



**Colorado
Legislative
Council
Staff**

HB16-1409

**FINAL
FISCAL NOTE**

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

Drafting Number: LLS 16-1207
Prime Sponsor(s): Rep. Hamner
Sen. Lambert

Date: May 19, 2016
Bill Status: Signed into Law
Fiscal Analyst: Natalie Mullis (303-866-4778)

BILL TOPIC: EXPEDITE TRANSFERS FROM THE UNCLAIMED PROPERTY TRUST FUND

Fiscal Impact Summary	FY 2015-2016 (Current year)	FY 2016-2017	FY 2017-18
State Revenue		See State Revenue section	
<i>State Transfers</i>			
General Fund	\$8.0 million		
Adult Dental Fund	\$34.8 million	(\$34.8 million)	
Unclaimed Property Trust Fund	(\$42.8 million)	\$34.8 million	
State Expenditures			
TABOR Impact		(\$34.8 million)	
Appropriation Required: None.			
Future Year Impacts: None.			

Summary of Legislation

Recommended by the Joint Budget Committee, this bill transfers a total of \$42.8 million out of the Unclaimed Property Trust Fund on June 30, 2016. Of this, \$8.0 million is transferred to the General Fund. In addition, a \$34.8 million transfer to the Adult Dental Fund in the Department of Health Care Policy and Financing scheduled to occur under current law during FY 2016-17 is moved up to June 30, 2016. The bill clarifies that any transfer from the Unclaimed Property Trust Fund to the Adult Dental Fund is revenue subject to the state's constitutional spending limit.

Background

Senate Bill 13-242 authorized annual transfers from the Unclaimed Property Trust Fund to the Adult Dental Fund each year in the amount required to fund optional dental services for adult Medicaid beneficiaries. Transfers of \$1.6 million and \$19.6 million occurred in FY 2013-14 and FY 2014-15, respectively. Under current law, transfers of \$30.6 million and \$34.8 million are expected to occur in FY 2015-16 and FY 2016-17, respectively.

State Revenue

Relative to current law, the bill will result in increased interest earnings to the General Fund and Adult Dental Fund and reduced interest earnings to the Unclaimed Property Trust Fund in FY 2016-17.

State transfers. A total of \$42.8 million will be transferred from the Unclaimed Property Trust Fund on June 30th, 2016, of which \$8 million will be deposited into the General Fund and \$34.8 million will be deposited into the Adult Dental Fund. A \$34.8 million current law transfer from the Unclaimed Property Trust Fund to the Adult Dental Fund scheduled to occur in April 2017 will not occur.

TABOR Impact

Money in the Unclaimed Property Trust Fund is exempt from the state's constitutional spending limit because it is not considered state revenue, but rather revenue held in trust for others. The money becomes subject to the limit, however, when it is transferred to a fund in an agency that subsequently uses it for general government purposes. There is no TABOR impact in FY 2015-16 because state revenue is expected to be lower than the TABOR limit. The amount required to be set aside in FY 2016-17 for a TABOR refund in tax year 2017 will be reduced by \$34.8 million.

Since the bill reduces the TABOR refund obligation without a corresponding change in General Fund revenue, the amount of money available in the General Fund for the budget will increase by an identical amount.

Effective Date

The bill was signed into law by the Governor took effect on May 4, 2016.

State and Local Government Contacts

Health Care Policy Financing

Treasury

Joint Budget Committee