



## Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

# Fiscal Note

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<b>Drafting Number:</b>	LLS 24-1061	<b>Date:</b>	March 27, 2024
<b>Prime Sponsors:</b>	Rep. Bird; Taggart Sen. Zenzinger; Kirkmeyer	<b>Bill Status:</b>	House Appropriations
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<b>Bill Topic:</b>	<b>CAPITAL RENEWAL PROJECT COST THRESHOLD</b>
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<b>Summary of Fiscal Impact:</b>	<input type="checkbox"/> State Revenue	<input type="checkbox"/> State Transfer	<input type="checkbox"/> Local Government
	<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> TABOR Refund	<input type="checkbox"/> Statutory Public Entity

**Budget package bill.** The bill raises the cost threshold for capital renewal projects from \$2 million to \$5 million. It minimally decreases state expenditures beginning in FY 2024-25.

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**Appropriation Summary:** No appropriation is required.

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**Fiscal Note Status:** The fiscal note reflects the introduced bill. The bill was recommended by the Joint Budget Committee as part of the FY 2024-25 budget package.

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## Summary of Legislation

The bill raises the cost threshold that delineates controlled maintenance projects from capital renewal projects from \$2 million to \$5 million. The Department of Personnel and Administration must adjust the threshold for inflation every three years beginning on January 1, 2029.

## Background

Controlled maintenance refers to capital projects that repair or replace building infrastructure. A capital renewal project is a controlled maintenance project with costs exceeding \$2 million. While all controlled maintenance projects funded in the annual Long Bill are approved by the Capital Development Committee and the Joint Budget Committee, capital renewal projects typically receive a higher level of scrutiny due to their higher cost and greater project scope than other controlled maintenance projects, which are primarily evaluated by the Office of the State Architect. The existing \$2 million threshold has been observed in practice for about 20 years.

## State Expenditures

The bill minimally decreases state expenditures beginning in FY 2024-25. Under the bill, fewer controlled maintenance projects will qualify as capital renewal projects, which impacts workload involved in the capital approval process. It has no net impact on the capital budget.

**Capital approval process.** The process for state agencies to submit capital renewal projects for funding and for agencies in the executive and legislative branches to evaluate those funding requests is more stringent than for other controlled maintenance projects. The bill decreases workload for state agencies that propose capital renewal projects, the Colorado Commission on Higher Education, the Governor’s Office of State Planning and Budgeting, Legislative Council Staff, and Joint Budget Committee Staff. This decrease is minimal and no change in appropriations is required. To the extent that more controlled maintenance projects are subject to the Office of the State Architect’s scoring system, their workload will minimally increase.

**Capital budget.** Although the bill affects how projects are classified, it does not affect the scope or total cost of any particular project. It also does not affect the amount of money available for the capital budget and there is no net change in state expenditures for capital construction.

## Effective Date

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

## State and Local Government Contacts

Joint Budget Committee Staff

Personnel and Administration

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The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).