

MEMORANDUM



JOINT BUDGET COMMITTEE

TO Joint Budget Committee
FROM Craig Harper, JBC Staff Director (303-866-3481)
DATE March 19, 2024
SUBJECT Recommended Changes to Long Bill Headnotes

Pursuant to Article V, Section 32 of the State Constitution, the annual general appropriation bill (called the “Long Bill”), “shall embrace nothing but appropriations for the expense of the executive, legislative and judicial departments of the state, state institutions, interest on the public debt and for public schools.” All other appropriations are required to be made by separate bills, each embracing a single subject. The Long Bill typically includes the following sections:

- Section 1: Definitions and general provisions (called “headnotes”).
- Section 2: Appropriations for each state department’s *operating* expenses.
- Section 3: Appropriations for *controlled maintenance and capital construction projects*. This section also includes headnotes that provide related definitions and general provisions. These headnotes were approved by the Committee on February 28.
- Section 4: Appropriations for *information technology projects*. This section also includes headnotes that provide related definitions and general provisions. These headnotes were approved by the Committee on March 11.
- Sections 5 and subsequent sections: Amendments to prior year appropriations.

The attached document includes staff’s recommended changes to the headnotes that will be included in section 1 of the FY 2024-25 Long Bill. These headnotes:

- Reference the relevant statutory provision that defines certain line items of appropriation (e.g., “personal services”, “operating expenses”, “FTE”, etc.);
- Designate assets to constitute the state emergency reserve as required by Article X, Section 20 (5) of the State Constitution (the Taxpayer’s Bill of Rights or “TABOR”);
- State that the amounts appropriated in the Long Bill indicate the maximum amount that may be expended from a certain fund source;
- Describe and define the format of the appropriated amounts, including the columns that indicate the nature of the fund source (e.g., “general fund”, “cash funds”, etc.);
- Explain the meaning of notations associated with certain appropriations (i.e., the (M), (L), (H), and (I) notations);
- State that while most amounts from federal fund sources are included for informational purposes only, the amounts from four sources of federal funds limit the amount of expenditures of such funds (e.g., Title XX Social Services Block Grant, Maternal and Child Health Block Grant, Child Care Development Funds, and Temporary Assistance for Needy Families Block Grant);
- State that the General Assembly is not obligated to support programs that are funded with nonappropriated federal fund sources;
- State that no money appropriated in the bill shall knowingly be paid to entities that place certain restrictions on employment or membership; and
- Require the State Controller to examine all contracts entered into during the fiscal year to determine whether such contracts are authorized by an appropriation in the Long Bill.

MARCH 19, 2024

➔ RECOMMENDED CHANGES

The attached document reflects recommended changes to the FY 2023-24 Long Bill headnotes to update all fiscal years referenced to reflect the correct fiscal year.

The headnotes also include a provision to designate the TABOR emergency reserve for FY 2024-25. Please note that the total amount of the reserve will need to increase based on higher projected state revenues (an estimated increase of \$31.0 million based on the March 2024 revenue forecasts). The Governor has proposed using the State Services building to account for \$29.0 million of that increase. In addition, staff is aware of changes in available funds that are currently counted as part of the emergency reserve as a result of both the Governor's use of funds for declared emergencies in FY 203-24 and the General Assembly's potential use of the existing balance of the Controlled Maintenance Trust Fund (\$69.4 million of which was designated as part of the emergency reserve in FY 2023-24).

Staff will present a separate memo to the Committee after the Committee makes decisions regarding Capital Construction Funding for FY 2024-25 (specifically the use of the existing balance of the Controlled Maintenance Trust Fund), with recommendations concerning the TABOR emergency reserve. **Staff requests permission to update the headnotes consistent with Committee action concerning the TABOR emergency reserve. Staff also recommends that the Committee approve going to draft on a bill to transfer an as-yet-unidentified amount from the General Fund to the State Emergency Reserve Cash Fund.**

Finally, staff requests permission to make other technical drafting changes that may be discovered in the process of drafting the bill.

