

**JBC STAFF FISCAL ANALYSIS
SENATE APPROPRIATIONS COMMITTEE**

CONCERNING CREATION OF THE JUSTICE REINVESTMENT CRIME PREVENTION INITIATIVE, AND, IN CONNECTION THEREWITH, FUNDING THE INITIATIVE THROUGH SAVINGS CREATED BY PAROLE REFORMS AND MAKING AND REDUCING AN APPROPRIATION.

Prime Sponsors: Representative Lee
Sens. Gardner and Kagan

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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 05/04/17.

	No Change: Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill
XXX	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

The May 4th revised fiscal note for this bill shows a FY 2017-18 General Fund expenditure increase of \$758,180. **If the Senate Appropriations Committee adopts amendment J.003 the net General Fund expenditures for this bill will be \$0.** The increased appropriation to the Department of Local Affairs will be exactly offset by the decreased appropriation to the Department of Corrections. If J.003 is adopted, the next fiscal note for this bill will show a General Fund impact of \$0, assuming there are no subsequent changes to the bill. The Legislative Council Staff fiscal notes analyst agrees with this analysis.

Please see the Points to Consider below for more details.

Amendments in This Packet for Consideration by Appropriations Committee

Amendment	Description
J.003	Staff-prepared appropriation amendment

Current Appropriations Clause in Bill

The bill includes an appropriation clause that is consistent with the version of the bill approved by the House Appropriations Committee. However, subsequent second reading amendments adopted by the House delayed the bill's start date and changed the bill's fiscal impact. The bill must be amended to reflect this change.

Description of Amendments in This Packet

J.003 Staff has prepared amendment **J.003** (attached) to change the existing clause so that it reduces FY 2017-18 General Fund appropriations to the Department of Corrections (DOC) by \$5,865,182 and increases General Fund appropriations to the Department of Local Affairs (DOLA) by an offsetting amount for a net change of \$0.

The following table shows the FY 2017-18 General Fund changes that will be in the bill's appropriation clause after this amendment is adopted.

	General Fund
DOC Appropriation Changes	
Payments to local jails	\$13,595
Payments to in-state private prisons	(2,165,720)
Payments to pre-release parole revocation facilities	(1,082,860)
Payments to community return to custody facilities	(2,775,738)
Parole personal services	36,254
	(0.8 FTE)
Parole operating expenses	5,463
<u>Computer programming</u>	<u>103,824</u>
Total DOC changes	(5,865,182)
DOLA Appropriation Changes	
Division of Local Government	\$51,001
	(0.8 FTE)
Computer programming	48,288
Legal services	4,753
<u>Small business loans and grants</u>	<u>5,761,140</u>
Total DOLA changes	5,865,182
Overall General Fund Change	\$0

Points to Consider

Comparison of the Revised Fiscal Note and J.003

The last part of the legislative declaration in Section 1 of this bill indicates that the savings this bill generates in the Department of Corrections (DOC) are to be appropriated to the Department of Local Affairs (DOLA) for grants, small business loans, and related administrative costs. The appropriations currently in the bill were adopted by the House Judiciary Committee, and, when adopted, were consistent with this interpretation.

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JBC Staff Analysis

After the House Judiciary Committee added the current appropriation clause to the bill, second reading amendments adopted by the House delayed the bill's start date and changed the amount of DOC savings that the bill generates. The Legislative Council Staff fiscal note of 05/04/17 reflects the fiscal impact of these changes with one exception: the note includes a \$6,519,320 General Fund appropriation to DOLA for grants and loans, which is the amount currently in the bill's appropriation clause. However, page 5 of the fiscal note states, "If the intent is to make an appropriation to DOLA based on the reduction in expenditures in DOC, the General Fund appropriation to DOLA should be \$5,865,182 ... \$5,761,140 of which should be appropriated for grants and small business loans."

JBC staff agrees that the General Fund appropriation for grants and small business loans should equal \$5,761,140.

If J.003 is adopted, the General Fund fiscal impact of the bill will be \$0; the extra expenditures at DOLA will be exactly offset by reduced expenditures at DOC.

Unusual fiscal provisions

The bill provides automatic roll forward authority for General Fund appropriations to the grant program and the small business loan program. On page 14, lines 1 and 2, and page 17, lines 6 and 7, the reengrossed bill says that any unexpended General Fund appropriated to these programs will not revert to the state and may be used by the programs in the subsequent fiscal year. Roll forward authority is usually requested by agencies as it is needed. Is it the General Assembly's intent to give the Department of Local Affairs complete discretion concerning the roll forward of General Fund appropriations to subsequent years without action by the General Assembly?