

**STATE
FISCAL IMPACT**

Drafting Number: LLS 14-0100	Date: April 22, 2014
Prime Sponsor(s): Rep. Szabo; Fischer Sen. Schwartz	Bill Status: House SVMA
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SHORT TITLE: REVISION OF ALL CAPITAL RELATED STATUTES

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

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

Summary of Legislation

This bill, recommended by the **Capital Development Committee** (CDC), updates definitions and codifies existing practice associated with the categorization and review of capital construction budget requests. It also removes obsolete statutory provisions and makes conforming amendments. In addition, the bill makes the following changes to existing practice:

- amends the Building Excellent Schools Today Act in order to permit an additional grant award for FY 2013-14;
- changes the period of time that the CDC is required to forecast the amount of available revenue for capital projects to conform with the forecast period used in the economic forecasts published by Legislative Council Staff;
- modifies existing thresholds governing notice requirements and the procurement of various services associated with construction projects;
- requires the Governor's Office of Information Technology (OIT) to establish and maintain a separate inventory of information technology equipment valued in excess of \$100,000 for all state agencies;
- eliminates the sunset of the CDC; and
- changes deadlines for capital budget submissions by the Governor's Office of State Planning and Budgeting (OSPB)

Background

The categorization and review of capital construction budget requests is currently determined based on budget instructions published by OSPB and the Office of the State Architect within the Department of Personnel and Administration; memoranda of understanding between the CDC or the Joint Budget Committee and various state agencies; past practice; and current law. Beginning in 2013, the CDC began the process of identifying existing practices that were governed by budget instructions, memoranda of understanding, or past practice which could be codified in

law. The committee worked with stakeholders from all parts of state government. As part of this process, it also updated definitions to better reflect the common understanding of capital construction and differences between how state department and higher education capital requests are categorized and reviewed.

State Expenditures

The bill may impact workload and change how certain state funds are expended. This fiscal note assumes that these impacts can be absorbed within existing appropriations.

Building Excellent Schools Today (BEST) project. The bill allows one additional BEST project to receive grant funding for FY 2013-14. Under current law, projects that are listed as "alternates" on the list of projects approved for grant funding by the State Board of Education only receive funding if matching funds for another approved project are unavailable. For the FY 2013-14 grant cycle, matching funds were made available for all of the approved projects. However, there is sufficient money allocated to repay the certificates of participation (COPs) that are issued on behalf of the state for the construction of BEST projects to finance an additional FY 2013-14 project. Additionally, the first alternate project, a new school in the Fort Morgan RE-3 School District, received voter approval to borrow matching funds. The total cost of the alternate project is \$34.7 million, including \$23.6 million financed through COPs and repaid through annual lease payments and \$11.1 million in matching funds. The state is currently authorized to make up to \$40 million in annual lease payments on behalf of projects financed through the BEST program. This bill permits the state to finance an additional BEST project within its existing lease purchase repayment capacity.

Notice and procurement thresholds. The bill modifies several notice requirements and procurement thresholds to increase the dollar amount that will trigger the publication of certain notices, the need for contractor bonds, and how a design team is selected for a project. These changes are anticipated to minimally reduce state expenditures and workload for new state-funded construction projects.

Inventory of information technology equipment valued in excess of \$100,000. The bill requires the OIT to establish and maintain an inventory of information technology equipment owned or leased by state agencies and valued in excess of \$100,000. Another bill, Senate Bill 14-169, which is pending signature by the Governor, requires OIT to develop, prepare, and submit information about the state's information technology asset inventory and refresh cycle schedule. This fiscal note assumes that the inventory required under House Bill 14-1387 may be absorbed within the inventory developed pursuant to SB 14-169, and that workload within OIT will increase.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State and Local Government Contacts

All State Departments