**Second Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO**

DRAFT

LLS NO. 24-0779.01 Craig Harper x3481

HOUSE BILL

HOUSE SPONSORSHIP

Bird,

SENATE SPONSORSHIP

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House Committees

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING THE PROVISION FOR PAYMENT OF THE EXPENSES OF THE**
102 **EXECUTIVE, LEGISLATIVE, AND JUDICIAL DEPARTMENTS OF THE**
103 **STATE OF COLORADO, AND OF ITS AGENCIES AND INSTITUTIONS,**
104 **FOR AND DURING THE FISCAL YEAR BEGINNING JULY 1, 2024,**
105 **EXCEPT AS OTHERWISE NOTED.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)

Provides for the payment of expenses of the executive, legislative, and judicial departments of the state of Colorado, and of its agencies and

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words or numbers indicate deletions from existing law.

institutions, for and during the fiscal year beginning July 1, 2024, except as otherwise noted.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. Definitions - general provisions. As used in this act, the following definitions and general provisions shall apply:

(1) Section 24-75-112, Colorado Revised Statutes, provides definitions in order to specify the purpose of certain line items of appropriation.

(2) The funds designated to constitute the state emergency reserve for the 2024-25 fiscal year are {assets and amounts will need to be updated after Committee decisions}:

(a) The disaster emergency fund created in section 24-33.5-706 (2)(a), C.R.S., up to a maximum of \$44,000,000;

(b) The state emergency reserve cash fund created in section 24-77-104 (6), C.R.S., up to a maximum of \$266,600,000;

(c) The marijuana tax cash fund created in section 39-28.8-501 (1), C.R.S., up to a maximum of \$100,000,000;

(d) The controlled maintenance trust fund created in section 24-75-302.5 (2)(a), C.R.S., up to a maximum of \$69,400,000;

(e) The unclaimed property tourism promotion trust fund created in section 38-13-801.5 (1), C.R.S., up to a maximum of \$5,000,000;

(f) The major medical insurance fund created in section 8-46-202 (1)(a), C.R.S., up to a maximum of \$25,000,000;

(g) The Colorado water conservation board construction fund created in section 37-60-121 (1)(a), C.R.S., up to a maximum of \$33,000,000.

SECTION 2. Appropriation. (1) The sums included in this

1 section are appropriated out of any money in the general fund, the
2 indicated cash funds, and reappropriated funds, for the payment of the
3 ordinary operating costs of the executive, legislative, and judicial
4 departments of the state, and of its agencies and institutions, for and
5 during the fiscal year beginning July 1, 2024; and:

6 (a) The figures in the column headed "item & subtotal" are the
7 amounts made available by appropriation for expenditure within each line
8 item, except for the figures that appear directly beneath a line, which
9 figures are subtotals of the preceding line item appropriation amounts.
10 The figures in the "total" column are the amounts made available by
11 appropriation for expenditure by the department, division, institution, or
12 program to which the totals relate.

13 (b) The figures in the "general fund", "general fund exempt",
14 "cash funds", "reappropriated funds", and "federal funds" columns
15 indicate the source of funds for the amounts authorized in the expenditure
16 columns or the source of funds for the figures that are included for
17 informational purposes only.

18 (c) The figures in the "general fund" and "general fund exempt"
19 columns indicate the maximum amount that may be expended from the
20 general fund for the purposes shown.

21 (d)(I) Where the letter "(M)" appears directly to the right of a
22 general fund or general fund exempt figure, that general fund or general
23 fund exempt appropriation, when combined with the related general fund
24 or general fund exempt transfers from the centralized appropriations to
25 the office of the executive director, is used to support a federally
26 supported program and is the maximum amount of general fund or
27 general fund exempt money that may be expended in that program, except

1 where otherwise provided.

