



**Legislative Council Staff**

*Nonpartisan Services for Colorado's Legislature*

**Fiscal Note**

<b>Drafting Number:</b>	LLS 22-0759	<b>Date:</b>	February 17, 2022
<b>Prime Sponsors:</b>	Sen. Rankin; Hansen	<b>Bill Status:</b>	Senate Business
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**Bill Topic:** STATE ENTITY AUTH FOR PUBLIC-PRIVATE PARTNERSHIPS

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

The bill requires the Department of Personnel and Administration to develop and oversee a process by which a certain state entities may enter into public-private partnerships. It increases state expenditures beginning in FY 2022-23.

**Appropriation Summary:** For FY 2022-23, the bill requires appropriations of \$970,416 to multiple state agencies.

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

**Table 1  
State Fiscal Impacts Under SB 22-130**

		<b>Budget Year FY 2022-23</b>	<b>Out Year FY 2023-24</b>
<b>Revenue</b>		-	-
<b>Expenditures</b>	General Fund	\$970,416	\$1,226,409
	Centrally Appropriated	\$43,159	\$55,544
	<b>Total Expenditures</b>	<b>\$1,013,575</b>	<b>\$1,281,953</b>
	<b>Total FTE</b>	<b>3.0 FTE</b>	<b>4.6 FTE</b>
<b>Transfers</b>		-	-
<b>Other Budget Impacts</b>	General Fund Reserve	\$145,562	\$183,961

## Summary of Legislation

The bill requires the Department of Personnel and Administration (DPA) to develop and oversee a process by which certain state entities may enter into public-private partnerships. The bill allows these state entities to enter into public-private partnerships and clarifies parameters for project delivery and financing. It does not impact the existing authority of the Department of Transportation or state institutions of higher education to enter into such partnerships.

## State Revenue

Development of new public-private partnerships could, depending on the nature of projects, increase revenue to state agencies or create new funding sources for use during project development. This potential revenue, which may be subject to TABOR, has not been estimated.

## State Expenditures

The bill increases state expenditures in multiple state agencies, primarily DPA, by \$1.0 million in FY 2022-23 and \$1.3 million in FY 2023-24 and future years, paid from the General Fund. Expenditures are shown in Table 2 and detailed below.

**Department of Personnel and Administration.** Beginning in FY 2022-23, DPA will create a Private-Public Partnerships Office to create processes for evaluating and approving partnerships, and to provide advice and technical support to state agencies pursuing partnerships under the bill. Costs in the first year have been prorated to reflect the bill's effective date and the General Fund pay date shift for personal services costs.

- **Staffing.** DPA requires 3.0 FTE in program management and real estate development staff to work with stakeholders, manage contracts, conduct due diligence, and review appraisals. Standard operating and capital outlay costs are included.
- **Property evaluation and administration.** Exact costs to evaluate state property and assets for use in a partnership will vary depending upon the number and types of projects identified. Preliminarily, as a baseline, it is estimated that \$350,000 is required for environmental assessments; \$250,000 for real estate consultants; \$30,000 for surveying and platting; and \$15,000 for property appraisals. Additional resources are required for web services (\$10,900) and marketing the new office (\$5,000).
- **Legal services.** DPA requires an estimated 1,015 hours of legal services annually to support the office's implementation and ongoing administration. This equates to 0.6 FTE for legal services staff in the Department of Law, paid at the standard rate of \$98.57 per hour.

**Department of Law.** State agencies will require additional legal services to the extent that they engage in public-private partnerships under the bill. The fiscal note estimates 900 hours of legal services in FY 2022-23 and 1,800 hours in subsequent years, to be divided between state agencies as needed. This equates to 0.5 FTE in FY 2022-23 and 1.0 FTE in FY 2023-24. It is not known how these additional legal hours will be used among different state agencies and therefore a direct appropriation of General Fund is assumed in the first year.

**State agencies.** The bill may impact the revenue or expenditures of state agencies that enter into public-private partnerships. These impacts, which depend on the terms of their contracts, are indeterminate and the fiscal note does not estimate them.

**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.

**Table 2  
Expenditures Under SB 22-130**

<b>Cost Components</b>	<b>FY 2022-23</b>	<b>FY 2023-24</b>
<b>Department of Personnel and Administration</b>		
Personal Services	\$212,988	\$283,984
Operating Expenses	\$3,240	\$4,050
Capital Outlay Costs	\$18,600	-
Property Evaluation	\$533,670	\$645,000
Administration Costs	\$13,156	\$15,900
Legal Services	\$100,049	\$100,049
Centrally Appropriated Costs <sup>1</sup>	\$43,159	\$55,544
FTE – Personal Services	2.4 FTE	3.0 FTE
FTE – Legal Services	0.6 FTE	0.6 FTE
<b>Dept. Subtotal</b>	<b>\$924,862</b>	<b>\$1,104,527</b>
<b>Department of Law</b>		
Legal Services	\$88,713	\$177,426
FTE – Legal Services	0.5 FTE	1.0 FTE
<b>Dept. Subtotal</b>	<b>\$88,713</b>	<b>\$177,426</b>
<b>Total</b>	<b>\$1,013,575</b>	<b>\$1,281,953</b>
<b>Total FTE</b>	<b>3.5 FTE</b>	<b>4.6 FTE</b>

<sup>1</sup> Centrally appropriated costs are not included in the bill's appropriation.

## 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 \$145,562 in FY 2022-23 and \$183,961 in FY 2023-24, 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 the following appropriations from the General Fund:

- \$881,703 to the Department of Personnel and Administration, and 2.4 FTE; of this amount, \$100,049 is reappropriated to the Department of Law with an additional 0.6 FTE; and
- \$88,713 to the Department of Law, and 0.5 FTE.

## **State and Local Government Contacts**

Information Technology

Law

Personnel