

**JBC STAFF FISCAL ANALYSIS
SENATE APPROPRIATIONS COMMITTEE**

CONCERNING SUPPORT FOR ENTITIES IMPACTED BY SEVERE CAPACITY RESTRICTIONS DUE TO THE COVID-19 PANDEMIC.

Prime Sponsors: Sens. Winter and Priola
Representative Herod

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Date Prepared: November 30, 2020

Appropriation Items of Note

Appropriation Required, Amendment in Packet

General Fund/TABOR Impact

Fiscal Impact of Bill as Amended to Date

The most recent Legislative Council Staff Fiscal Note (attached) reflects the fiscal impact of the bill as of 11/30/20.

	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 Senate Finance Committee Report (11/30/20) includes amendments to the bill, however, Legislative Council Staff and JBC Staff agree that the committee amendments do not change the fiscal impact of the bill.

While committee amendments did not change the fiscal impact of the bill, new information provided by the Department of Revenue indicates a need to authorize the appropriation of \$1,878,000 General Fund in FY 2020-21 to be expended through the end of FY 2021-22, to ensure its ability to fulfill the obligations required by the bill.

Amendments in This Packet for Consideration by Appropriations Committee

Amendment	Description
J.001	Staff-prepared appropriation amendment

Current Appropriations Clause in Bill

The bill requires but does not contain an appropriation clause.

Description of Amendments in This Packet

J.001 Staff has prepared amendment **J.001** (attached) to add a provision appropriating a total of \$57,171,775 as follows:

- \$37,000,000 and 2.1 FTE to the Division of Local Government in the Department of Local Affairs;
- \$7,500,000 to the Creative Industries Cash Fund in the Office of Economic Development and International Trade (OEDIT);
- \$4,000,000 to the Colorado Economic Development Fund. and 1.0 FTE to the Minority Business Office, in OEDIT;
- \$6,780,000 to the Food Protection Cash Fund in the Department of Public Health and Environment; and
- \$1,891,775 to the Department of Revenue, including \$1,878,000 to the Liquor Enforcement Division Cash Fund and \$13,775 to the Division of Taxation.

The amendment also provides spending authority for the appropriations to the Creative Industries and the Food Protection Cash Funds, which appear as reappropriated funds.

Points to Consider

General Fund Impact

This bill requires a General Fund appropriation of \$57,171,775 for FY 2020-21, reducing the amount of General Fund available for other purposes in FY 2020-21 or FY 2021-22 by the same amount.

There is significant uncertainty regarding the total amount of General Fund revenue that will be available in FY 2020-21 and FY 2021-22.

- *FY 2019-20 General Fund Reserve.* Based on the September 2020 economic forecasts, both the Office of State Planning and Budgeting (OSPB) and Legislative Council Staff (LCS) anticipate the General Fund reserve for the fiscal year ending June 30, 2020 to exceed the statutorily required reserve of \$363.5 million (3.07 percent of FY 2019-20 General Fund appropriations). OSPB anticipates an excess reserve of \$1,427.2 million and LCS anticipates an excess reserve of \$1,265.5 million.
- *FY 2020-21 General Fund Reserve.* The required General Fund reserve for the fiscal year ending June 30, 2021 is 2.86 percent of FY 2020-21 General Fund appropriations (currently \$306.9 million). Based on the September 2020 economic forecasts, both OSPB and LCS anticipate the General Fund reserve for the fiscal year ending June 30, 2021 to exceed the statutorily required reserve.
- *General Fund Revenue Uncertainty.* The OSPB and LCS projections of gross General Fund revenues to be collected differ significantly, with the OSPB projections exceeding those of LCS by \$887.6 million in FY 2020-21 and by \$292.0 million in FY 2021-22. In addition, the

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quarterly September 2020 economic forecasts do not reflect the revenue impacts of voter-approved statewide ballot measures (e.g., Proposition 116 which reduced the state income tax rate) or the economic impacts associated with the recent increases in COVID-19 cases. The economic forecasts that will be released on Friday, December 18, 2020, will reflect these impacts.