

MEMORANDUM



JOINT BUDGET COMMITTEE

TO Members of the Joint Budget Committee
FROM Tom Dermody, JBC Staff (303-866-4963)
DATE September 22, 2022
SUBJECT Policy Regarding Appropriations Clauses With Vehicle Lease Payments

SUMMARY

- There are two separate cost components in Fiscal Notes when considering the use of State fleet vehicles: vehicle lease payments for newly acquired vehicles and travel-related costs associated with vehicular operations. Pursuant to Section 24-75-112 (1)(r), C.R.S., appropriations for the former are made to the Vehicle Lease Payment line items in each department. Pursuant to Section 24-75-112 (1)(l), C.R.S., appropriations for the latter are made to Operating Expenses, or equivalent, line items in specific divisions or program areas within a department.
- In recent years, there has been an increase in the number of enacted bills that include the appropriation of reappropriated funds spending authority to the Department of Personnel for vehicle lease payments. Due to the modeling and methodology used by JBC staff during Figure Setting for the Vehicle Lease Payments operating common policy, the incremental appropriations from legislation other than the Long Bill or Supplemental bills has contributed to an increase in reverted spending authority by the Department.
- Establishing a formal policy regarding appropriations in other legislation of reappropriated funds spending authority to the Department of Personnel for **vehicle lease payments** will help to mitigate reversions and will ensure consistency in appropriations clauses.
- The standard model for appropriations clauses related to common policies is a two-step:
 - 1 An initial appropriation to the department receiving the service (e.g., vehicle leases, Administrative Law Judge services, printing, etc.); and
 - 2 A secondary appropriation of reappropriated funds to the department (e.g., Department of Personnel) providing the service.
 - a. Staff's recommendation would eliminate this step in most scenarios.

RECOMMENDATION

Staff recommends the Committee adopt a formal policy establishing a threshold, based on the number of vehicle leases identified in a Fiscal Note, for the inclusion of reappropriated funds spending authority for the Department of Personnel in appropriations clauses that provide vehicle lease payments appropriations. This policy would apply to appropriations clauses included in legislation other than the Long Bill or Supplemental bills. Staff specifically recommends that for other legislation:

- Appropriations for the acquisition of new vehicles be made through standard appropriations clause language to the Vehicle Lease Payments line item of a department, as identified by the Fiscal Note.

SEPTEMBER 22, 2022

- Appropriations to the Department of Personnel of reappropriated funds spending authority will only be made if the Fiscal Note assumes *more than 10* new vehicle leases.
- Incremental changes to appropriations to the Department of Personnel's Vehicle Replacement Lease/Purchase line item, made necessary by the acquisition of new vehicles as a result of other legislation, will be considered during the Supplemental and Figure Setting processes.

This policy is separate from the annual fleet vehicle replacement methodology. Staff will coordinate the implementation of this policy for Fiscal Notes with Legislative Council Staff.

BACKGROUND

There has been an increase in the number of enacted bills with vehicle lease payments (VLP) appropriations since the 2019 session. The total number of bills is small, there were 10 bills with VLP appropriations during the 2022 legislative session. However, this is a substantial increase from the occasional 1-2 bills per session prior to 2019.

APPROPRIATIONS BY BILL TO VEHICLE REPLACEMENT LEASE/PURCHASE LINE ITEM, DEPARTMENT OF PERSONNEL			
BILLS BY FISCAL YEAR	TOTAL FUNDS	CASH FUNDS	REAPPROPRIATED FUNDS
FY 2011-12			
SB 11-209 Long Bill	\$16,521,437	\$16,521,437	\$0
HB 12-1193 Supplemental bill	(928,608)	(928,608)	0
Total	\$15,592,829	\$15,592,829	\$0
FY 2012-13			
HB 12-1335 Long Bill	\$15,686,775	\$15,686,775	\$0
FY 2013-14			
SB 13-230 Long Bill	\$18,014,816	\$0	\$18,014,816
HB 14-1243 Supplemental bill	18,140	0	18,140
Total	\$18,032,956	\$0	\$18,032,956
FY 2014-15			
HB 14-1336 Long Bill	\$19,028,555	\$0	\$19,028,555
SB 14-002 Safe2tell	2,618	0	2,618
SB 15-157 Supplemental bill	42,350	0	42,350
Total	\$19,073,523	\$0	\$19,073,523
FY 2015-16			
SB 15-234 Long Bill	\$17,439,929	\$0	\$17,439,929
HB 16-1246 Supplemental bill	12,380	0	12,380
Total	\$17,452,309	\$0	\$17,452,309
FY 2016-17			
HB 16-1405 Long Bill	\$17,051,260	\$0	\$17,051,260
SB 16-040 Marijuana owner changes	4,950	0	4,950
SB 17-167 Supplemental bill	2,202,940	0	2,202,940
Total	\$19,259,150	\$0	\$19,259,150

