



## Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

# Fiscal Note

**Drafting Number:** LLS 22-0986 **Date:** March 28, 2022  
**Prime Sponsors:** Rep. Herod; Ransom **Bill Status:** House Appropriations  
 Sen. Hansen; Rankin **Fiscal Analyst:** Greg Sobetski | 303-866-4105  
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**Bill Topic:** STATE EMERGENCY RESERVE CASH FUND

**Summary of Fiscal Impact:**

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input type="checkbox"/> State Expenditure	<input type="checkbox"/> Local Government
<input checked="" type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

**Budget package bill.** The bill transfers interest earned on federal funds received through the federal American Rescue Plan Act to the State Emergency Reserve Cash Fund. It is expected to cause transfers of diminishing amounts between FY 2021-22 and FY 2026-27.

**Appropriation Summary:** No appropriation is required.

**Fiscal Note Status:** The fiscal note reflects the introduced bill, which was recommended by the Joint Budget Committee as part of its FY 2022-23 budget package.

**Table 1**  
**State Fiscal Impacts Under HB 22-1342**

		Current Year FY 2021-22	Budget Year FY 2022-23	Out Year FY 2023-24
<b>Revenue</b>		-	-	-
<b>Expenditures</b>		-	-	-
<b>Transfers</b>	Other Cash Funds	(\$31.2 million)	(\$21.0 million)	(\$14.0 million)
	Emergency Reserve Fund	\$31.2 million	\$21.0 million	\$14.0 million
	<b>Net Transfer</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Other Budget Impacts</b>		-	-	-

## Summary of Legislation

The bill requires that any interest and income derived from deposits and investments of federal funds received through the federal American Rescue Plan Act (ARPA) be transferred to the State Emergency Reserve Cash Fund. It applies to interest earned on federal ARPA funds in:

- the ARPA cash fund;
- the Revenue Loss Restoration Cash Fund;
- the Economic Recovery and Relief Cash Fund;
- the Workers, Employers, and Workforce Centers Cash Fund;
- the Behavioral and Mental Health Cash Fund;
- the Affordable Housing and Home Ownership Cash Fund;
- the Eviction Legal Assistance Fund;
- the Colorado Opportunity Scholarship Initiative Fund;
- the Victims and Witnesses Assistance and Law Enforcement Fund;
- the Housing Development Grant Fund;
- the Colorado Heritage Communities Fund;
- the Broadband Administrative Fund;
- the Colorado Startup Loan Program Fund; and
- the Colorado Domestic Abuse Program Fund.

## Background

**ARPA funds.** Colorado received \$3.83 billion in federal funds disbursed from the Coronavirus State Fiscal Recovery Fund under ARPA. These funds are required to be obligated for purposes identified in federal law by December 31, 2024, and expended for those purposes by December 31, 2026. After accounting for legislation passed during the 2021 legislative session, and the supplemental budget bills passed during the 2022 legislative session, \$1.26 billion has been obligated, and \$2.57 billion remains available for future appropriation or transfer.

**State Emergency Reserve Cash Fund.** Expenditures from this fund may be authorized only in the event of a declared emergency, as required under the Colorado Constitution's TABOR Amendment. The fund is included as part of the TABOR emergency reserve in the head note of each year's Long Bill.

## State Transfers

Based on projected interest earnings on federal ARPA funds through June 30, 2022, the bill is expected to transfer \$31.2 million from various cash funds to the State Emergency Reserve Cash Fund in the current FY 2021-22. This estimate includes \$21.5 million in interest earnings through February 2022, plus \$9.7 million in expected earnings over the final four months of FY 2021-22. Transfers for later years will depend on the outstanding principal amount and interest rates, but are expected to decline over time as the principal amount is spent. Assuming that about one-third of the principal amount is spent each year, this fiscal note estimates transfers of \$21.0 million and \$14.0 million in FY 2022-23 and FY 2023-24, respectively. Actual transfers will largely depend on future legislative decisions. Transfers will cease after FY 2026-27, when all ARPA funds will have been expended as required under federal law.

## Effective Date

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

## State and Local Government Contacts

Joint Budget Committee Staff

Office of State Planning and Budgeting

Personnel