2 (II) In the event that additional federal funds are available for a
3 federally supported program, the combined general fund or general fund
4 exempt amount noted as "(M)" is reduced by the amount of federal funds
5 earned or received in excess of the figure shown in the "federal funds"
6 column for that program. In the event that the federal funds earned or
7 received are less than the amount shown in the "federal funds" column,
8 the combined general fund or general fund exempt amount noted as "(M)"
9 is reduced proportionately. Where general fund or general fund exempt
10 support is required as a condition for the acceptance of federal funds and
11 the state matching requirements are reduced, the combined general fund
12 or general fund exempt amount noted as "(M)" is reduced proportionately.
13 This subsection (1)(d)(II) only applies to the general fund or general fund
14 exempt amount that remains unexpended at the time of the change in
15 federal requirements or funding. This subsection (1)(d)(II) does not apply
16 to an appropriation noted as "(M)" to the department of health care policy
17 and financing, unless the appropriation is in a line item for the executive
18 director's office. It is intended that the general fund or general fund
19 exempt amount and the federal funds amount be expended in equally
20 proportioned amounts throughout the year.

21 (e)(I) The figures in the "cash funds" or "reappropriated funds"
22 columns, including the figures in any related letter notes, indicate all
23 non-general fund and non-general fund exempt sources and all nondirect
24 federal fund sources and may be cash funds established by statute,
25 nonstatutory cash accounts, tuitions, overhead reimbursements, certain
26 fees, governmental and nongovernmental "third-party" payments,
27 payments for services, and interagency transfers. Such figures indicate the

1 maximum amount that may be expended from cash funds or the specified
2 cash fund sources for the purposes shown. The amount of each cash funds
3 or reappropriated funds appropriation is expressly declared to be
4 nonseverable from the agency, source, and purpose of such appropriation,
5 and such amount shall not be used for any other agency, source, or
6 purpose.

7 (II) The provisions of this subsection (1)(e) shall not apply where
8 this act specifically provides otherwise or where cash funds are marked
9 with an "(L)". The "(L)" designation refers to the funds of local
10 governments or to the funds of service organizations from which the state
11 purchases services, the amounts of which are not appropriated in this act
12 and the inclusion of which is informational only.

13 (III) Whenever a state agency receives cash funds or
14 reappropriated funds from a centralized appropriation made to the office
15 of the executive director of such agency's department and this act does not
16 set forth such funds as a duplicate appropriation to said receiving agency,
17 the provisions of this subsection (1)(e) shall not apply to the receipt of
18 such funds.

19 (IV) Whenever the controller creates an account solely for the
20 purpose of establishing the obligation of a state agency to generate cash
21 funds or reappropriated funds for distribution to another state agency to
22 which such funds are appropriated by this act, the provisions of this
23 subsection (1)(e) shall not apply to the account created or to such
24 distribution.

25 (f) Where the letter "(H)" appears directly to the right of a cash
26 funds or reappropriated funds figure, that appropriation, when combined
27 with the related cash funds or reappropriated funds transfers from the

1 centralized appropriations to the office of the executive director, is used
2 to support a federally supported program and is the maximum amount of
3 cash funds or reappropriated money that may be expended in that
4 program, except where otherwise provided. In the event that additional
5 federal funds are available for the program, the combined cash funds or
6 reappropriated funds amount noted as "(H)" shall be reduced by the
7 amount of federal funds earned or received in excess of the figure shown
8 in the "federal funds" column for that program. In the event that the
9 federal funds earned or received are less than the amount shown in the
10 "federal funds" column, the combined cash funds or reappropriated funds
11 amount noted as "(H)" shall be reduced proportionately. Where cash
12 funds or reappropriated funds support is required as a condition for the
13 acceptance of federal funds and the state matching requirements are
14 reduced, the combined cash funds or reappropriated funds amount noted
15 as "(H)" shall be reduced proportionately. These provisions shall apply
16 only to the cash funds or reappropriated funds amount which remains
17 unexpended at the time of the change in federal requirements or funding.
18 It is intended that the cash funds or reappropriated funds amount and the
19 federal funds amount shall be expended in equally proportioned amounts
20 throughout the year.

