

Colorado Legislative Council Staff Fiscal Note

**FINAL
FISCAL NOTE**

Drafting Number: LLS 15-0977	Date: June 22, 2015
Prime Sponsor(s): Sen. Grantham Rep. Rankin	Bill Status: Signed into Law
	Fiscal Analyst: Alex Schatz (303-866-4375)

BILL TOPIC: REORGANIZE STATE HISTORICAL SOCIETY FUNDS

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017
State Revenue	\$0	
State Transfers Cash Funds	Transfers to new subaccounts. See State Revenue section.	
State Expenditures	Minimal workload increase. See State Expenditures section.	
FTE Position Change		
Appropriation Required: None.		

* This summary shows changes from current law under the bill for each fiscal year.

Summary of Legislation

This bill, **recommended by the Joint Budget Committee**, creates two separate subaccounts in the State Historical Fund (SHF) administered by the State Historical Society (History Colorado):

- The Preservation Grant Program Account receives 50.1 percent of limited gaming revenue to the SHF. This subaccount is used for historic preservation grants. To the extent that funds are distributed to grant recipients, the subaccount is continuously appropriated to History Colorado. History Colorado may also request annual appropriations from the General Assembly from this subaccount, to be used for the administrative costs of the preservation grant program.
- The Museum and Preservation Operations Account receives 49.9 percent of limited gaming revenue to the SHF. The fund may be used for the operational budget of History Colorado, including capital construction and controlled maintenance. This subaccount is subject to annual appropriation by the General Assembly.

On July 1, 2015, the State Controller is required to divide the existing balance in the SHF between the new subaccounts. This allocation of funds, as well as appropriations in FY 2015-16, will be based on the purposes of the two subaccounts.

The bill also creates the Enterprise Services Cash Fund for other noncustodial revenue collected by History Colorado. This other revenue includes admissions and membership fees, sales of goods and services, revenue from concessions, and any other state source of revenue. The Enterprise Services Cash Fund may be used for the operational budget of History Colorado, is subject to annual appropriation by the General Assembly, and is not subject to statutory limits on uncommitted reserves.

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 was signed into law by the Governor on May 1, 2015, and takes effect July 1, 2015.

State and Local Government Contacts

Joint Budget Committee Staff
Higher Education
Treasury

Personnel and Administration
Revenue