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Fiscal Note

Drafting Number: LLS 23-1013
Prime Sponsors: Sen. Zenzinger

Date: April 18, 2023
Bill Status: Senate Appropriations
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Bill Topic: **MECHANISMS FOR FEDERAL INFRASTRUCTURE FUNDING**

Summary of Fiscal Impact:

- State Revenue
- State Expenditure
- State Transfer
- TABOR Refund
- Local Government
- Statutory Public Entity

The bill makes two transfers for the purpose of providing state matching funds for federal funding opportunities. Starting in FY 2023-24, the bill increases state expenditures and may increase revenue and expenditures for local governments and the Front Range Passenger Rail District.

Appropriation Summary:

For FY 2023-24, the bill requires an \$86,000,000 appropriation to any principal department and the Office of the Governor. The State Highway Fund is continuously appropriated. See State Appropriations section.

Fiscal Note Status:

The fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under SB 23-283

		Budget Year FY 2023-24	Out Year FY 2024-25
Revenue		-	-
Expenditures	Cash Funds	up to \$91,000,000	-
	Total Expenditures	up to \$91,000,000¹	-
Transfers	General Fund	(\$91,000,000)	-
	Infrastructure Investment and Jobs Act Cash Fund	\$86,000,000	
	State Highway Fund	\$5,000,000	
	Net Transfers	\$0	
Other Budget Impacts		-	-

¹Expenditures may occur in multiple fiscal years

Summary of Legislation

On July 1, 2023, the bill transfers \$91 million from the General Fund as follows:

- \$86 million to the Infrastructure Investment and Jobs Act (IIJA) Cash Fund; and
- \$5 million to the State Highway Fund (SHF).

Funds transferred to the IIJA Cash Fund are for expenditures related to securing federal funding opportunities under the Infrastructure Investment and Jobs Act, the Inflation Reduction Act, and any related federal funding opportunities.

Funds transferred to the State Highway Fund are for use by the Colorado Department of Transportation (CDOT) to develop comprehensive operational capacity to maximize utilization and implementation of federal infrastructure funding.

Background

IIJA Cash Fund. [Senate Bill 22-215](#) created the IIJA Cash Fund, and provided procedures for expenditures from the fund. The IIJA Cash Fund may be expended by the Office of the Governor and any principal department of the state subject to approval by the Governor.

SHF. CDOT is primarily funded from the SHF, which is comprised of federal funds, the state's share of the Highway Users Tax Fund, and other various sources of revenue. The decision-making authority for the majority of state transportation revenue rests with the Transportation Commission, which is responsible for allocating funds from the SHF.

State Transfers

The bill transfers \$86,000,000 from the General Fund to the IIJA Cash Fund and \$5,000,000 from the General Fund to the SHF on July 1, 2023.

State Expenditures

Beginning in FY 2023-24, the bill increases state expenditures by up to \$91 million in multiple state agencies, as described below.

State agencies. Expenditures will increase in the Office of the Governor and any principal department of the state by up to \$86 million in FY 2023-24. It is anticipated this funding will primarily be used as state match needed for federal infrastructure funding opportunities. Based on the amount of funding, the Office of the Governor will require 4.8 FTE in the initial years to identify funding opportunities, provide technical support in securing federal funding, and monitor expenditures for reporting/accounting purposes, resulting in a cost of about \$500,000 per year, paid from the IIJA Cash Fund. Administrative expenses will be lower in future years. Subject to appropriation by the General Assembly, expenditures may occur over multiple fiscal years.

Department of Transportation. Expenditures will increase in the CDOT by up to \$5 million in FY 2023-24. It is anticipated that these expenditures will be for rail infrastructure projects coordinated with the Front Range Passenger Rail District. Additionally, since the SHF is continuously appropriated, expenditures in CDOT may occur over multiple fiscal years. Funding from the SHF is allocated by the Transportation Commission. The commission will adjust spending from the SHF to accommodate the increase in CDOT expenditures under this bill.

Local Government

Local governments. Revenue and expenditures in local governments will increase to the extent matching funding is provided from the IJJA Cash Fund for a project conducted by a local government.

Statutory Public Entity

Front Range Passenger Rail District. Revenue and expenditures in the Front Range Passenger Rail District will increase to the extent funding is provided from CDOT.

Effective Date

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

State Appropriations

For FY 2023-24, the bill requires an appropriation of \$86,000,000 million from the Infrastructure Investment and Jobs Act Cash Fund to a principal department of the state and to the Office of the Governor. Similar to other appropriations from the fund, the fiscal note assumes this appropriation requires multiple years of spending authority. The Office of the Governor also requires 4.8 FTE.

The SHF is continuously appropriated for use by CDOT.

State and Local Government Contacts

Office of State Planning and Budgeting

Transportation