SEPTEMBER 22, 2022

APPROPRIATIONS BY BILL TO VEHICLE REPLACEMENT LEASE/PURCHASE LINE ITEM, DEPARTMENT OF PERSONNEL			
BILLS BY FISCAL YEAR	TOTAL FUNDS	CASH FUNDS	REAPPROPRIATED FUNDS
FY 2017-18			
SB 17-254 Long Bill	\$19,962,157	\$0	\$19,962,157
FY 2018-19			
HB 18-1322 Long Bill	\$21,606,087	\$0	\$21,606,087
SB 19-119 Supplemental bill	(1,368,061)	0	(1,368,061)
Total	\$20,238,026	\$0	\$20,238,026
FY 2019-20			
SB 19-207 Long Bill	\$21,959,680	\$0	\$21,959,680
SB 19-158 Sunset PACF Act	2,000	0	2,000
SB 19-186 Expand agri chem management prg	1,000	0	1,000
SB 19-220 Hemp reg alignment	1,000	0	1,000
HB 19-1090 Public lic marijuana co	24,750	0	24,750
HB 19-1230 Marijuana hospitality	4,790	0	4,790
HB 19-1234 Marijuana delivery	4,950	0	4,950
HB 19-1327 Sports betting	34,650	0	34,650
HB 20-1254 Supplemental bill	597,810	0	597,810
Total	\$22,630,630	\$0	\$22,630,630
FY 2020-21			
HB 20-1360 Long Bill	\$23,320,913	\$0	\$23,320,913
HB 20-1001 Nicotine product regs	69,450	0	69,450
SB 21-048 Supplemental bill	43,455	0	43,455
HB 21-1326 General Fund transfer to DNR	43,200	0	43,200
Total	\$23,477,018	\$0	\$23,477,018
FY 2021-22			
SB 21-205 Long Bill	\$25,829,508	\$0	\$25,829,508
SB 21-082 Alcohol bev fest tastings/sales	35,370	0	35,370
SB 21-148 Financial Empowerment Office	3,900	0	3,900
HB 22-1329 Long Bill	43,200	0	43,200
Total	\$25,911,978	\$0	\$25,911,978
FY 2022-23			
HB 22-1329 Long Bill	\$26,104,324	\$0	\$26,104,324
SB 22-133 Security elected officials	73,752	0	73,752
SB 22-150 Missing/murdered indig relatives	15,982	0	15,982
SB 22-170 Permissible uses waste tire fund	9,667	0	9,667
SB 22-205 Intoxicating hemp and THC products	4,630	0	4,630
SB 22-206 Disaster prep recov resources	19,334	19,334	0
HB 22-1242 Regulate tiny homes sale/install	11,896	0	11,896
HB 22-1246 Hospice inpatient special Rx outlet	9,517	0	9,517
HB 22-1303 Incr res behav health beds	9,992	0	9,992
HB 22-1314 Towing nonconsensual	5,733	0	5,733
HB 22-1346 Electr plumber lics apprent ratio	19,034	0	19,034
Total	\$26,283,861	\$19,334	\$26,264,527

SEPTEMBER 22, 2022

Prior to the 2019 legislative session, bills providing reappropriated funds spending authority to the Department of Personnel for vehicle lease payments were relatively uncommon. From 2011 through 2018, two bills were enacted that included these types of appropriations clauses: S.B. 14-002 (Safe2tell Program In Department Of Law) and S.B. 16-040 (Marijuana Owner Changes). Since 2019, 21 bills have been enacted that include these types of appropriations. Vehicle lease payment appropriations from other legislation accounts for less than 1.0 percent of the total appropriation to the Vehicle Replacement Lease/Purchase line item, in any given fiscal year. Appropriations made in other legislation to this line item account for:

- 0.3 percent of the total appropriations in FY 2019-20;
- 0.3 percent of the total appropriations in FY 2020-21;
- 0.2 percent of the total appropriations in FY 2021-22; and
- 0.7 percent of the total appropriations in FY 2022-23.

