



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

HB 25-1223: CAPITAL NEEDS OF RURAL AND FRONTIER HOSPITALS

Prime Sponsors:

Rep. Johnson; Lukens
Sen. Pelton R.; Roberts

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Published for: House Health & Human Services**Drafting number:** LLS 25-0739**Version:** Initial Fiscal Note**Date:** February 25, 2025**Fiscal note status:** The fiscal note reflects the introduced bill.

Summary Information

Overview. The bill requires the Department of Public Health and Environment to estimate the total cost needed to meet the capital development requirements in rural and frontier hospitals.

Types of impacts. The bill is projected to affect the following areas on in FY 2025-26 only:

- State Expenditures
- State Revenue

Appropriations. No appropriation is required because the Rural and Frontier Hospital Capital Needs Study Cash Fund is continuously appropriated.

Table 1
State Fiscal Impacts

| Type of Impact¹ | Budget Year FY 2025-26 | Out Year FY 2026-27 |
|--|-----------------------------------|--------------------------------|
| State Revenue (Cash Funds – Gifts, Grants, and Donations) | \$32,323 | \$0 |
| State Expenditures (Cash Funds – Gifts, Grants, and Donations) | \$32,323 | \$0 |
| Transferred Funds | \$0 | \$0 |
| Change in TABOR Refunds | \$0 | \$0 |
| Change in State FTE | 0.2 FTE | 0.0 FTE |

¹ Fund sources for these impacts are shown in the table below.

Table 1A
State Expenditures

| Fund Source | Budget Year FY 2025-26 | Out Year FY 2026-27 |
|---------------------------|-----------------------------------|--------------------------------|
| General Fund | \$0 | \$0 |
| Cash Funds | \$28,363 | \$0 |
| Federal Funds | \$0 | \$0 |
| Centrally Appropriated | \$3,960 | \$0 |
| Total Expenditures | \$32,323 | \$0 |
| Total FTE | 0.2 FTE | 0.0 FTE |

Summary of Legislation

By June 30, 2026, the bill requires the Department of Public Health and Environment to estimate the total cost needed to meet the capital development needs of Colorado rural and frontier hospitals. This work is overseen by a taskforce whose members are appointed by the Governor and leaders of the General Assembly.

The study's implementation is dependent on receipt of sufficient gifts, grants, and donations that will be credited to a new cash fund, the Rural and Frontier Hospital Capital Needs Study Cash Fund, which is continuously appropriated.

Assumptions

The bill does not require members of the task force to receive reimbursement or compensation and does not require any member of the task force to be a member of the General Assembly, who are entitled to compensation for meetings that occur outside of the legislative session. Thus the fiscal note assumes that the members of the taskforce will serve without compensation.

State Revenue

The bill is expected to increase state cash fund revenue to CDPHE by about \$32,00 in FY 2025-26 only from gifts, grants, or donations. This revenue is exempt from TABOR revenue limits.

State Expenditures

The bill increases state expenditures in CDPHE by about \$32,000 in FY 2025-26 only. These costs, paid from the Rural and Frontier Hospital Capital Needs Study Cash Fund, are summarized in Table 2 and discussed below. The bill also minimally affects workload in the Governor’s Office and Legislative Department.

Table 2
State Expenditures
Department of Public Health and Environment

| Cost Component | Budget Year FY 2025-26 | Out Year FY 2026-27 |
|------------------------------|-----------------------------------|--------------------------------|
| Personal Services | \$15,863 | \$0 |
| Contract Costs | \$12,500 | \$0 |
| Centrally Appropriated Costs | \$3,960 | \$0 |
| Total Costs | \$32,323 | \$0 |
| Total FTE | 0.2 FTE | 0.0 FTE |

Department of Public Health and Environment

CDPHE will have staff and contract services costs totaling \$32,323 in FY 2025-26 to implement the bill. These costs assume that CDPHE will rely on existing reports and will contract with the producers of those reports as consultants.

Staff

CDPHE requires 0.2 FTE in FY 2025-26 only to investigate existing reports on the capital development needs of rural and frontier hospitals, make any necessary improvements and updates, and facilitate the task force.

Contract Costs

CDPHE will contract with the producers of existing reports on the capital development needs of Colorado rural and frontier hospitals to answer any questions and help make any improvements needed to satisfy the requirements of the bill. The fiscal note assumes that this will require 100 total contractor hours at a rate of \$125 per hour.

Other Agency Impacts

Workload will minimally increase in Governor’s Office and Legislative Department to make appointments to the task force.

Effective Date

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

State and Local Government Contacts

Governor

Public Health and Environment

Legislative Council Staff

Treasury

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](#).