

**JBC STAFF FISCAL ANALYSIS
SENATE APPROPRIATIONS COMMITTEE**

CONCERNING AN INCREASE IN AFFORDABLE HOUSING FUNDING FROM INCREASED STATE SALES TAX REVENUE THAT RESULTS FROM A MODIFICATION TO THE STATE SALES TAX VENDOR FEE, AND, IN CONNECTION THEREWITH, ENACTING THE "AFFORDABLE HOUSING ACT OF 2019" AND MAKING AN APPROPRIATION.

Prime Sponsors: Representative Weissman
Sens. Gonzales and Foote

JBC Analyst: Carolyn Kampman
Phone: 303-866-4959
Date Prepared: April 27, 2019

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 04/10/19.

	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>
XXX	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 fiscal impact identified in the attached Fiscal Note has changed due to a technical issue as well as amendments that have been adopted since the Fiscal Note was prepared.

Technical Issue

The attached Fiscal Note correctly indicates what portion of the additional revenue collected as a result of the vendor fee change will be retained in the General Fund, rather than being credited to the Housing Development Grant Fund (HDGF), to cover the costs of implementing the bill. Based on the House Finance Committee Report, the amount retained is \$1,220,000 in FY 2019-20 and \$1,540,000 in FY 2020-21 and subsequent fiscal years. These amounts differ from the amounts described in the "State Transfer" section of the attached Fiscal Note. Fiscal Note Staff agrees with this update related to the amounts that will be retained in the General Fund based on the bill as amended by the Finance Committee Report.

Amendments to the Bill

The House Appropriations Committee Report (04/16/19) made the following amendments that are reflected in the reengrossed bill:

- increased the amounts of the new revenues that would be transferred to the HDGF, thereby decreasing the amounts that would be retained in the General Fund to cover State administrative expenses; and

HB19-1245

JBC Staff Analysis

- added an appropriation clause that is described below in the "Current Appropriations Clause in Bill" section.

The Senate Finance Committee Report (04/26/19) amends the reengrossed bill as follows:

- makes a technical change to harmonize changes to Section 39-26-105, C.R.S., should this bill and H.B. 19-1240 pass and become law; and
- again modifies the amounts that would be transferred to the HDGF, resulting in the following amounts being retained in the General Fund:
 - FY2019-20: \$15,335,781
 - FY 2020-21: \$40,323,158
 - FY 2021-22 and subsequent fiscal years: \$985,335

As described in the Legislative Council Staff memorandum dated April 27, 2019 (attached), the reduced transfers to the HDGF in the next two fiscal years reduce the State expenditures required by the Department of Local Affairs (DOLA) for administrative expenditures in FY 2019-20 and FY 2020-21. The following table summarizes the impact of the changes in the Senate Finance Committee Report.

HB 19-1245, As Amended by Senate Finance Committee Report			
Description	FY 2019-20	FY 2020-21	FY 2021-22
Increase in General Fund revenue due to vendor fee changes	\$23,100,000	\$47,900,000	\$49,400,000
Amount of new revenue credited to the Housing Development Grant Fund (HDGF)	(7,764,219)	(7,576,842)	(48,414,665)
General Fund appropriations to DOLA and the Department of Revenue for administrative expenses (excludes centrally appropriated amounts for FY 2019-20)	(325,808)	(323,158)	(985,335)
Net amount retained in the General Fund and available for other purposes	\$15,009,973	\$40,000,000	\$0

Amendments in This Packet for Consideration by Appropriations Committee

Amendment	Description
J.003	Staff-prepared appropriation amendment

Current Appropriations Clause in Bill

The bill include a provision that appropriates a total of \$329,206 General Fund for FY 2019-20, including \$42,798 to the Department of Local Affairs (DOLA) and \$286,408 to the Department of Revenue. This provision also states that the appropriation is based on the assumption that the Department of Revenue will require an additional 0.4 FTE.

Description of Amendments in This Packet

J.003 Staff has prepared amendment **J.003** (attached) to modify the existing appropriation, reducing the General Fund appropriation to DOLA by \$39,400 (to \$3,398), consistent with the attached Legislative Council Staff memorandum.

The HDGF is continuously appropriated to the Department of Local Affairs' Division of Housing, so the Division does not require an appropriation from this fund to allocate the new fund revenues as directed by the bill.

Points to Consider

None.