



**Colorado
Legislative
Council
Staff**

HB16-1229

**REVISED
FISCAL NOTE**

(replaces fiscal note dated February 8, 2016)

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 29, 2016
Bill Status: House Appropriations
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 and Diversions			
Higher Ed Maintenance and Reserve Fund	(\$7.3million)	(\$0.9 million)	(\$1.0 million)
Higher Ed FML Revenues Fund	7.3 million	\$0.9 million	1.0 million
State Expenditures			
General Fund	See State Expenditures Section		
Appropriation Required: None.			
Future Year Impacts: None.			

Summary of Legislation

Under current law, a portion of Federal Mineral Lease (FML) revenue is 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, and as amended by the House Finance Committee**, transfers any money in the reserve fund into the revenues fund. The bill then eliminates the reserve fund and directs all FML moneys previously deposited to the reserve fund to the revenues fund. The bill also prohibits the state from entering into any additional lease-purchase agreements to be funded from the revenues fund. Finally, the bill clarifies that annual appropriations for these higher education COP payments are made to the Department of Higher Education for transfer to the State Treasurer.

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 and Diversions. For FY 2015-16 this bill transfers the current balance of about \$7.3 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).

Beginning FY 2016-17, FML revenue formerly allocated to the higher education reserve fund is diverted instead to the revenues fund. Based on the December 2015 Legislative Council Staff forecast, the amount available for diversion 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.

State Expenditures

The bill is expected to reduce the need for General Fund appropriations for higher education COP payments in FY 2016-17, since money currently in the reserve fund will now be transferred to the revenues fund and will therefore be available for these payments. Following the transfer of funds from the reserve fund to the revenues fund in the current fiscal year, and after the April 2016 COP payment of about \$1.9 million is made, the fund is anticipated to have about \$5.4 million for COP payments in FY 2016-17.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature. The repeal of the reserve fund takes effect on the day following the bill's effective date, The section clarifying that appropriations are made to the Department of Higher Education takes effect July 1, 2016.

State and Local Government Contacts

Education Personnel	Higher Education Treasury	Law
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