



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Revised Fiscal Note

(replaces fiscal note dated April 6, 2022)

Drafting Number: LLS 22-0279 Date: May 3, 2022
Prime Sponsors: Sen. Hansen Bill Status: House Appropriations
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Bill Topic: SECURITY TOKEN OFFERINGS STATE CAPITAL FINANCING

- Summary of Fiscal Impact:
State Revenue
State Expenditure
State Transfer
TABOR Refund
Local Government
Statutory Public Entity

The bill requires that a study be conducted on the use of security token offerings for financing state capital projects. It increases state expenditures beginning in FY 2022-23, and potentially decreases state expenditures in future years.

Appropriation Summary: For FY 2022-23, the bill requires an appropriation of \$369,571 to the Department of the Treasury.

Fiscal Note Status: The revised fiscal note reflects the reengrossed bill, as amended by the House Finance Committee. It also reflects new information.

Table 1
State Fiscal Impacts Under SB 22-025

Table with 4 columns: Category, Sub-category, Budget Year FY 2022-23, and Out Year FY 2023-24. Rows include Revenue, Expenditures (General Fund, Total FTE), Transfers, and Other Budget Impacts (General Fund Reserve).

Summary of Legislation

The bill directs the State Treasurer to conduct a study to determine the feasibility of using security token offerings to finance capital construction projects. Security tokens are defined in the bill as digital, liquid contracts made verifiable and secure using blockchain technology, and establish an owner’s right to a fraction of a financial asset, such as a stock, bond, or certificate of participation.

The State Treasurer must submit a report on the study’s findings to the legislature by March 1, 2023, and post the findings on the Department of the Treasury’s website. If the study concludes that using security token offerings is feasible and in the best interest of the state, the State Treasurer may recommend that the General Assembly enact legislation authorizing their use for capital financing.

Regarding capital financing, the bill also broadens the definition of “eligible state facility” to any state-owned asset, including land, and requires that the state public financing policy be modified to include criteria for issuance of any authorized security token offering.

State Expenditures

The bill increases state expenditures in Department of the Treasury by \$369,571 in FY 2022-23. These amounts are paid from the General Fund. It may also decrease future capital financing expenditures. Expenditures are shown in Table 2 and detailed below.

Table 2
Expenditures Under SB 22-025

	FY 2022-23	FY 2023-24
Department of Treasury		
Experts	\$250,000	-
Consultant	\$90,000	-
Legal Services	\$29,571	-
FTE – Legal Services	0.2 FTE	-
Total Cost	\$369,571	-
Total FTE	0.2 FTE	-

¹ Centrally appropriated costs are not included in the bill's appropriation.

Department of the Treasury. The State Treasurer will hire a consultant to facilitate the study and prepare the final report, and unbiased subject matter experts will be contracted to advise the study. Costs are based on contracting costs for similar sized studies.

Legal services. The Department of the Treasury requires 300 hours of legal services to support the study in FY 2022-23. Legal services are provided by the Department of Law at a rate of \$98.57 per hour.

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 the amount of General Fund held in reserve by the amount shown in Table 1, which will decrease the amount of General Fund available for other purposes.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State Appropriations

For FY 2022-23, the bill requires an appropriation of \$369,571 to the Department of the Treasury. Of this amount, \$29,571 is reappropriated to the Department of Law, and 0.2 FTE

State and Local Government Contacts

Law Treasury