

**JBC STAFF FISCAL ANALYSIS
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING EMPLOYEE-OWNED BUSINESSES.

Prime Sponsors: Reps. Lindstedt and Vigil
Senator Bridges

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Appropriation Items of Note

Appropriation Required, Amendment in Packet

General Fund/TABOR Impact

New Cash Fund (with Continuous Appropriation)

Significant Cost Increase in Second Year

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 04/22/24.

XXX	No Change: Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill
	Update: Fiscal impact has changed due to <i>new information or technical issues</i>
	Update: Fiscal impact has changed due to <i>amendment adopted</i> after LCS Fiscal Note was prepared
	Non-Concurrence: JBC Staff and Legislative Council Staff disagree about the fiscal impact of the bill

Amendments in This Packet for Consideration by Appropriations Committee

Amendment	Description
J.001	Staff-prepared appropriation amendment
L.006	Bill Sponsor amendment - changes fiscal impact

Current Appropriations Clause in Bill

The bill requires but does not contain an appropriation clause.

Description of Amendments in This Packet

J.001 Staff has prepared amendment **J.001** (attached) to appropriate \$145,847 General Fund to the Office of the Governor for FY 2024-25. This provision also states that the appropriation is based on the assumption that the Office will require an additional 1.0 FTE.

HB24-1157

JBC Staff Analysis

L.006 Bill Sponsor amendment **L.006** (attached) makes two changes to the bill: (1) it makes the tax credit available only for 5 years rather than 8 years; and (2) it eliminates the ability to rollover unallocated credits to subsequent tax years. Legislative Council Staff and JBC Staff agree that the amendment makes these changes.

The Committee should adopt amendment J.001 regardless of whether it adopts amendment L.006

Points to Consider

General Fund Impact

The Joint Budget Committee has proposed a budget package for FY 2024-25 based on the March 2024 Office of State Planning and Budgeting (OSPB) revenue forecast. The budget package includes \$63.1 million in set-asides for legislation outside of the package (see table below). The budget package accounts for the 15.0 percent reserve associated with the placeholders (a total of \$9.5 million).

General Fund Appropriation Placeholders for Other 2024 Legislation	
Description	FY 2024-25
General Legislative Priorities	\$21,739,130
Legislation for Shared Housing Priorities	12,043,478
Legislation for Shared Workforce and Education Priorities	16,152,110
Legislation for Other Shared Priorities	10,519,130
Legislation for Distributions to Rural Hospitals	2,608,689
TOTAL Placeholders for Other 2024 Legislation	\$63,062,537

The bill requires a General Fund appropriation of \$145,847 for FY 2024-25, reducing the \$63.1 million set aside by the same amount.

TABOR/ Excess State Revenues and Future Fiscal Impact

The March 2024 Office of State Planning and Budgeting (OSPB) revenue forecast projects a TABOR surplus liability of \$1.3 billion for FY 2024-25 and \$1.8 billion for FY 2025-26 to be refunded to taxpayers out of the General Fund. These sums must be refunded to taxpayers out of the General Fund. This bill is estimated to decrease General Fund revenues by \$450,000 in FY 2024-25 and by \$1.1 million in FY 2025-26, which will result in a decrease in the TABOR surplus liability of equal amounts.

Legislative Appropriation Authority

Continuous spending authority, also known as **continuous appropriation**, allows state agencies to

spend money for statutorily specified purposes up to the total amount available in a specified fund source without seeking further legislative approval through the budget process.

The term *appropriation* is broadly understood as expressing or conveying legal spending authority. However, the term *appropriation* also inherently expresses fundamental legislative fiscal authority by communicating a *limit* on or maximum amount of spending from a specified fund source for a defined period such as a fiscal year. While continuous spending authority also expresses or conveys legal spending authority it does so by eliminating legislative fiscal authority and oversight.

An annual appropriation provides a limit on spending authority, while a continuous appropriation provides unlimited spending authority. This method of funding moves these expenditures off-budget, and thus expenditures are not reported or accounted for through the budget process.

Is it necessary for the Office of Economic Development and International Trade to **not** seek annual authority from the General Assembly to spend money from Employee Ownership Cash Fund?