



Legislative
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HB 19-1258

FINAL FISCAL NOTE

Drafting Number:	LLS 19-1012	Date:	June 18, 2019
Prime Sponsors:	Rep. Becker; McCluskie Sen. Court; Priola	Bill Status:	Signed into Law
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Bill Topic: ALLOCATE APPROVED REVENUE FOR EDUCATION & TRANSPORTATION

Summary of Fiscal Impact:	<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
	<input checked="" type="checkbox"/> State Expenditure - <i>conditional</i>	<input checked="" type="checkbox"/> Local Government - <i>conditional</i>
	<input checked="" type="checkbox"/> State Transfer - <i>conditional</i>	<input type="checkbox"/> Statutory Public Entity

Conditional on voter approval of HB 19-1257, which is referred to voters as Proposition CC, this bill allocates retained revenue in equal shares for higher education, public schools, and state and local transportation projects. It indeterminately increases state expenditures and local government revenue and expenditures on an ongoing basis.

**Appropriation
Summary:** No appropriation is required.

**Fiscal Note
Status:** This fiscal note reflects the bill as enacted.

Summary of Legislation

This bill takes effect only if HB 19-1257 is approved by voters at the November 2019 statewide election as Proposition CC. If approved, Proposition CC requires that revenue collected in excess of the state TABOR limit (Referendum C cap) be retained and spent for public schools, higher education, and transportation projects. This bill requires that excess revenue be set aside in the General Fund exempt account and that, in the succeeding year:

- the General Assembly appropriate one-third of the retained amount for higher education;
- the General Assembly appropriate one-third of the retained amount for public schools, to be distributed on a per pupil basis and used only for nonrecurring expenses for the purpose of improving classrooms; and
- the state treasurer transfer one-third of the retained amount to the Highway Users Tax Fund (HUTF).

The bill specifies that revenue appropriated to school districts may not be used as part of a district reserve. Revenue transferred to the HUTF is allocated as follows:

- 60 percent to the State Highway Fund (SHF) for use for the state's strategic transportation project investment program;
- 22 percent to counties for county transportation projects, distributed according to a current law formula; and

- 18 percent to municipalities for municipal transportation projects, distributed according to a current law formula.

Of the SHF share of the HUTF transfer, no more than 85 percent may be spent for highway-related capital improvements, and at least 15 percent must be spent for transit-related capital improvements.

The bill applies to revenue retained for FY 2019-20 and subsequent years. Revenue must be appropriated or transferred in the immediate succeeding year. The Office of the State Controller in the Department of Personnel and Administration is required to report annually on the amount of retained revenue, and the Office of the State Auditor in the Legislative Branch is required to audit these reports.

Assumptions

Under the March 2019 LCS forecast, the state is not expected to collect a TABOR surplus in either FY 2019-20 or FY 2020-21. A forecast of state revenue subject to TABOR is not available for years beyond FY 2020-21. If Proposition CC is approved by voters and the state collects revenue in excess of the TABOR limit in any of these years, this bill will direct allocations of revenue in the immediate succeeding fiscal year.

State Transfers

The bill conditionally transfers one-third of all future revenue retained under Proposition CC. Revenue is not expected to be retained in FY 2019-20 or FY 2020-21 under the March 2019 LCS forecast, and a forecast of state revenue subject to TABOR is not available beyond FY 2021-22. For these reasons, the bill is assessed as indeterminately increasing future transfers to the HUTF for state and local transportation projects.

State Expenditures

Public schools, higher education, and transportation. The bill conditionally increases state expenditures for P-12 education, higher education, and state and local transportation projects following the distribution formulas on page 1 of this fiscal note. Based on the March 2019 LCS forecast, the bill is not expected to increase state expenditures in FY 2020-21 or FY 2021-22. The bill increases future year state expenditures by an indeterminate amount on an ongoing basis.

Reporting. The bill requires that revenue retained under Proposition CC be reported by the Office of the State Controller in the Department of Personnel, and audited by the Office of the State Auditor in the Legislative Branch. Similar reporting requirements already exist for revenue retained under Referendum C, and additional reporting required under the bill can be accomplished within existing appropriations.

Local Government

The bill conditionally increases local government revenue to school districts and for transportation projects by an indeterminate amount on an ongoing basis.

Counties and municipalities. The bill conditionally and indeterminately increases future HUTF distributions to counties and municipalities. These distributions are subject to the same transportation project use requirements as for other HUTF distributions under current law.

School districts. The bill conditionally and indeterminately increases state per pupil appropriations to school districts. These appropriations are required to be spent for nonrecurring expenses for the purpose of improving classrooms, with specific spending decisions to be made by school boards. Appropriations under the bill may not be added to a district reserve.

Local government TABOR refunds. This bill may increase revenue to local governments required to issue TABOR refunds. To the extent that state allocations have not been exempted from TABOR by voters in affected local jurisdictions, the amount required to be refunded will increase.

Effective Date

The bill was signed into law by the Governor on June 3, 2019, and takes effect only if HB 19-1257 is approved by voters at the November 2019 statewide election as Proposition CC. If Proposition CC is approved by voters, this bill takes effect upon proclamation of the Governor, no later than 30 days after the official canvass of the vote is completed.

State and Local Government Contacts

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