

Colorado Legislative Council Staff Fiscal Note

**STATE
FISCAL IMPACT**

Drafting Number: LLS 15-0738 **Date:** January 26, 2015
Prime Sponsor(s): Sen. Steadman **Bill Status:** Senate Finance
 Rep. Rankin **Fiscal Analyst:** Alex Schatz (303-866-4375)

BILL TOPIC: GENERAL FUND TRANSFERS TO BUILDING REGULATION FUND

Fiscal Impact Summary*	FY 2014-2015 (Current FY)	FY 2015-2016	FY 2016-2017
State Revenue	\$0		\$0
State Transfers	\$0		\$0
General Fund	(300,000)		(200,000)
Cash Funds	300,000		200,000
State Expenditures			
FTE Position Change			
Appropriation Required: None.			

* This summary shows changes from current law under the bill for each fiscal year. Transfers and diversions result in no net change to state revenue. Parentheses indicate a decrease in funds.

Summary of Legislation

Under current law, in FY 2008-09, a sum of \$1,101,349 was transferred from the Building Regulation Fund (BRF) to the state General Fund. This bill, **recommended by the Joint Budget Committee**, transfers a total of \$500,000 from the General Fund into the BRF, consisting of:

- \$300,000 on April 1, 2015 (FY 2014-15); and
- \$200,000 on July 1, 2016 (FY 2016-17).

The bill includes a waiver of the state cash fund target reserve requirement for FY 2014-15, allowing the BRF to retain more than 16.5 percent of FY 2014-15 expenditures from the fund on June 30, 2015, without prompting a reduction of fees.

The bill is repealed July 1, 2017.

Background

Fees paid to the Division of Housing in the Department of Local Affairs (DOLA) are deposited in the BRF. These fees are derived from regulatory activities related to factory-built housing, including registration of manufacturers, inspections, and plan reviews.

In recent years, changes in Colorado's factory-built housing industry have caused BRF revenue and expenditures to fluctuate. The DOLA included a request for a \$250,000 General Fund appropriation to the BRF as the top priority decision item in its FY 2015-16 budget request, citing a structural deficit.

Table 1 shows BRF revenue and expenditures for the last five fiscal years. Based on projected FY 2014-15 expenditures, the target reserve for the BRF on June 30, 2015, is \$149,324.

Table 1. Building Regulation Fund Revenue and Expenditures, FY 2009-10 to FY 2013-14.					
	FY 2009-10	FY 2010-11	FY 2011-12	FY 2012-13	FY 2013-14
Revenue	\$685,880	636,874	605,411	718,251	652,565
Expenditures	692,830	527,602	610,676	767,832	904,997
Net income to BRF*	(\$6,950)	\$109,272	(\$5,265)	(\$49,581)	(\$252,432)

* Parentheses denote a net reduction in funds.

State Revenue

The bill does not change state revenue. Transfers from the state General Fund to the BRF cash fund occur in FY 2014-15 and FY 2016-17.

Assumptions. The bill does not prompt an adjustment in fees payable to the BRF. For this reason, the bill includes a waiver of the target reserve requirement for FY 2014-15 and makes transfers on the first day of FY 2016-17.

State transfers. The bill requires two transfers. On April 1, 2015, the State Treasurer will transfer \$300,000 from the General Fund to the BRF. On July 1, 2016, the State Treasurer will transfer \$200,000 from the General Fund to the BRF.

Effective Date

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

State and Local Government Contacts

Local Affairs

Joint Budget Committee Staff

Treasury