CONCERNING THE ALLOCATION OF MONEY THAT THE STATE KEEPS AND SPENDS AS A RESULT OF A VOTER-APPROVED REVENUE CHANGE AT THE 2019 STATEWIDE ELECTION.

Prime Sponsors: Reps. Becker and McCluskie
Sens. Court and Priola

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Date Prepared: April 8, 2019

Fiscal Impact of Bill as Amended to Date
The most recent Legislative Council Staff Revised Fiscal Note (attached) reflects the fiscal impact of the bill as of 04/03/19.

<table>
<thead>
<tr>
<th>XXX</th>
<th>No Change:</th>
<th>Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill</th>
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<td>Update:</td>
<td>Fiscal impact has changed due to new information or technical issues</td>
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<td>Update:</td>
<td>Fiscal impact has changed due to amendment adopted after LCS Fiscal Note was prepared</td>
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<td>Non-Concurrence:</td>
<td>JBC Staff and Legislative Council Staff disagree about the fiscal impact of the bill</td>
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Amendments in This Packet for Consideration by Appropriations Committee
<table>
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<th>Amendment</th>
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<td>None.</td>
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Current Appropriations Clause in Bill
The bill neither requires nor contains an appropriation clause for FY 2019-20.

Points to Consider

Future Budget Processes
Conditioned on passage and voter approval of H.B. 19-1257, this bill specifies the timing and allocation of future state revenues collected and retained in excess of the Referendum C cap.

Timing
1. This bill requires any such retained revenues to be transferred to the Highway Users Tax Fund (HUTF) in the state fiscal year following the year in which the revenues are collected, and to be appropriated for public schools and higher education for the state fiscal year following the fiscal year in which the revenues are collected. The actual amount of any revenue retained pursuant to voter approval of H.B. 19-1257 will not be known until the State Auditor certifies the excess
state revenues reported by the State Controller. Under current law, this certification is required to occur by September 15 after the close of the state fiscal year.

This bill requires the State Treasurer to transfer the allocation for roads, bridges, and transit to the HUTF within three business days after receiving the certification from the State Auditor, thus ensuring that the amount transferred is based on actual revenue collections rather than a projection of revenue collections. Staff assumes that the General Assembly will also wait until after the receipt of the State Auditor's revenue certification to appropriate the funds for public schools and higher education to ensure that the money appropriated is actually available for expenditure. This could be accomplished through the normal budget process of introducing supplemental appropriation bills in the subsequent legislative session.

Allocation
2. This bill states that any such revenues will be allocated in one-third shares to provide funding for the three purposes specified in H.B. 19-1257: public schools; higher education; and roads, bridges, and transit. This requirement limits the General Assembly's ability to use any such revenues to address varying needs among these three purposes or to address other state funding needs that arise.

Impact of Cash Fund Revenue Increases
3. Future increases in cash fund revenues that are subject to the Taxpayer's Bill of Rights (TABOR) spending limit may increase the amount that is required to be transferred and appropriated for the three purposes specified in H.B. 19-1257 (similar to the existing situation with TABOR refunds). As these transfers and appropriations will be made from the General Fund, this would reduce the amount of General Fund available for other purposes.