



Legislative Council Staff

Research Note

Version: Final

Date: 4/17/2017

Bill Number

House Bill 17-1144

Sponsors

Representative Esgar
Senator Baumgardner

Short Title

Amend Capital Construction
Automatic Funding Mechanism

Research Analyst

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Status

This research note reflects the final version of the bill which was signed into law by the Governor on April 7, 2017, and becomes effective August 9, 2017, assuming no referendum petition is filed.

Background

Senate Bill 15-211, which was recommended by the Joint Budget Committee, created a process to set aside an amount equal to the calculated depreciation of capital assets constructed or repaired through appropriations in the capital construction section of the annual Long Bill beginning with projects listed in the 2015 Long Bill. The set-aside calculation is based on the amount of depreciation recorded by an agency controller. Where funds are set aside varies according to fund source. State-funded projects require future General Fund appropriations in an amount equal to the annual depreciation amount and, under current law, cash-funded projects require an amount equal to annual depreciation to be set aside in the subaccount or subaccounts created within the cash fund used to finance a project's costs. Because the headnotes of the capital construction section of the annual Long Bill allow projects three years to spend a capital appropriation, no depreciation equivalent payments have been requested or recorded to date.

Senate Bill 16-020, which was recommended by the Capital Development Committee, clarified the timing of depreciation equivalent payments for state-funded projects. The depreciation calculation is made from the date of acquisition or completion of a project to June 30 of the fiscal year of the acquisition or completion. This calculation is used to identify the depreciation equivalent amount that will be appropriated in the following year's budget. The depreciation calculation continues on a fiscal year basis until depreciation for a capital asset is no longer recorded.

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House Action

House Finance Committee (March 1, 2017). The committee referred the bill to the House Committee of the Whole.

House second reading (March 6, 2017). The House passed the bill on second reading.

House third reading (March 7, 2017). The House passed the bill on third reading.

Senate Action

Senate Finance Committee (March 21, 2017). The committee referred the bill to the Senate Committee of the Whole with a recommendation that it be placed on the consent calendar.

Senate second reading (March 27, 2017). The Senate passed the bill on second reading.

Senate third reading (March 28, 2017). The Senate passed the bill on third reading.