

**STATE  
FISCAL IMPACT**

<b>Drafting Number:</b> LLS 14-0855	<b>Date:</b> January 27, 2014
<b>Prime Sponsor(s):</b> Sen. Steadman Rep. Gerou	<b>Bill Status:</b> Senate Appropriations
	<b>Fiscal Analyst:</b> Kori Donaldson (303-866-4976)

**SHORT TITLE:** RECOMMENDATIONS FOR FINANCING CAPITAL CONSTRUCTION

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
State Revenue		
State Expenditures		
FTE Position Change		
<b>Appropriation Required:</b> None.		

\* This summary shows changes from current law under the bill for each fiscal year.

**Summary of Legislation**

This bill, recommended by the **Joint Budget Committee** (JBC), changes the deadline for a report concerning recommendations for new methods of financing the state's ongoing capital construction, capital renewal, and controlled maintenance needs. It also moves responsibility for the report from the Capital Development Committee (CDC) to the JBC.

**Background**

Senate Bill 09-228 set a five-year statutory transfer from the General Fund to the Capital Construction Fund. The statutory transfer for capital construction was scheduled to begin in FY 2012-13, provided Colorado personal income increased by 5 percent or more. The 5 percent trigger has not yet been met. Pursuant to SB 09-228, the entire five-year block of transfers is postponed until the first fiscal year in which personal income increases by at least 5 percent during the calendar year in which the fiscal year originated. Once the personal income trigger is met, Senate Bill 12-168 further delays the block of transfers by one year. The scheduled transfer to the Capital Construction Fund was initially set at 0.5 percent of General Fund revenue in FY 2012-13 and FY 2013-14, and 1.0 percent of General Fund revenue in FY 2014-15 through FY 2016-17. The Legislative Council Staff economic forecast published in December 2013 projects that Colorado personal income will increase by 5.7 percent in 2014, triggering the first year of these transfers in FY 2015-16.

SB 09-228 required the CDC to develop and make recommendations concerning new methods of financing the state's ongoing capital construction, capital renewal, and controlled maintenance needs no later than January 1, 2016. This date was selected to coincide with the original schedule of statutory transfers under SB 09-228.

**State Expenditures**

In order to develop recommendations for a new method of financing the state's ongoing capital need, the General Assembly may opt to hire a third-party consultant to study how capital construction is financed in other states and to suggest new funding alternatives. This fiscal note assumes that if the General Assembly determines to hire a third-party consultant, it will do so through an appropriation near the end of the five-year period of statutory transfers. Therefore, the fiscal note does not show an increase in state expenditures during the forecast period.

**Effective Date**

The bill takes effect August 6, 2014, if the General Assembly adjourns on May 7, 2014, as scheduled, and no referendum petition is filed.

**State and Local Government Contacts**

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