaired, improved, replaced, renovated, or~~
19 ~~constructed with the appropriation based on the depreciation period, as~~
20 ~~calculated by the state agency or state institution of higher education~~
21 INCLUDING THE DEPARTMENT OF HIGHER EDUCATION. On June 30 the state
22 controller shall credit the ANNUAL depreciation-lease equivalent payment
23 LINE ITEM to the capital construction fund; except that, of such payment,
24 an amount equal to one percent of the project cost will be deducted from
25 the payment and credited to the principal of the controlled maintenance
26 trust fund.

27 (c) If the funding source for the appropriation is a financing

1 arrangement, including a lease-purchase agreement allowed pursuant to
2 section 24-82-802, and the source of the funding for the financing
3 payment is:

4 (I) From a cash fund, then the state agency shall annually calculate
5 an amount equal to one percent of the project cost and the general
6 assembly shall include an annual controlled maintenance line item
7 payable from the cash fund in the operating section of the annual general
8 appropriation act for each state agency equal to such amount. On June 30
9 the state controller shall credit such amount to a capital reserve account
10 established by the state agency in the cash fund as specified in section
11 24-75-403 (2). ~~as enacted by House Bill 15-1280.~~

12 (II) From the general fund, the capital construction fund, or the
13 controlled maintenance trust fund, then the general assembly shall include
14 an annual controlled maintenance line item payable from the general fund
15 in the operating section of the annual general appropriation act for each
16 state agency, ~~or state institution of higher education~~ INCLUDING THE
17 DEPARTMENT OF HIGHER EDUCATION, equal to one percent of the project
18 cost, as calculated by the state agency or THE state institution of higher
19 education, WHICH CALCULATION THE STATE INSTITUTION OF HIGHER
20 EDUCATION SHALL REPORT TO THE DEPARTMENT OF HIGHER EDUCATION.
21 On June 30 the state controller shall credit such amount to the controlled
22 maintenance trust fund.

23 (d) If the funding source for the appropriation is a combination of
24 the funding sources described in paragraphs (a), (b), and (c) of this
25 subsection (2), then the annual set aside must be made in proportion to the
26 funding source.

27 **SECTION 2. Safety clause.** The general assembly hereby finds,

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- 1 determines, and declares that this act is necessary for the immediate
- 2 preservation of the public peace, health, and safety.