

Colorado Legislative Council Staff Fiscal Note

**STATE
FISCAL IMPACT**

Drafting Number: LLS 15-1022	Date: March 27, 2015
Prime Sponsor(s): Sen. Lambert Rep. Hamner	Bill Status: Senate Appropriations
	Fiscal Analyst: Greg Sobetski (303-866-4105)

BILL TOPIC: GENERAL FUND RESERVE EXCLUDE LEASE-PURCHASE PAYMENTS

Fiscal Impact Summary	FY 2015-2016	FY 2016-2017
State Revenue		
State Expenditures		
FTE Position Change		
Appropriation Required: None.		

Summary of Legislation

This bill, **recommended by the Joint Budget Committee**, exempts payments made for certificates of participation lease-purchase agreements from General Fund appropriations for the purpose of computing the statutory General Fund reserve.

Background

Joint Rule 45, enacted with the passage of Senate Joint Resolution 14-039, segments operating, capital construction, and information technology budget requests under the respective purviews of the Joint Budget Committee (JBC), Capital Development Committee, and Joint Technology Committee. Pursuant to Joint Rule 45, the operating budget includes items that require ongoing funding levels from year to year; the JBC has interpreted this to incorporate lease-purchase payments for completed facilities. Prior to Joint Rule 45, lease-purchase payments were appropriated via the capital construction budgeting process and paid from the Capital Construction Fund. Under Joint Rule 45, all operating expenses, including lease-purchase payments, are paid from the General Fund.

Statute requires the state to hold a certain amount of General Fund revenue in reserve each year. Under current law, the General Fund reserve is equal to 6.5 percent of all General Fund appropriations for a given fiscal year, except those necessary to resolve a state fiscal emergency. For FY 2014-15, the statutorily required portion of the General Fund reserve is expected to reach \$576.4 million, based on the March 2015 Legislative Council Staff forecast.

State Expenditures

For FY 2015-16 and subsequent fiscal years, the General Fund reserve will decrease by 6.5 percent of the amount expended by the state for rental and other payments under lease-purchase agreements. For FY 2015-16, this amount is expected to be \$2.5 million, or 6.5 percent of the \$39.2 million in state-funded certificates of participation payments approved for inclusion in the operating budget.

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

Joint Budget Committee