



Legislative Council Staff
Nonpartisan Services for Colorado's Legislature

Fiscal Note

Drafting Number: LLS 22-0984 Date: May 5, 2022
Prime Sponsors: Sen. Moreno; Simpson Bill Status: Senate Appropriations
Rep. Esgar; McKean Fiscal Analyst: Matt Bishop | 303-866-4796
Matt.Bishop@state.co.us

Bill Topic: BUILDINGS IN THE CAPITOL COMPLEX

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

The bill authorizes and diverts funding for capital projects in the Capitol Complex. It increases state expenditures beginning FY 2022-23.

Appropriation Summary: For FY 2022-23, the bill requires an appropriation of \$8,121,314 to the Department of Personnel and Administration.

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

Table 1
State Fiscal Impacts Under SB 22-239

Table with 4 columns: Category, Current Year FY 2021-22, Budget Year FY 2022-23, Out Year FY 2023-24. Rows include Revenue, Expenditures, Diversions (Capitol Complex Renovation Fund, Various Cash Funds, Net Diversion), Transfers (Various Cash Funds, Capital Construction Fund, Net Transfers), and Other Budget Impacts.

## **Summary of Legislation**

The bill creates a cash fund and changes certain existing funding mechanisms for capital projects.

**Capitol Complex capital projects.** The Capitol Complex consists of 22 state-owned facilities, mostly in Denver, that are managed by the Department of Personnel and Administration (DPA). The bill creates the Capitol Complex Renovation Fund, which is annually appropriated to DPA for capital construction needs for these existing state-owned facilities, except that \$23 million is available for the General Assembly to use for improvement projects in legislative spaces. Spending authority for DPA continues for three fiscal years without future appropriation. On June 30, 2030, the unencumbered fund balance is transferred to the Capital Construction Fund.

**Annual depreciation-lease equivalent payments.** For certain capital construction projects, current law requires that funding be appropriated annually as depreciation-lease equivalent payments. These payments are credited to the Capital Construction Fund and the Controlled Maintenance Trust Fund, or to a capital reserve account, depending on the source of funds for the capital construction project being depreciated. The bill instead directs those funds to the Capitol Complex Renovation Fund for fiscal years FY 2022-23 through FY 2028-29.

**State leases.** Starting July 1, 2023, whenever a state agency terminates a lease for private space, it must calculate the annual reduction in its costs for leased space. Beginning in FY 2023-24, these savings must be transferred to the Capitol Construction Fund each year until the total transferred in this way equals the amount transferred to the Capitol Complex Renovation Fund.

**Utilities payments.** Beginning in the current FY 2021-22, any unexpended and unencumbered money appropriated to a state department for utilities remains available for one additional fiscal year for the department to purchase utilities conservation equipment or services.

**Legislative spaces.** Current law lists spaces in and around the Capitol Complex that are under the control and responsibility of the General Assembly. The bill adds part of the Capitol Building Annex to this list.

## **State Diversions and Transfers**

Beginning in the current FY 2021-22, the bill diverts money to the newly created Capitol Complex Renovation Fund by the amounts estimated in Table 2 from annual depreciation-lease equivalent payments. For payments from the General Fund, revenue will decrease to the Capitol Construction Fund and the Controlled Maintenance Trust Fund by an equivalent total amount. For payments from cash funds, revenue will decrease to capital reserve accounts in those cash funds.

**Table 2**  
**State Diversions Under SB 22-239**

	<b>Current Year FY 2021-22</b>	<b>Budget Year FY 2022-23</b>	<b>Out Year FY 2023-24*</b>
General Fund	(\$7,526,342)	(\$13,535,287)	(\$15,100,000)
Various Cash Funds	(\$594,972)	(\$1,224,596)	(\$1,400,000)
Capitol Complex Renovation Fund	\$8,121,314	\$14,759,883	\$16,500,000
<b>Net Diversion</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

*\*The out year payments are estimated based on past capital expenditures.*

Beginning in FY 2023-24, the bill requires transfers to the Capital Construction Fund in amounts representing the annual reduction in state departments’ lease costs. Because these transfers depend on contract decisions made by state departments and are affected by the costs of terminating leases early, the fiscal note does not estimate these amounts.

### **State Expenditures**

Starting in FY 2022-23, cash fund expenditures in DPA and the Legislative Department may increase, up to the amount diverted to the Capitol Complex Renovation Fund as shown in Table 2. Because DPA has roll-forward spending authority, any money remaining in the fund at the end of the fiscal year remains available in the two subsequent fiscal years. Actual expenditures will depend on decisions made by DPA and the General Assembly based on cash fund balance and approved projects in the Capitol Complex.

Because the balance of the Capitol Complex Renovation Fund is diverted or transferred from other cash funds, the increase expenditures may be offset by decreased expenditures from those fund sources. Alternatively, additional funding from the General Fund may be required. For example, the capital construction section of the Long Bill is typically funded by a General Fund transfer each year. If the bill results in a lower cash fund balance, a larger General Fund transfer may be required.

Expenditures will increase in state departments that use utilities savings for utilities conservation equipment or services. As these expenditures depend on certain savings and decisions made by state departments, the fiscal note does not estimate them.

### **Effective Date**

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

## **State Appropriations**

For FY 2022-23, the bill requires an appropriation to the Department of Personnel and Administration of up to \$8,121,314 from the Capitol Complex Renovation Fund.

## **State and Local Government Contacts**

Legislative

Personnel and Administration

Treasury