

**STATE**  
**CONDITIONAL FISCAL IMPACT**

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<b>Drafting Number:</b> LLS 14-0506	<b>Date:</b> January 21, 2014
<b>Prime Sponsor(s):</b> Rep. Nordberg	<b>Bill Status:</b> House SVMA
	<b>Fiscal Analyst:</b> Kerry White (303-866-3469)

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**SHORT TITLE:** SUPERMAJORITY FOR A NEW OR INCREASED FEE

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

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

**Summary of Legislation**

This bill prohibits the General Assembly from passing a law that creates a fee or increases an existing fee unless it is approved by 60 percent of the members elected to each house.

**Background**

State law dictates the manner in which state agencies assess fees. Some fees, such as those for court costs, hunting licenses, drivers licenses, and motor vehicle registrations, are fixed or capped in statute. In many other cases, such as for occupational or business licenses, the General Assembly grants fee-setting authority to the state agency that provides oversight of the function or program. This method allows the state agency to respond to changes outside of the legislative process, as well as to cover its costs should any market conditions result in a substantial increase or decrease in workload and costs. State law generally requires the agency to set fees so that its direct and indirect program costs are recovered.

Fee revenues are generally deposited into legislatively-established cash funds and appropriated to state agencies for payment of program costs. Depending on the affected cash fund, accumulating balances are often an indicator that fees may need to be adjusted. Unless otherwise specified, state law requires that a fund's balance, also known as the uncommitted reserve, may not exceed 16.5 percent of its annual expenditures. If the uncommitted reserve of a cash fund used to pay costs for a fee-based program exceeds this percentage in any given fiscal year, a state agency with fee-setting authority is required to reduce its fees accordingly.

### **State Expenditures**

This bill may alter state expenditures in several ways. First, it may result in a requirement to increase General Fund appropriations to a state agency. For programs with statutorily fixed or capped fees, legislation may be introduced to increase state fees when the program's cost exceed its revenue. Under current law, a simple majority is required for that legislation's approval. If, under HB14-1090, a supermajority does not approve the proposed legislation, the program may have to continue to operate in a deficit. The fiscal note assumes an affected state agency would request an increase in General Fund appropriations to continue to meet the program's needs. Second, it is also possible that the bill could reduce state agency workload or expenditures as a result of insufficient revenues.

As each of these scenarios is conditional upon the actions of future General Assemblies and the programs and fees affected, it is not possible to determine the potential fiscal impact.

**Assumptions.** The fiscal note assumes this bill does not affect the ability of state agencies or institutions of higher education to increase fees where statutorily-authorized to do so.

### **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**

All Departments