



**Colorado
Legislative
Council
Staff**

HB16-1229

FISCAL NOTE

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 16-0913
Prime Sponsor(s): Rep. Rankin
Sen. Steadman

Date: February 8, 2016
Bill Status: House Finance
Fiscal Analyst: Josh Abram (303-866-3561)

BILL TOPIC: HIGHER ED FINANCIAL OBLIGATION REPAYMENT

Fiscal Impact Summary	FY 2015-16	FY 2016-2017	FY 2017-18
State Revenue			
State Transfers			
Higher Ed Maintenance and Reserve Fund	(\$7.27 million)		
Higher Ed FML Revenue Fund	7.27 million	(\$5.4 million)	
State Public School Fund		6.3 million	1.0 million
State Expenditures	See State Expenditures Section		
General Fund			
Appropriation Required: None.			
Future Year Impacts: None.			

Summary of Legislation

Under current law, a portion of Federal Mineral Lease (FML) revenue are allocated to two cash funds to pay for lease purchase agreements (certificates of participation/COPs) that fund capital construction projects at state institutions of higher education. The two funds are the Higher Education Maintenance and Reserve Fund (reserve fund) and the Higher Education FML Revenues Fund (revenues fund).

For FY 2015-16 (the current fiscal year) this bill, **recommended by the Joint Budget Committee**, transfers any money in the reserve fund into the revenues fund. The bill then eliminates both funds effective July 1, 2016, and reallocates the portion of FML moneys previously deposited to these two funds to the State Public School Fund. COP payments after July 1, 2016, are to be made from the General Fund and any other sources authorized by the General Assembly.

Background

Currently, the balance in the revenues fund is estimated to be insufficient to make the full April 2016 payment on the higher education COPs. The shortfall is about \$1.9 million.

State Revenue

State Transfers. For FY 2015-16 this bill transfers the current balance of \$7.27 million from the reserve fund to the revenues fund. Following the April 2016 payment on higher education COPs (about \$1.9 million), the revenues fund is estimated to have about \$5.4 million remaining (\$7.3 million transferred - \$1.9 million COP payment). For FY 2016-17, the bill transfers this remaining balance of \$5.4 million to the State Public School Fund.

Beginning FY 2016-17, FML revenue formerly allocated to the higher education reserve and revenues fund is transferred instead to the Public School Fund. Based on the December 2015 Legislative Council Staff forecast, the amount available for transfer in FY 2016-17 is estimated to be \$0.9 million, and the amount in FY 2017-18 is estimated to be \$1.0 million.

The total amount that will be transferred to the State Public School Fund in FY 2016-17 is projected to be \$6.3 million (\$5.4 million from revenues fund + \$0.9 FML revenue transferred directly to the State Public School Fund = \$6.3 million)

State Expenditures

The bill is expected to reduce the need for General Fund and/or State Education Fund appropriations for school finance by about \$6.2 million in FY 2016-17. The balance in the revenues fund at the end of FY 2015-16 is expected to be at least \$5.4 million. This amount is deposited in the State Public School Fund on July 1, 2016, which may be used to supplement FY 2016-17 appropriations for school finance from other funds.

For FY 2016-17, and in addition to the \$5.4 million transferred from the revenues fund, the State Public School Fund will have another \$0.9 million available for school finance from FML revenue.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature. The repeal of the revenue and reserve fund and the revised allocation of future FML revenue takes effect July 1, 2016.

State and Local Government Contacts

Education Higher Education