HB10-1083

Colorado Legislative Council Staff Fiscal Note

STATE FISCAL IMPACT

Drafting Number:	LLS 10-0420	**Date:**	January 13, 2010
Prime Sponsor(s):	Rep. Gardner B. Sen. Steadman	**Bill Status:**	House Judiciary
		Fiscal Analyst:	Sara McPhee (303-866-4782)

TITLE: CONCERNING THE AUTHORITY OF THE STATE TO ENTER INTO LEASE-PURCHASE AGREEMENTS FOR A DAY SURGERY CENTER.

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012
State Revenue		
State Expenditures General Fund	($201,920)	($201,920)
FTE Position Change		
Effective Date: Upon signature of the Governor, or upon becoming law without his signature.		
Appropriation Summary for FY 2010-2011: None required		
Local Government Impact: None.		

Summary of Legislation

This bill authorizes the Department of Corrections (DOC) to enter into a lease-purchase agreement, for up to 12 years, to purchase a day surgery center. The surgery center is to be located at the Denver Reception and Diagnostic Center. Under the bill, the department is authorized to execute a lease-purchase agreement of up to $2.8 million in principal. The rentals or other payments under the agreement are not to exceed $400,000 a year.

State Expenditures

This bill reduces state General Fund expenditures by $201,920 beginning in FY 2010-11. No new state expenditures are required for the implementation of this bill. The DOC will have savings of $601,920 annually from performing surgeries at the DOC surgery facility rather than contracting with hospitals which will pay for the annual lease payments of up to $400,000. The state will enter into a contract to purchase a modular building that will be located at the Denver Reception and Diagnostic Center. The facility will be delivered equipped as a surgery center. The fiscal note assumes that no payments will be made until the facility is operational. Any savings in excess of the annual lease payments will be addressed through the annual budget process.

Currently, the DOC contracts with local hospitals to perform any necessary surgeries at an average rate of $2,187 per surgery. These costs are higher than the cost to perform surgery at a DOC facility due to the costs associated with transporting an offender and security needs. Typically, the department contracts for 660 surgeries a year for a total cost of $1,443,420. The fiscal note estimates that by performing the surgeries at the DOC surgery center, the average cost per surgery will be reduced to $1,275 for an annual cost of $841,500.

Departments Contacted

Corrections Treasury