JBC STAFF FISCAL ANALYSIS
SENATE APPROPRIATIONS COMMITTEE

CONCERNING STATE SCHOOL LANDS.

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		Date Prepared:	February 14, 2006

Summary of Amendments Made to the Bill After the 02/13/06 Legislative Council Staff Revised Fiscal Note was Prepared

None.

JBC Staff Concurrence with Legislative Council Staff Fiscal Note

XXX	Concurs		Does Not Concur		Updated Analysis

Amendments/Appropriation Status

The general appropriation bill for FY 2006-07 (the "Long Bill") has not yet been introduced. The *FY 2005-06* Long Bill includes the following appropriations to the Department of Education that are relevant to this bill:

Interest Earnings From the Public School Fund (cash funds exempt):
    $ 19,000,000   State Share of Districts' Total Program Funding

Land Management Proceeds (cash funds):
      9,527,356   State Share of Districts' Total Program Funding
      2,472,644   State Match for School Lunch Program
    12,000,000

    31,000,000   Total of Above Appropriations

If the FY 2006-07 Long Bill includes the same appropriations listed above and is enacted prior to the passage of S.B. 06-7, then S.B. 06-7 will require a provision adjusting the FY 2006-07 Long Bill. Specifically, S.B. 06-7 will require a provision eliminating the cash and cash exempt appropriations delineated above and replacing them with General Fund appropriations (a total of $31 million General Fund).

Alternatively, if S.B. 06-7 is enacted prior to the FY 2006-07 Long Bill, then the FY 2006-07 Long Bill will need to be prepared in a manner consistent with the provisions of S.B. 06-7. Either way, **S.B. 06-7 will require an additional $31 million General Fund to be appropriated for FY 2006-07, compared to FY 2005-06, because $31 million in cash and cash exempt revenues would no longer be available for appropriation.**

Sponsor Amendments

Sponsor amendment **L.002** would *allow*, rather than require, the General Assembly to appropriate up to $12 million of land management proceeds in support of the common schools in a fiscal year in which Colorado personal income grows by less than 4.5 percent. By allowing the General Assembly to choose to appropriate less than $12 million of land management proceeds during an economic downturn, this amendment potentially increases the amount that will be retained in the Public School Fund. Legislative Council staff is currently projecting that Colorado personal income will increase by greater than 4.5 percent in the next six years. Thus, **this amendment does not affect the impact of the bill on FY 06-07 appropriations.**

Points to Consider

1.   The FY 2006-07 Long Bill has not yet been introduced. This bill would require $31 million in additional General Fund appropriations for FY 2006-07, compared to FY 2005-06. These appropriations <u>are</u> subject to the six percent statutory limitation on General Fund appropriations. If this bill is enacted, other General Fund appropriations may only increase by six percent, less $31 million, in order to comply with this statutory limitation on General Fund appropriations.

2.   Although this bill would increase annual General Fund appropriations by $31 million for the next several fiscal years, once the Public School Fund reaches the target market value identified in the bill the amount available for annual appropriation will be significantly higher than $31 million and will increase annually thereafter [as depicted in Figure 2 of the attached Legislative Council Staff Fiscal Note].

3.   The bill would allow the General Assembly to appropriate income earned on the investment of moneys in the Public School Fund once the Fund reaches the target market value. The bill does not specify whether such moneys would be appropriated for the state share of districts' total program funding (as they are now), or for some other purpose. Thus, this decision will be left to a future General Assembly.