


 Colorado *Legislative Council Staff Fiscal Note*
STATE
FISCAL IMPACT

Drafting Number: LLS 12-0900
Prime Sponsor(s): Sen. Steadman
 Rep. Gerou

Date: April 3, 2012
Bill Status: Senate Finance
Fiscal Analyst: Louis Pino (303-866-3556)

TITLE: CONCERNING A TRIGGER RELATED TO GENERAL FUND OBLIGATIONS CREATED IN SENATE BILL 09-228.

Fiscal Impact Summary	FY 2012-13	FY 2013-14	FY 2014-15
State Revenue			
State Transfers and Diversions* Transfer from the General Fund to the: Highway Users Tax Fund Capital Construction Fund Diversion from the General Fund to the General Fund Reserve		\$161.7 Million 40.4 Million 35.2 Million	\$35.2 Million
State Expenditures General Fund Highway Users Tax Fund Capital Construction Fund		\$237.3 Million (161.7 Million) (40.4 Million)	\$35.2 Million
FTE Position Change			
Effective Date: August 8, 2012, if the General Assembly adjourns on May 9, 2012, as scheduled, and no referendum petition is filed.			
Appropriation Summary for FY 2012-2013: None.			
Local Government Impact: None			

* The transfer and diversion amounts shown are *reductions* from current law.

Summary of Legislation

Senate Bill 12-168 changes the timing for the trigger on increases in the General Fund reserve and transfers from the General Fund to transportation and capital construction required by Senate Bill 09-228. In particular, the bill postpones the onset of these General Fund obligations by one year relative to current law.

For example, if 2012 were the first year in which personal income increased by at least five percent, the reserve increases and transfers would be required beginning in FY 2012-13. Under the bill, these increases would not be triggered until the following fiscal year, FY 2013-14.

The bill also requires that personal income estimates reported by the Bureau of Economic Analysis (BEA) be the source for determining whether the trigger occurs.

Background. Senate Bill 09-228 requires increases in the General Fund reserve and transfers from the General Fund to transportation and capital construction funds. The transfers and increases in the General Fund reserve are triggered once Colorado personal income increases by at least five percent. Once the trigger is met, the transfers continue for a five-year period regardless of personal income growth during the time period. Table 1 shows the amounts to be transferred or set aside and the years required. After the five-year period of transfers is complete, the General Fund statutory reserve will equal 6.5 percent of General Fund appropriations.

Table 1. General Fund Transfers and Reserve Increases* Transportation and Capital Construction Transfers Are A Percent of General Fund Revenue Statutory Reserve Transfers Are A Percent of General Fund Appropriations <i>Subject to Applicable Triggers</i>			
Fiscal Year	Transportation	Capital Construction	Reserve Increases
FY 2012-13	2.0%	0.5%	0.5%
FY 2013-14	2.0%	0.5%	0.5%
FY 2014-15	2.0%	1.0%	0.5%
FY 2015-16	2.0%	1.0%	0.5%
FY 2016-17	2.0%	1.0%	0.5%

*Assumes trigger is met for 2012-13

If personal income increases by less than five percent in 2012, the entire five-year block of transfers is postponed until the first fiscal year in which personal income increases by at least five percent during the calendar year in which the fiscal year originated.

State Transfers or Diversions

Senate Bill 12-168 delays the required transfers and increases in the General Fund reserve until the first year *after* the personal income trigger is met. The March 2012 Legislative Council Staff forecast anticipates that Colorado personal income will grow by at least 5 percent in 2013. Under current law, the initial transfers would begin in FY 2013-14. Under the bill, the initial transfers will begin in FY 2014-15 and continue until FY 2018-19. If Colorado personal income does not increase by at least 5 percent in 2013, the transfers and reserve increases under both current law and the bill are postponed until the trigger is met.

In FY 2013-14, the bill eliminates the anticipated transfers to the Highway Users Tax Fund (HUTF) and Capital Construction Fund (CCF) of \$161.7 million and \$40.4 million, respectively. Instead, the bill requires transfers to these funds in FY 2018-19. Under current law, no transfer is required in FY 2018-19. The bill will also postpone the increase in the General Fund reserve.

State Expenditures

The bill makes \$237.3 million available for appropriation from the General Fund in FY 2013-14 and \$35.2 million available for appropriation from the General Fund each year from FY 2014-15 through FY 2017-18. In FY 2013-14, there will be \$161.7 million less available in the HUTF for spending on transportation projects and \$40.4 million less available in the CCF for spending on capital projects. Hence, some transportation and capital construction projects may be impacted as inflationary pressures increase construction costs.

Departments Contacted

Personnel and Administration
Transportation
Legislative Council Staff

Treasury
Office of State Planning and Budgeting