

Background

The SHF was created with the enactment of limited gaming in Colorado. According to the state constitution, 80 percent of limited gaming revenue distributed to the SHF is to be used for the historic preservation and restoration of sites throughout the state in a manner determined by the General Assembly.

In 2003, the General Assembly refinanced the operational budget of History Colorado, using the SHF in place of the state General Fund. With this refinancing, the SHF's statutory purposes were broadened to include the deposit of all moneys received by History Colorado, including admission and membership fees, revenue from concessions, special event and exhibit fees, and donations. Since 2003, in addition to funding the majority of History Colorado's operations, legislation has directed the use of the SHF for certain capital development projects, including the History Colorado Center and the Capitol Dome Restoration.

In June 2014, the Office of the State Auditor (OSA) released a performance audit of History Colorado. Among the findings and recommendations in its audit report, the OSA noted that the amount of available funding for preservation grants has declined over time, to approximately 45 percent of SHF revenue at present, and a lack of accounting procedures and fiscal controls at History Colorado contribute to an unreliable picture of History Colorado's financial position.

In the current fiscal year, the portion of the SHF fund balance used for History Colorado operations is expected to be depleted by a net amount of approximately \$2.3 million. Based on current budget projections, a balance of at least \$2 million will exist in the State Historical Fund at the end of FY 2014-15.

History Colorado is an independent state agency housed in the Department of Higher Education.

State Revenue

The bill does not result in any change to state revenue.

State transfers. On July 1, 2015, the FY 2014-15 end-of-year balance in the SHF will be allocated between the Museum and Preservation Operations Account and the Preservation Grant Program Account. This process is anticipated to affect at least \$2 million in the SHF.

State Expenditures

History Colorado's workload will increase by a minimal amount to implement the bill. The bill also results in a one-time workload increase for the Office of the State Controller in the Department of Personnel and Administration (DPA).

Department of Higher Education - History Colorado. Staff of History Colorado responsible for budgeting and financial operations must institute practices to account for constraints on cashflow and available funding imposed by the bill. The agency will also assist in accounting for the FY 2014-15 fund balance to be transferred on July 1, 2015. This increased workload is within the scope duties of current staff and will not require new appropriations.

Department of Personnel and Administration. The Office of the State Controller in the Department of Personnel and Administration (DPA) is responsible for implementing the new SHF subaccounts and performing one-time work to allocate funds in the SHF to the proper subaccount on July 1, 2015. Dividing the fund balance between two subaccounts must be accounted for on the first day of FY 2015-16 and will not require new appropriations.

Effective Date

The bill takes effect July 1, 2015.

State and Local Government Contacts

Joint Budget Committee Staff
Higher Education
Treasury

Personnel and Administration
Revenue