

Colorado Legislative Council Staff Fiscal Note

**STATE
FISCAL IMPACT**

Drafting Number: LLS 15-0378
Prime Sponsor(s): Rep. DelGrosso

Date: January 22, 2015
Bill Status: House Finance
Fiscal Analyst: Greg Sobetski (303-866-4105)

BILL TOPIC: ADDITIONAL SB09-228 TRANSFERS TO HUTF & CAP CONSTR

| Fiscal Impact Summary | FY 2015-2016 | FY 2020-2021 |
|---|---------------------|----------------------------|
| State Revenue | | |
| State Transfers General Fund Cash Funds | | See State Revenue section. |
| State Expenditures | | |
| FTE Position Change | | |
| Appropriation Required: None. | | |

Summary of Legislation

This bill lengthens the five-year block of statutory transfers from the General Fund to the Highway Users Tax Fund (HUTF) and the Capital Construction Fund (CCF), in the event that one or more year(s) of transfers are reduced or not made because of a revenue surplus under Article X, Section 20 of the state constitution, the Taxpayer's Bill of Rights (TABOR). For each year in which transfers are reduced or not made, an additional year of transfers is required, in which 2 percent of General Fund revenue must be transferred to the HUTF and 1 percent of General Fund revenue must be transferred to the CCF. As in current law, transfers created in the bill may be reduced or not made because of the size of the TABOR surplus. The schedule of transfers is extended until five years of full transfers have taken place.

Background

Senate Bill 09-228 requires a five-year block of transfers from the General Fund to the HUTF and the CCF beginning after state personal income grows 5.0 percent or more during a single calendar year. The U.S. Bureau of Economic Analysis will release its estimate of 2014 state personal income growth, the estimate used to determine the personal income trigger, on February 2, 2015. If this estimate reflects growth of 5.0 percent or more, current law transfers will begin in FY 2015-16 and continue through FY 2019-20. The December 2014 Legislative Council Staff forecast expects 2014 personal income growth at 5.5 percent.

Transfers may be cut in half or not made depending on the existence and size of a state TABOR surplus for each fiscal year in which transfers are scheduled. Transfers are cut in half if the TABOR surplus during a fiscal year is greater than 1 percent and less than or equal to 3 percent of General Fund revenue. If the TABOR surplus exceeds 3 percent of General Fund revenue, the transfers are not made for that year.

State Revenue

State transfers. Because the five-year block of transfers in current law is expected to expire in FY 2019-20, new transfers from the General Fund to the HUTF and the CCF could be required beginning in FY 2020-21. The date at which the first new transfers begin depends on when the personal income trigger is activated, and the existence and size of a TABOR surplus for fiscal years after the end of the block of transfers in current law.

General Fund transfers to the HUTF and the CCF will continue until five years of full transfers have taken place. A year of full transfers occurs when the state does not incur a TABOR surplus, or when the size of the TABOR surplus is less than or equal to 1 percent of General Fund revenue. As in current law, full transfers to the HUTF and the CCF will equal 2 percent and 1 percent of General Fund revenue, respectively. The current Legislative Council Staff forecast period ends in FY 2016-17.

General Fund revenue transferred to the HUTF under this bill is paid to the State Highway Fund for allocation to the Department of Transportation. Current law requires that these funds be expended for the implementation of the Strategic Transportation Project Investment Program, a collection of high priority transportation improvement projects selected by the Transportation Commission. Finally, no more than 90 percent of transferred funds may be spent on highways and highway-related capital improvements, while at least 10 percent of transferred funds must be spent on transit or transit-related capital improvements.

Current law does not specify the use of General Fund revenue transferred to the CCF, which may be spent for capital construction, capital renewal, and controlled maintenance at the discretion of the General Assembly.

Effective Date

The bill takes effect August 5, 2015, if the General Assembly adjourns on May 6, 2015, as scheduled, and no referendum petition is filed.

State and Local Government Contacts

Personnel and Administration

Transportation

Treasury