21 (g) Reappropriated funds means money appropriated again
22 subsequent to an initial appropriation in the same fiscal year. The
23 designation of money as reappropriated funds has no bearing on whether
24 the money constitutes a grant from the state of Colorado pursuant to
25 section 20 (2)(d) of article X of the state constitution.

26 (h)(I) The figures in the "federal funds" column earned or
27 received under the following federal programs which are subject to a state

1 match or which are subject to transfer to other block grants shall be limits
2 on the amount of expenditures of such funds, and such funds shall be
3 expended in accordance with applicable state and federal statutes,
4 including all provisions of this act:

5 Title XX Social Services Block Grant

6 Maternal and Child Health Block Grant

7 (II) The figures in the "federal funds" column earned or received
8 under the following federal programs shall be limits on the amount of
9 expenditures of such funds, and such funds shall be expended in
10 accordance with applicable state and federal statutes, including all
11 provisions of this act:

12 Child Care Development Funds

13 Temporary Assistance for Needy Families Block Grant

14 (III) The figures in the "federal funds" column for all other
15 programs are anticipated federal funds, and, although these funds are not
16 appropriated in this act, they are noted for the purpose of indicating the
17 assumption used relative to those funds in developing the basic
18 appropriations amounts.

19 (i) The general assembly accepts no obligation directly or
20 indirectly for support or continuation of non-state-funded programs or
21 grants where no direct or indirect state contribution is required.
22 Furthermore, the general assembly accepts no obligation for costs
23 incurred by or claimed against nonappropriated federally funded
24 programs.

25 (j) No money appropriated by this act shall knowingly be paid to
26 any organization, business firm, person, agency, or club which places
27 restrictions on employment or membership based on sex, sexual

1 orientation, race, age, marital status, creed, color, religion, national origin,
2 ancestry, or disability.

3 (k) Pursuant to section 24-30-202 (2), Colorado Revised Statutes,
4 the controller shall examine all state contracts entered into during the
5 fiscal year commencing July 1, 2023, to determine whether such contracts
6 are authorized by an appropriation within this act, and, pursuant to section
7 24-30-202 (3), Colorado Revised Statutes, no agency shall incur
8 obligations by contract in excess of the amounts appropriated by this act.

9 (l)(I) Where the letter "(I)" appears directly to the right of a figure
10 or in a letternote referencing a figure, that amount is not an appropriation,
11 nor does it limit the expenditure of such money. The figure is included for
12 informational purposes only. It provides a record of funds anticipated to
13 be expended and, in some instances, may indicate assumptions used
14 relative to those funds in developing appropriated amounts.

15 (II) The "(I)" notation applies to a general fund, general fund
16 exempt, or cash funds figure when the amount is continuously
17 appropriated to, or otherwise authorized by law to be spent by, a
18 department or agency of state government pursuant to a provision of state
19 statute or the state constitution.

20 (III) The "(I)" notation applies to a reappropriated funds figure
21 when the amount is continuously appropriated to, or otherwise authorized
22 by law to be spent by, a department or agency of state government
23 pursuant to a provision of state statute or the state constitution or, in some
24 instances, when the underlying federal funds source from which the
25 amount is reappropriated is subject to the "(I)" notation.

26 (IV) The "(I)" notation applies to all federal funds except when the
27 federal funds represent a limit on expenditures as specified in subsection

1 (1)(h) of this section, when the letter "(M)" or "(H)" appears to the right
2 of a general fund, cash funds, or reappropriated funds figure in the same
3 line item, or when the general assembly has the authority to appropriate
4 the federal funds.