

**JBC STAFF FISCAL ANALYSIS
SENATE APPROPRIATIONS COMMITTEE**

CONCERNING THE PREVENTION OF SUBSTANCE USE DISORDERS, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

Prime Sponsors: Reps. Kennedy and Herod
Sens. Pettersen and Priola

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Appropriation Items of Note

Appropriation Required, Amendment in Packet

General Fund Impact

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 05/12/21.

	No Change: Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill
	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 reengrossed bill includes the House Appropriations Committee Report (05/14/21) and floor amendments adopted on second reading (05/22/21), however, Legislative Council Staff and JBC Staff agree that these amendments do not change the fiscal impact of the bill.

The Senate State, Veterans, & Military Affairs Committee Report (05/26/21) includes amendments to the bill that changed the fiscal impact. The Committee Report requires that by September 1, 2021, the Division of Insurance in the Department of Regulatory Agencies fully enables the expansion, utilization, and adoption of the United States Bureau of Justice Assistance RxCheck program for prescription drug use monitoring. The amendment specifies that practitioners and health systems, and the integration organizations acting on their behalf, may not be assessed any fees related to this. Legislative Council Staff and Joint Budget Committee Staff agree that these amendments change the bill's fiscal impact for the Department of Regulatory Agencies and that the additional costs associated with this provision must be funded from the General Fund, as related fees cannot be assessed.

HB21-1276

JBC Staff Analysis

The total fiscal impact of the bill on the Department of Regulatory Agencies for FY 2021-22 is summarized below. Of the total, \$13,000 from the Division of Insurance Cash Fund was reflected in the previous fiscal note and appropriation clause and is unchanged.

FY 2021-22 GRAND TOTAL	
Appropriation Required (1.9 FTE)	\$218,375
Centrally Appropriated	\$48,296
Grand Total	\$266,671
Fund Split	
General Fund	\$205,375
Cash Funds	\$13,000
Reapprop. Funds	
Federal Funds	
Centrally Approp.*	\$48,296
Grand Total	\$266,671

*Not appropriated in first year, consistent with common policy

The cost for the Division in FY 2022-23 and ongoing is projected to be \$253,747.

Based on the above analysis, a revised fiscal note for this bill will reflect the need for appropriations totaling \$601,283 to the Department of Human Services and the Department of Regulatory Agencies for FY 2021-22, including:

- \$382,908 cash funds from the Marijuana Tax Cash Fund to the Department of Human Services, based on an assumption that the Department will require an additional 0.8 FTE; and
- \$218,375 total funds to the Department of Regulatory Agencies, including \$13,000 from the Division of Insurance Cash Fund and \$205,375 from the General Fund, based on an assumption that the Department will require an additional 1.9 FTE

Amendments in This Packet for Consideration by Appropriations Committee

Amendment	Description
J.002	Staff-prepared appropriation amendment
L.023/J.003	Bill Sponsor amendment - changes fiscal impact <i>and</i> appropriation

Current Appropriations Clause in Bill

The bill includes an appropriation clause that appropriates a total of \$395,908 to the Department of Human Services and the Department of Regulatory Agencies for FY 2021-22, including:

- \$382,908 cash funds from the Marijuana Tax Cash Fund to the Department of Human Services, based on the assumption that the Department will require an additional 0.8 FTE to implement the act; and
- \$13,000 cash funds from the Division of Insurance Cash Fund to the Department of Regulatory Agencies.

Description of Amendments in This Packet

J.002 Staff has prepared amendment **J.002** (attached) to change the existing clause to appropriate \$601,283 to the Department of Human Services and the Department of Regulatory Agencies for FY 2021-22, including:

- \$382,908 cash funds from the Marijuana Tax Cash Fund to the Department of Human Services, based on an assumption that the Department will require an additional 0.8 FTE; and
- \$218,375 total funds to the Department of Regulatory Agencies, including \$13,000 from the Division of Insurance Cash Fund and \$205,375 from the General Fund, based on an assumption that the Department will require an additional 1.9 FTE

L.023 and J.003

Bill Sponsor amendment **L.023** (attached) specifies that the costs for the Assistance RxCheck program for FY 2021-22 shall be paid from the Marijuana Tax Cash Fund. Consistent with this change, amendment **J.003** (attached) includes appropriations from the Marijuana Tax Cash Fund, instead of the General Fund, for this program. Because only FTE funded from the General Fund are subject to the "pay date shift" the dollars required differ, as reflected in the table below.