SUMMARY OF OTHER LEGISLATION APPROPRIATIONS TO THE VEHICLE REPLACEMENT LEASE/PURCHASE LINE ITEM			
LEGISLATIVE SESSION	# OF BILLS	# OF VEHICLE LEASE	TOTAL FUNDS
2019	7	17	\$73,140
2020	1	15	69,450
2021	3	5	39,270
2022	10	21	179,537
Total	21	58	\$361,397

Most non-Long Bill legislation that include VLP appropriations are for one to two vehicle leases, only one bill in the last four legislative sessions has provided VLP appropriations for more than 10 vehicle leases (H.B. 20-1001). From 2019 through 2022, a total of 58 vehicle leases have been added by other legislation enacted by the General Assembly and have increased appropriations to the Department by \$361,397 total funds, including \$19,334 cash funds and \$342,063 reappropriated funds. For context, since 2019, the General Assembly has approved the replacement of 2,158 vehicles and increased appropriations to the Vehicle Replacement Lease/Purchase line item by \$4.1 million reappropriated funds through the Long Bill.

REVERSION ANALYSIS

The provision of reappropriated funds spending authority to the Department of Personnel for vehicle lease payments through appropriations clauses in legislation other than the Long Bill and Supplemental bills is unnecessary. House Bill 22-1329 provides \$26.1 million reappropriated funds from the Motor Fleet Management Fund, created in Section 24-30-1115 (1), C.R.S., to the Department to provide fleet vehicles to the various State departments and agencies. Revenue in the Motor Fleet Management Fund is from payments made to the Department of Personnel from the Vehicle Lease Payments line items in each of the various departments. As shown in the reversion table below, the spending authority provided to the Department through the Long Bill for vehicle lease payments is sufficient to cover the appropriation requirements of other legislation.

SEPTEMBER 22, 2022

REVERSION ANALYSIS OF VEHICLE REPLACEMENT LEASE/PURCHASE LINE ITEM, DEPARTMENT OF PERSONNEL							
FISCAL YEAR	LONG BILL APPROPRIATION	TOTAL APPROPRIATION	ACTUALS	REVERSION	% OF TOTAL APPROP	% OF LONG BILL APPROP	
FY 2011-12	\$16,521,437	\$15,592,829	\$14,695,589	(\$897,240)	5.8%	5.4%	
FY 2012-13	15,686,775	15,686,775	14,125,831	(1,560,944)	10.0%	10.0%	
FY 2013-14	18,014,816	18,032,956	15,597,561	(2,435,395)	13.5%	13.5%	
FY 2014-15	19,028,555	19,073,523	16,070,129	(3,003,394)	15.7%	15.8%	
FY 2015-16	17,439,929	17,452,309	17,187,982	(264,327)	1.5%	1.5%	
FY 2016-17	17,051,260	19,259,150	18,047,690	(1,211,460)	6.3%	7.1%	
FY 2017-18	19,962,157	19,962,157	18,730,788	(1,231,369)	6.2%	6.2%	
FY 2018-19	21,606,087	20,238,026	18,987,715	(1,250,311)	6.2%	5.8%	
FY 2019-20	21,959,680	22,630,630	19,808,042	(2,822,588)	12.5%	12.9%	
FY 2020-21	23,320,913	23,390,363	20,427,099	(2,963,264)	12.7%	12.7%	
				10-yr average	(\$1,764,029)	10.2%	9.3%

During the Figure Setting process, sufficient spending authority is built into the line item to cover the incremental appropriations of other legislation. Over the last ten fiscal years, the Vehicle Replacement Lease/Purchase line item has reverted an average of 9.3 percent of the Long Bill appropriation and 10.2 percent of total appropriations. In FY 2019-20 and FY 2020-21, VLP appropriations from other legislation represent 2.6 percent and 2.3 percent of the reverted spending authority for the line item, respectively. Staff will continue monitoring reversions from this line item to ensure the threshold set by the recommended policy remains relevant and effective.

① UPDATED MILEAGE REIMBURSEMENT RATES [INFORMATIONAL ONLY]

Fiscal Notes calculates travel-related costs associated with vehicular operations based on the statutorily authorized reimbursement rate. Pursuant to Section 24-9-104 (2)(d), C.R.S., state officers and employees are “allowed a mileage allowance for each mile actually and necessarily traveled while on official state business.” The allowance is calculated at 90.0 percent of the federal mileage reimbursement rate, as established by the Internal Revenue Service (IRS), for standard vehicles. For four-wheel drive vehicles, the state reimbursement rate is 95.0 percent of the federal mileage reimbursement rate.

CURRENT MILEAGE REIMBURSEMENT RATES (EFFECTIVE JULY 1, 2022)		
VEHICLE TYPE	FEDERAL RATE	STATE RATE
2-wheel drive	\$0.625	\$0.56
4-wheel drive	\$0.625	\$0.59

The federal mileage reimbursement rate is normally updated annually, taking effect on the 1st of the year. However, the IRS announced an updated 2022 federal mileage reimbursement rate on June 9, 2022, with an effective date of July 1, 2022. The primary reason cited by the IRS for the mid-year rate adjustment was the rising fuel costs.