



Legislative Council Staff

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Fiscal Note

Drafting Number:	LLS 22-0699	Date:	April 18, 2022
Prime Sponsors:	Rep. Bacon; Snyder Sen. Rodriguez	Bill Status:	House Finance
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Bill Topic: COLORADO HOUSEHOLD FINANCIAL RECOVERY PROGRAM

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

The bill creates a program to provide loan support to certain individuals and households affected by the COVID-19 pandemic. It increases state expenditures and may increase state revenue beginning in FY 2022-23.

Appropriation Summary: For FY 2022-23, the bill requires an appropriation of \$10.2 million to the Colorado Household Financial Recovery Program Fund for use by the Department of Treasury.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under HB 22-1359

		Budget Year FY 2022-23	Out Year FY 2023-24
Revenue		-	-
Expenditures	Cash Funds	\$10,110,295	\$69,595
	Centrally Appropriated	\$9,971	\$9,971
	Total Expenditures	\$10,120,266	\$79,566
	Total FTE	0.9 FTE	0.7 FTE
Transfers¹	General Fund	(\$10,200,000)	-
	Cash Funds	\$10,200,000	-
	Net Transfer	\$0	-
Other Budget Impacts	General Fund Reserve	\$2,447,791	-

¹ This transfer is made through an appropriation of General Fund to a cash fund.

Summary of Legislation

The bill creates the Colorado Household Financial Recovery Program in the Department of the Treasury to facilitate lending to certain individuals and households impacted by the COVID-19 pandemic. The program may establish a loan loss reserve to partially offset risk in making loans to eligible individuals or households, make payments to lenders to buy down interest rates, or to provide lending capital. The bill establishes parameters for the program, including the maximum loan and interest amounts, and reporting requirements. The department may award grants to nonprofit organizations to facilitate program outreach, and it may contract with financial institutions to administer the program, in consultation with the advisory council created by the Financial Empowerment Office in the Department of Law. The State Treasurer must submit a report on the program to the Governor and the legislature each year beginning November 1, 2023.

The bill creates the Colorado Household Financial Recovery Program Fund for the program, continuously appropriates the fund to the department, and authorizes the collection of gifts, grants, and donations for the program. The department may expend up to two percent of the money appropriated to the fund for the direct and indirect costs of administering the program.

Assumptions

The bill limits the amount administrative spending to two percent of the money appropriated to the fund, and it does not specify the amount to be appropriated to the fund. The fiscal note estimates the costs to implement the program over a two-year period, and then assumes a minimum appropriation for the program that complies with the two percent requirement. The General Assembly has the discretion to appropriate any amount of money to the cash fund for the program; however, an appropriation lower than what the fiscal note assumes may restrict the department's ability to implement the program under the two percent administrative cap.

State Revenue

The bill potentially increases state revenue to the Colorado Household Financial Recovery Program Fund from gifts, grants, or donations; however, no sources have been identified at this time. Gifts, grants, and donations are exempt from TABOR revenue limits.

State Transfers

Based on the assumptions above, the fiscal note assumes that the bill requires an appropriation from the General Fund to the Colorado Household Financial Recovery Program Fund of \$10.2 million in FY 2022-23 to transfer funding for the program. The General Assembly may, at its discretion, adjust the funding levels transferred for the program (see Assumptions section above).

State Expenditures

The bill increases state expenditures in the Department of the Treasury by \$6.1 million in FY 2022-23 and \$4.1 million in FY 2023-24 from the Colorado Household Financial Recovery Program Fund. Expenditures are shown in Table 2 and detailed below.

Table 2
Expenditures Under HB 22-1359

	FY 2022-23	FY 2023-24
Department of the Treasury		
Personal Services	\$44,143	\$44,143
Operating Expenses	\$810	\$810
Capital Outlay Costs	\$6,200	-
Recovery Program Costs ¹	\$10,000,000	-
Legal Services	\$59,142	\$24,643
Centrally Appropriated Costs ²	\$9,971	\$9,971
FTE – Personal Services	0.6 FTE	0.6 FTE
FTE – Legal Services	0.3 FTE	0.1 FTE
Total Cost	\$10,120,266	\$79,566
Total FTE	0.9 FTE	0.7 FTE

¹ Funds are continuously appropriated to the Department of the Treasury and costs for the recovery program may be spent over multiple years.

² Centrally appropriated costs are not included in the bill's appropriation.

Department of the Treasury. Workload will increase to oversee the program, select one or more contracted administrators, establish program policies, and create the annual report. This workload is estimated to require 0.6 FTE beginning in FY 2022-23; costs in the first year assume a July 1, 2022 start date. Additional recovery program costs include the contract with an administrator, awarding outreach grants to nonprofit organizations, establishing the loan loss reserve, making payments to lenders, or issuing loans. The split between these costs will be determined by the department.

Legal services. The Department of the Treasury will require 600 hours of legal services in FY 2022-23 and 250 hours in subsequent years to provide general counsel on program development and support with contracting. Legal services are provided by the Department of Law at a rate of \$98.57 per hour.

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 shown in Table 2.

Other Budget Impacts

General Fund reserve. Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve beginning in FY 2022-23. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by the amount in Table 1, which will decrease the amount of General Fund available for other purposes.

Effective Date

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

State Appropriations

For FY 2022-23, the bill requires an appropriation of \$10,200,000 from the General Fund to the Colorado Household Financial Recovery Program Fund, which is continuously appropriated to the Department of the Treasury. The Department of Treasury also requires 0.6 FTE in FY 2022-23.

In addition, the bill requires a reappropriation in FY 2022-23 of \$59,142 from the Colorado Household Financial Recovery Program Fund to the Department of Law, and 0.3 FTE.

State and Local Government Contacts

Governor
Legislative Council Staff

Information Technology
Personnel

Law
Treasury