



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

Drafting Number: LLS 11-0957

Date: April 5, 2011

Prime Sponsor(s): Sen. Hodge

Bill Status: Senate Appropriations

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TITLE: CONCERNING THE AUGMENTATION OF THE GENERAL FUND THROUGH TRANSFERS OF CERTAIN MONEYS, AND MAKING AN APPROPRIATION IN CONNECTION THEREWITH.

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012
State Revenue		
State Transfers or Diversions Transfer from Multiple Cash Fund Sources to the General Fund	(\$5,114,845)	(\$123,674,117)
State Expenditures		
FTE Position Change		
Effective Date: Upon signature of the Governor, or upon becoming law without his signature.		
Appropriation Summary for FY 2011-2012: See State Appropriations section.		
Local Government Impact: See Local Government Impact section.		

Summary of Legislation

The bill requires the state treasurer to transfer amounts from various cash funds to the General Fund for purposes of augmenting the General Fund for fiscal years 2010-11 and 2011-12. The specific amounts to be transferred are specified in the bill. For FY 2010-11, a total of \$5,114,845 is transferred. For FY 2011-12, a total of \$123,674,117 is transferred.

State Revenue and Expenditures

Transferring moneys from cash funds reduces interest earnings on those funds; the exact reduction in interest earnings has not been estimated.

No expenditures are required under the bill.

State Transfers

The bill transfers the amounts shown in Table 1 from various sources to the General Fund.

Table 1. Cash Fund Transfers Required by SB11-226

Bill Section	Name of Fund	Department	Transfer Date	Transfer Amount	
				FY 2010-11	FY 2011-12
1	Read-to-Achieve Cash Fund*	Education	June 30, 2011	\$1,864,845	\$0
2	Tobacco Litigation Settlement Cash Fund — Health Care Supplemental Appropriations and Overexpenditure Account	Public Health and Environment	June 30, 2012	0	669,519
3	Debt Collection Fund	Personnel and Administration	June 30, 2012	0	249,494
4	Child Welfare Action Committee Cash Fund*	Human Services	July 1, 2012	0	155,104
5	Local Government Mineral Impact Fund	Local Affairs	June 30, 2012	0	30,000,000
6	Perpetual Base Account of the Severance Tax Trust Fund	Natural Resources	July 1, 2011, and June 30, 2012	0	48,100,000
7	Operational Account of the Severance Tax Trust Fund	Natural Resources	June 30, 2012	0	3,500,000
8	Local Government Severance Tax Fund	Local Affairs	June 30, 2012	0	41,000,000
9	Low-income Energy Assistance Fund	Human Services	June 30, 2011	3,250,000	0
Total Transfers				\$5,114,845	\$123,674,117

* The bill requires the transfer of all remaining amounts in these funds.

A description of the affected funds appears below.

The **Read-to-Achieve Cash Fund** is used for read-to-achieve grants, grants for the reading assistance grant program, and for reimbursements to school districts for educational services provided to juveniles held in jails. Revenues for the fund consist of 5 percent of annual tobacco litigation master settlement agreement payments, up to \$8 million. The bill requires the state treasurer to transfer to the General Fund any unexpended and unencumbered moneys in the fund as of June 30, 2011.

The **Health Care Supplemental Appropriations and Overexpenditure Account of the Tobacco Litigation Settlement Cash Fund** was established with a credit of \$24 million from the tobacco master settlement agreement for purposes of funding expenditures, overexpenditures, and supplementals to the Children's Basic Health Plan and to the Colorado Benefits Management System. The statutory authority for these appropriations from the fund, or for any other appropriations from the fund, has expired. The bill requires the state treasurer to transfer to the General Fund any unexpended and unencumbered moneys remaining in the fund as of June 30, 2012.

The **Debt Collection Fund** supports the operations of the Department of Personnel and Administration's central collection services, which provide debt collection services for state agencies and local governments. Collection fees are assessed to individuals for the collection of past due debts owed to the state. The bill transfers \$249,494 of the estimated FY 2011-12 balance of \$477,767, with the transfer to occur on June 30, 2012.

The **Child Welfare Action Committee Cash Fund** was created by HB08-1404 to fund the work of the Child Welfare Action Committee, which was created by executive order. The committee issued its final report in 2010. Funding was from one-time authority to transfer up to \$200,000 from funds that the department would have reverted at the end of FY 2007-08. The bill requires the state treasurer to transfer to the General Fund any unexpended and unencumbered moneys remaining in the fund as of July 1, 2011.

The **Perpetual Base Account of the Severance Tax Trust Fund** provides for direct funding or loans for construction, rehabilitation, enlargement, or improvement of water projects. The account receives half of receipts to the Severance Tax Trust Fund, which equates to one-fourth of all severance tax income. The bill requires that \$48,100,000 be transferred from this fund to the General Fund for FY 2011-12.

The **Operational Account of the Severance Tax Trust Fund** receives half of the receipts to the Severance Tax Trust Fund (one-fourth of all severance tax income). The Department of Natural Resources has statutory authority to use the operational account support a variety of its programs. The account also supports programs in the Governor's Office and the Department of Human Services. For FY 2011-12, the bill transfers \$3,500,000 from the operational account to the General Fund.

The **Low-Income Energy Assistance Fund** is used to increase funds available to the Low Energy Assistance Program. Funding is from a transfer from the operational account of the Severance Tax Trust Fund. The bill requires that \$3,250,000 be deducted from the fund for transfer to the General Fund on June 30, 2011. The bill includes an appropriation clause to reduce the informational appropriation in the Long Bill for the Low Income Energy Assistance Program by \$3,250,000 million in FY 2010-11, consistent with the FY 2010-11 transfer amounts in the Low-Income Energy Assistance Fund to the General Fund.

Local Government Impact

The bill transfers revenues from two funds that affect local governments. These funds are discussed below.

Local Government Mineral Impact Fund. Created to provide grant opportunities for communities most directly and substantially impacted by the production of energy resources on federal mineral lands, this fund is comprised of 41.7 percent of non-bonus Federal Mineral Lease revenues derived from rents, royalties, and earnings received from the federal government. The bill transfers \$30,000,000 from this fund to the General Fund on June 30, 2012.

Local Government Severance Tax Fund. The 50 percent share of severance tax receipts received by DOLA are deposited in the Local Government Severance Tax Fund, which is allocated as follows:

- **70 percent** is available for discretionary loans and grants to local governments that are socially or economically impacted by the mining industry and to compensate local governments for the loss in property taxes resulting from the deduction of severance taxes in determining the valuation for assessment of producing mines. Moneys must be used for the planning, construction, and maintenance of public facilities, and for the provision of public services; and
- **30 percent** is distributed directly to local governments.

The bill requires that \$41,000,000 be transferred from this fund to the General Fund on June 30, 2012.

State Appropriations

The bill includes an appropriation clause to reduce the informational appropriation in the Long Bill for the Low-Income Energy Assistance Program by \$3,250,000 in FY 2010-11, consistent with the transfer of amounts in the Low Income Energy Assistance Fund to the General Fund.

Departments Contacted

Education
Personnel
Public Health and Environment

Human Services
Natural Resources