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Final Fiscal Note

Drafting Number: LLS 21-0846 Date: September 27, 2021
Prime Sponsors: Sen. Hansen; Rankin Bill Status: Signed into Law
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Bill Topic: REVERSE TRANSFERS FROM SEVERANCE TAX OPERATIONAL FUND

- Summary of Fiscal Impact:
- State Revenue
- TABOR Refund
- State Expenditure
- Local Government
- State Transfer
- Statutory Public Entity

Budget package bill. The bill transfers a total of \$8.1 million from five cash funds in the Department of Natural Resources to the Severance Tax Operational Fund.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The fiscal note reflects the enacted bill.

Table 1
State Fiscal Impacts Under SB 21-220

Table with 4 columns: Category, Current Year FY 2020-21, Budget Year FY 2021-22, Out Year FY 2022-23. Rows include Revenue, Expenditures, Transfers (Severance Tax Operational Fund, Other Cash Funds), Net Transfers, and TABOR Refund.

Summary of Legislation

On the bill's effective date, the following fund transfers are made to the Severance Tax Operational Fund in the Department of Natural Resources (DNR):

- \$1,998,205 from the Species Conservation Trust Fund;
- \$1,600,964 from the Division of Parks and Wildlife Aquatic Nuisance Species Fund;
- \$219,803 from the Water Efficiency Grant Program Cash Fund;
- \$297,759 from the Interbasin Compact Committee Operation Fund; and
- \$3,996,410 from the Water Supply Reserve Fund.

Background

The Severance Tax Operational Fund receives 25 percent of severance tax revenue. Money in the fund is used primarily for two purposes: (1) *Core departmental programs*, which are ongoing staff and operations at DNR plus the Colorado Geological Survey, all subject to annual appropriation; and (2) *natural resources and energy grant programs*, which receive funds remaining after core departmental programs are appropriated, and are distributed proportionally based on the available revenue.

The bill reverses five natural resources and energy grant program transfers made on August 15, 2020.

State Transfers

A total of \$8,113,141 is transferred from five cash funds in the Department of Natural Resources to the Severance Tax Operational Fund, as detailed above. The transfers take place on the bill's effective date, which is assumed to fall in the current FY 2020-21.

State Expenditures

The bill has a net neutral impact on state expenditures. In the short term, expenditures in DNR core departmental programs will increase by the amounts transferred, with the specific allocation among the core programs determined through the annual budget process, while expenditures decrease in the five natural resources and energy grant programs that funds are transferred out of.

Effective Date

The bill was signed into law by the Governor and took effect on April 30, 2021.

State and Local Government Contacts

Natural Resources

Joint Budget Committee Staff