

**JBC STAFF FISCAL ANALYSIS
SENATE APPROPRIATIONS COMMITTEE**

CONCERNING MEASURES TO ADDRESS THE FINANCIAL VIABILITY OF THE COVERCOLORADO PROGRAM.

Prime Sponsors: Senator Boyd
Representative Massey

JBC Analyst: Carolyn Kampman
Phone: 303-866-2061
Date Prepared: February 24, 2010

Summary of Amendments Made to the Bill After the 02/17/10 Legislative Council Staff Revised Fiscal Note Was Prepared

None.

JBC Staff Concurrence with Legislative Council Staff Fiscal Note

Concurs **Does Not Concur** **Updated Analysis**

Amendments/Appropriation Status

The bill neither requires nor contains an appropriation clause for FY 2010-11.

Bill Sponsor Amendments

Staff is not aware of any sponsor amendments to be offered.

Points to Consider

The only state appropriation in support of the CoverColorado program is a transfer from the Unclaimed Property Trust Fund (the Fund). This appropriation is located in the Department of the Treasury section of the annual Long Bill. While these transfers were originally from interest earned on the Fund, transfers are now authorized from both the interest *and principal* to support CoverColorado. Transfers from the Fund to CoverColorado have been growing at an unsustainable pace over the last several years. Table 1 details transfers from the Fund to CoverColorado from FY 2005-06 through FY 2009-10.

Table 1					
CoverColorado Transfers from the Unclaimed Property Trust Fund					
	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10
	Actual	Actual	Actual	Actual	Approp.
Expenditure/ Appropriation	\$7,232,579	\$9,307,646	\$19,426,146	\$31,174,631	\$27,000,000

If nothing is done to restrain the growth of CoverColorado expenditures, the program is expected to grow at a rate of 30 percent per year, requiring transfers from the Fund to grow at the same rate. The Fund is projected to receive about \$30 million in net annual revenue (remittances less claims paid) in future fiscal years. As illustrated in Table 2, **current projections indicate that growth in CoverColorado expenses will deplete the Fund balance. If the Fund is depleted, the General Fund is liable for any inability to cover claims made on the Fund.**

Fiscal Year	Projected CoverColorado Claims and Administrative Costs <a>	Required Subsidy from Unclaimed Property Trust Fund 	Projected Year End Balance of Fund <c>
2009-10	\$102,093,224	\$27,000,000	\$89,051,484
2010-11	132,826,816	34,000,000	83,051,484
2011-12	169,208,025	42,000,000	69,051,484
2012-13	207,567,302	52,000,000	45,051,484

- <a> Projected claims provided by CoverColorado
- Subsidy from Unclaimed Property Trust Fund is 25 percent of Projected Claims and Costs
- <c> End of year balance assumes \$30 million net revenue and \$2 million in administrative costs of administering the Unclaimed Property Program.