

Colorado Legislative Council Staff Fiscal Note
**STATE and LOCAL
 FISCAL IMPACT**

This fiscal note is prepared pursuant to Joint Rule 22. (b) (2)

Drafting Number: LLS 10-0367

Date: February 1, 2010

Prime Sponsor(s): Sen. Brophy
 Rep. Sonnenberg

Bill Status: Senate SVMA

Fiscal Analyst: Kate Watkins (303-866-6289)

TITLE: CONCERNING THE TRANSFER FROM THE GENERAL FUND TO THE HIGHWAY USERS TAX FUND OF AN AMOUNT EQUAL TO ONE PERCENT OF KINDERGARTEN THROUGH TWELFTH GRADE EDUCATION FUNDING BEGINNING IN STATE FISCAL YEAR 2011-12 THROUGH STATE FISCAL YEAR 2020-21.

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012
State Revenue		
State Transfers or Diversions Transfer from the General Fund to the Highway Users Tax Fund		\$60.2 Million
State Expenditures	See State Expenditures section	
FTE Position Change		
Effective Date: August 11, 2010, assuming the General Assembly adjourns May 12, 2010, as scheduled and no referendum petition is filed.		
Appropriation Summary for FY 2010-2011: None required.		
Local Government Impact: Increased HUTF allocations to counties and municipalities.		

Summary of Legislation

With amendment SB069_L.001, this bill transfers from the General Fund to the Highway Users Tax Fund (HUTF) an amount equal to the following in FY 2011-12:

- 1% of the prior fiscal year's average per pupil revenue multiplied by the funded pupil count, plus
- 1% of the prior fiscal year's total state funding for K-12 categorical programs.

From FY 2012-13 through FY 2020-21, this bill transfers an amount equal to:

- the prior year's HUTF transfer, plus
- 1% of the prior fiscal year's average per pupil revenue multiplied by the funded pupil count, plus
- 1% of the prior fiscal year's total state funding for K-12 categorical programs.

The transfer will be limited to the prior year's HUTF transfer if the General Fund balance fails to grow by 4 percent in the prior fiscal year.

Background

Highway Users Tax Fund. The HUTF is the primary source of highway funds in Colorado. After "off-the-top" deductions to the Ports of Entry and the State Patrol to fund highway-related functions, most HUTF funds are distributed 65 percent to the State Highway Fund, 26 percent to counties, and 9 percent to municipalities. Each year, the HUTF receives revenue from a number of sources including fuel excise taxes, motor vehicle registration fees, other fees and fines, and at the will of the General Assembly, transfers, diversions, or appropriations from the General Fund.

State Transfers or Diversions

Transfers from the General Fund to the HUTF under this bill are estimated to total \$60.2 million in FY 2011-12 and \$121.3 million in FY 2012-13 assuming the General Fund balance grows by 4 percent in FY 2010-11 and FY 2011-12. Table 1 shows projected transfers from the General Fund to the HUTF required by the bill with amendment SB069_L.001 through FY 2020-21, the last year in which a transfer would occur. These projections assume the same per-pupil funding requirements as current law and growth in the per-pupil funding count consistent with the December 2009 Legislative Council Staff forecast and average historical state population growth for years outside of the forecast period (from FY 2012-13 through FY 2020-21).

Table 1. Transfers from the General Fund to the HUTF Under SB10-069 with Amendment SB069_L.001* (Millions of Dollars)						
Fiscal Year	1% of K-12 Per-Pupil Spending	1% of Categorical Program Funding	Prior Year's Transfer	Total Transfer to the HUTF	State Allocation	
FY 2011-12	\$57.9	\$2.3	N/A	\$60.2	\$39.1	
FY 2012-13	\$58.8	\$2.3	\$60.2	\$121.3	\$78.8	
FY 2013-14	\$60.7	\$2.3	\$121.3	\$184.3	\$119.8	
FY 2014-15	\$63.3	\$2.4	\$184.3	\$250.0	\$162.5	
FY 2015-16	\$67.0	\$2.5	\$250.0	\$319.5	\$207.7	
FY 2016-17	\$71.1	\$2.5	\$319.5	\$393.1	\$255.5	
FY 2017-18	\$75.5	\$2.6	\$393.1	\$471.2	\$306.3	
FY 2018-19	\$80.0	\$2.7	\$471.2	\$553.9	\$360.0	
FY 2019-20	\$84.9	\$2.8	\$553.9	\$641.6	\$417.0	
FY 2020-21	\$89.7	\$2.9	\$641.6	\$734.2	\$477.2	
<i>Cumulative 10-Year Total</i>				\$3,729.3	\$2,424.0	

*Assumes the General Fund balance will grow by at least 4 percent from FY 2010-11 through FY 2019-20.

State Expenditures

This bill allocates 65 percent of the total HUTF transfer to the State Highway Fund each year. Based on this allocation, \$39.1 million is expected to go to the State Highway Fund in FY 2011-12. The State Highway Fund is continuously appropriated to the Transportation Commission.

No separate appropriation is required for the Department of Personnel and Administration to transfer funds from the General Fund to the HUTF.

Local Government Impact

Counties and Municipalities. The bill will increase HUTF allocations to counties and municipalities, where 26 percent of the total annual HUTF transfer would go to counties and 9 percent to municipalities. Based on this allocation, counties are expected to receive \$15.6 million and municipalities are expected to receive \$5.4 million in FY 2011-12.

Departments Contacted

Transportation
Legislative Council Staff

Personnel and Administration