

Colorado Legislative Council Staff Fiscal Note

**STATE
FISCAL IMPACT**

Drafting Number: LLS 15-0913	Date: March 19, 2015
Prime Sponsor(s): Rep. Young Sen. Grantham	Bill Status: House Appropriations Fiscal Analyst: Kori Donaldson (303-866-4976)

BILL TOPIC: CAPITAL RESERVE IN CERTAIN CASH FUNDS

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

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

Summary of Legislation

The bill, *which is recommended by the Joint Budget Committee*, requires state agencies to identify a capital reserve for any appropriated cash fund used to pay costs associated with the acquisition, repair, improvement, replacement, renovation, or construction of a capital asset. State agencies are required to calculate, and annually set aside in a capital reserve, an amount equal to the depreciable cost attributable to a capital asset or assets paid from the cash fund. Funds in the capital reserve are subject to appropriation and must be used for capital outlay, capital construction, capital renewal, or controlled maintenance. The balance of the capital reserve account is not counted toward the 16.5 percent reserve limit assigned to many cash funds.

State Revenue

This bill may increase revenue to various state agency cash funds to the extent that state agencies opt to increase fees in order to fund a capital reserve account. If a state agency does not have sufficient fee revenue to fund both its operating costs and to set aside an amount equal to the calculated depreciation of a capital asset funded through a cash fund, it may be required to increase fees. Because this bill may increase state revenue, it may increase the amount required to be refunded under TABOR. TABOR refunds are paid from the General Fund.

State Expenditures

There may be an increase in workload associated with tracking and reporting the amount set aside in the capital reserves. This fiscal note assumes that any increase in workload will be absorbed within existing resources.

Technical or Mechanical Defects

The language in the bill can be read to indicate that non-appropriated cash funds, including funds managed by state enterprises, are subject to the bill's requirements. Based on information provided by the JBC staff, this fiscal note assumes that the bill only applies to appropriated funds managed by state agencies. It does not apply to cash funds overseen by the Colorado Department of Transportation or to certain state enterprises.

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