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Revised Fiscal Note

(replaces fiscal note dated March 27, 2023)

Drafting Number:	LLS 23-0987	Date:	April 3, 2023
Prime Sponsors:	Sen. Mullica; Kirkmeyer Rep. Bird; Catlin	Bill Status:	Senate Third Reading
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Bill Topic: TRANSFER FROM SEVERANCE TAX OPERATIONS CASH FUND

Summary of Fiscal Impact:

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

The bill authorizes certain energy-related capital construction expenditures at two state institutions of higher education. It increases state expenditures from FY 2023-24 through FY 2025-26, and decreases state expenditures in FY 2024-25.

Appropriation Summary: For FY 2023-24, the bill includes an appropriation of \$13.1 million to the Department of Higher Education.

Fiscal Note Status: The revised fiscal note reflects the introduced bill, as amended by the Senate Appropriations Committee. It also reflects new information.

**Table 1
State Fiscal Impacts Under SB 23-250**

		Budget Year FY 2023-24	Out Year FY 2024-25
Revenue		-	-
Expenditures	Capital Construction Fund	\$10 million	-
	Severance Tax Perpetual Base Fund		(\$10 million)
	Other Cash Funds	\$3.1 million	
	Total Expenditures	\$13.1 million	(\$10 million)
Transfers¹	Severance Tax Operational Fund	(\$10 million)	\$10 million
	Capital Construction Fund	\$10 million	-
	Severance Tax Perpetual Base Fund		(\$10 million)
	Net Transfer	\$0	\$0

Other Budget Impacts

¹ The bill transfers funds from the Severance Tax Operational Fund in FY 2023-24. As a result, the current law transfer from the Operational Fund to the Severance Tax Perpetual Base Fund will decrease by the same amount in FY 2024-25. See State Transfers Section for more detail.

Summary of Legislation

The bill authorizes two state institutions of higher education to complete energy-related capital construction projects, and transfers funds from the Severance Tax Operational Fund for this purpose.

State Transfers

On July 1, 2023, the bill transfers \$10,000,000 from the Severance Tax Operational Fund to the Capital Construction Fund.

Under current law, the Severance Tax Operational Fund's statutory reserve is set at 200 percent of the current year's appropriations, and any amount above the reserve amount is transferred to the Severance Tax Perpetual Base Fund the following year. Based on the March 2023 LCS Revenue Forecast and Department of Natural Resources projections, this transfer is expected to be between \$14.5 million and \$33.2 million in FY 2024-25. Therefore, this bill reduces that current law transfer by \$10 million.

State Expenditures

The bill increases state expenditures by \$13.1 million in FY 2023-24 through FY 2025-26 in the Department of Higher Education. While expenditures are shown in Table 1 as occurring in FY 2023-24, actual expenditures will depend on the timing of project implementation. The bill decreases state expenditures by \$10 million in FY 2024-25 in the Department of Natural Resources.

Colorado Mesa University. The bill dedicates \$6 million from the Capital Construction Fund and authorizes \$3.1 million in spending authority from institutional cash funds to expand the campus-wide geothermal-exchange system to all buildings on the main campus at Colorado Mesa University.

Western Colorado University. The bill dedicates \$4 million from the Capital Construction Fund to provide additional teaching and laboratory space for the Petroleum Geology Program at Western Colorado University, and to generally allow for the expansion of the Natural and Environmental Sciences Department.

Department of Natural Resources. The Severance Tax Perpetual Base Fund is continuously appropriated to the department for water project loans and grants. Reducing the FY 2024-25 transfer to the fund decreases the amount available for those purposes by \$10 million.

Effective Date

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

State Appropriations

For FY 2023-24, the bill includes appropriations of \$10,000,000 from the Capital Construction Fund, which is available to be spent through FY 2025-26, to the Department of Higher Education for the following purposes:

- \$6,000,000 for use by Colorado Mesa University; and
- \$4,000,000 for use by Western Colorado University.

The bill also includes a cash funds appropriation of \$3,108,609 to Colorado Mesa University from institutional sources.

State and Local Government Contacts

Higher Education

Department of Natural Resources