FY 2021-22 GRAND TOTAL	
Appropriation Required (2.1 FTE)	\$228,207
Centrally Appropriated	\$52,118
Grand Total	\$280,325

Fund Split	FY 2021-22
Cash Funds - Marijuana Tax Cash Fund	\$215,207
Cash Funds - Division of Insurance Cash Fund	\$13,000
Reapprop. Funds	
Federal Funds	
Centrally Approp.*	\$52,118
Grand Total	\$280,325

*Not appropriated in first year, consistent with common policy

The cost for the Division in FY 2022-23 and ongoing is projected to be \$253,747. Of this amount \$13,000 is anticipated to be from the Division of Insurance Cash Fund and the balance is expected to be from the General Fund, because Amendment L.023 specifies use of the Marijuana Tax Cash Fund for one year only.

Amendment **J.003** changes the existing appropriation clause to provide total appropriations as follows: \$611,115 to the Department of Human Services and the Department of Regulatory Agencies for FY 2021-22, including:

- \$382,908 cash funds from the Marijuana Tax Cash Fund to the Department of

- Human Services, based on an assumption that the Department will require an additional 0.8 FTE; and
- \$228,207 total funds to the Department of Regulatory Agencies, including \$13,000 from the Division of Insurance Cash Fund and \$215,207 from the Marijuana Tax Cash Fund, based on an assumption that the Department will require an additional 2.1 FTE.

The Committee may adopt **J.002** or it may adopt the combination of **L.023** and **J.003**. It should **not** adopt J.002 in combination with the other amendments.

Points to Consider

General Fund Impact

The Joint Budget Committee has proposed a budget package for FY 2021-22 based on the March 2021 Legislative Council Staff revenue forecast. The budget package includes a set aside of \$48.0 million General Fund for bills that require General Fund appropriations for FY 2021-22. This bill reduces General Fund revenue by \$13,000* and requires an increase in General Fund appropriations of \$205,375 reducing the \$48.0 million set aside by \$218,375. This impact is reduced to a revenue impact of \$13,000 in FY 2021-22 if Sponsor Amendments L.023/J.003 are adopted in lieu of amendment J.002. However, in FY 2022-23 and future years, the bill is anticipated to require \$253,747 from the General Fund, including appropriation and revenue impacts, whether or not the sponsor amendment is adopted.

*Pursuant to Section 10-3-209 (4), C.R.S., taxes on insurance premiums are credited to the Division of Insurance Cash Fund (with a maximum transfer of five percent of premium tax collections) to cover appropriations made by the General Assembly. Any increase in appropriations reduces the amount of tax revenue deposited in the General Fund, thereby reducing the amount of General Fund available for other purposes.

Marijuana Tax Cash Fund Impact

The bill contains a provision requiring the General Assembly to appropriate Marijuana Tax Cash Fund through FY 2024-25 for implementation of the act. The Joint Budget Committee has proposed a budget package for FY 2021-22 based on the March 2021 Legislative Council Staff revenue forecast. The budget package leaves approximately \$20.4 million available for appropriation or transfer from the Marijuana Tax Cash Fund for FY 2021-22, based on that revenue forecast. This bill requires an appropriation of \$382,908 from the Marijuana Tax Cash Fund for FY 2021-22, reducing the anticipated balance by the same amount. This impact is increased to \$598,115 for FY 2022-23 if Sponsor Amendments L.023/J.003 are adopted in lieu of amendment J.002. For FY 2022-23 and future years, the bill is anticipated to require annual appropriations of \$410,074 from the Marijuana Tax Cash Fund.