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REVISED FISCAL NOTE

(replaces fiscal note dated April 27, 2019)

Drafting Number: LLS 19-1107 Date: May 1, 2019
Prime Sponsors: Sen. Rankin; Zenzinger Bill Status: House Finance
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Bill Topic: GENERAL FUND TRANSFER TO HUTF

- Summary of Fiscal Impact: State Revenue, State Expenditure, State Transfer, TABOR Refund, Local Government, School District

On July 1, 2019, this bill transfers \$100 million from the General Fund to the Highway Users Tax Fund to be distributed to the State Highway Fund in the Colorado Department of Transportation (CDOT) and local governments.

Appropriation Summary: For FY 2019-20, this bill requires an appropriation of \$5.0 million to the Department of Public Safety. The State Highway Fund is continuously appropriated to CDOT.

Fiscal Note Status: This revised fiscal note reflects the reengrossed bill.

Table 1 State Fiscal Impacts Under SB 19-262

Table with 4 columns: Category, Sub-category, FY 2019-20, FY 2020-21. Rows include Revenue, Expenditures (General Fund, Cash Funds, State Highway Fund, Centrally Appropriated, Total), Transfers (General Fund, Highway Users Tax Fund, Total), and TABOR Refund.

## **Summary of Legislation**

On July 1, 2019, this bill transfers \$100 million from the General Fund to the Highway Users Tax Fund (HUTF) to be distributed to the State Highway Fund in the Colorado Department of Transportation (CDOT) and local governments. This bill also creates the Smart School Bus Safety Pilot Program in the Department of Public Safety (DPS) to award \$5 million in grants to school districts for technical equipment and training.

**General Fund transfer — CDOT and local governments.** On July 1, 2019, this bill transfers \$100 million from the General Fund to the HUTF. These funds will be allocated based on the HUTF's second stream allocation formula, which distributes:

- 60 percent to the State Highway Fund in the Colorado Department of Transportation (CDOT);
- 22 percent to counties; and
- 18 percent to municipalities.

**Smart School Bus Safety Pilot Program — DPS.** The bill creates the Smart School Bus Safety Pilot Program in the DPS. DPS must enter into an agreement with a third-party administrator to manage the program. For FY 2019-20, the program is appropriated \$5.0 million in FY 2019-20, which includes \$1.15 million from the General Fund and \$3.85 million from the School Safety Resource Center Cash Fund. Money not expended in FY 2019-20 is reappropriated to DPS in FY 2020-21 and FY 2021-22 for the same purpose.

The DPS will award three-year grants to school districts for:

- hardware and software allowing the district's school buses to access the nationwide public safety broadband network;
- maintenance of equipment;
- training; and
- the use of a website, online service, online application, or mobile application to provide parental notification relating to school bus and student status.

The third-party program administrator must provide support for grant recipients; recruit school bus drivers; inform and educate the public about school bus transportation safety; and develop funding sources for school transportation safety. The program administrator must also submit reports to the DPS regarding the pilot program operation, use of funds, and the information reported by schools to the program administrator. The program is repealed July 1, 2023.

## **State Revenue**

The bill permits DPS to seek and spend gifts, grants, and donations. No amount of this revenue has been identified at the time of writing. Gifts, grants, and donations are not subject to TABOR.

## **State Transfers**

In FY 2019-20 only, this bill transfers \$100 million from the General Fund to HUTF.

**State Expenditures**

This bill will increase state expenditures by up to \$65 million in FY 2019-20 from the General Fund, the State Highway Fund, and the School Safety Resource Center Cash Fund. These expenditures are outlined in Table 2 and discussed below.

**Table 2  
 Expenditures Under SB 19-262**

	<b>FY 2019-20</b>	<b>FY 2020-21</b>
<b>Department of Transportation</b>		
State Highway Fund Spending	up to \$60,00,000	-
<b>CDOT (Subtotal)</b>	<b>up to \$60,000,000</b>	<b>-</b>
<b>Department of Public Safety</b>		
Personal Services / Operating Expenses	\$37,278	\$35,493
Third Party Administration and Grants	up to \$4,962,722	-
Centrally Appropriated Costs*	\$12,077	\$12,138
FTE – Personal Services	0.5 FTE	0.5 FTE
<b>DPS (Subtotal)</b>	<b>\$5,012,077</b>	<b>\$47,631</b>
<b>Total Cost</b>	<b>up to \$65,012,077</b>	<b>\$47,631</b>
<b>Total FTE</b>	<b>0.5 FTE</b>	<b>0.5 FTE</b>

\* Centrally appropriated costs are not included in the bill's appropriation.

**Department of Transportation.** The State Highway Fund within CDOT receives 60 percent of the HUTF transfer, or \$60 million beginning in FY 2019-20. Funding will be spent at the discretion of the state Transportation Commission and may be incurred over multiple fiscal years.

**Department of Public Safety.** DPS requires 0.5 FTE to create the program, contract with a third party administrator, and issue grants to school districts. After administrative expenditures, \$4.96 million remains to contract with a third party administrator and issue grants. Third party administrator costs have not been determined; however, they may be paid out of grants, gifts, and donations if any are received. Funds not used for this purpose in FY 2019-20 are made available for the same purpose in FY 2020-21 and FY 2021-22.

**Centrally appropriated costs.** Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are estimated to be \$12,077 in FY 2019-20 and \$12,138 in FY 2020-21.

**Local Government**

Counties and municipalities will receive \$40 million of the HUTF funding under the bill. Based on the second stream distribution formula, counties will receive \$22 million and municipalities will receive \$18 million. Allocations to individual counties and municipalities will be based on a current statutory formula. Local governments may expend these funds for transportation projects only.

**School District**

School districts that receive grant funding will have an increase in expenditures and workload to utilize the grant funding for information technology upgrades for school buses and other permitted purposes under the bill.

**Effective Date**

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

**State Appropriations**

For FY 2019-20, this bill requires an appropriation of \$1,150,000 from the General Fund and \$3,850,000 from the School Safety Resource Center Cash Fund to the Department of Public Safety with an allocation of 0.5 FTE.

**State and Local Government Contacts**

Counties                      Education                      Public Safety                      Transportation