HB 20B-1012

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

FINAL FISCAL NOTE

Drafting Number:	LLS 20B-0024	**Date:**	December 7, 2020
Prime Sponsors:	Rep. Larson	**Bill Status:**	Postponed Indefinitely
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Bill Topic: **IMPLEMENTATION OF 2020 LEGISLATION**

Summary of Fiscal Impact:

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

This bill would have changed implementation dates in Senate Bill 20-205, Senate Bill 20-207, and Senate Bill 20-215. This would have reduced state expenditures beginning in the current FY 2020-21, and state revenue beginning in FY 2021-22.

Appropriation Summary: The bill would have required a reduction in appropriations of $121,267 for FY 202-21 and $140,622 for FY 2021-22, from the Department of Labor and Employment.

Fiscal Note Status: The fiscal note reflects the introduced bill. This bill was not enacted into law; therefore, the impacts identified in this analysis do not take effect.

Table 1
State Fiscal Impacts Under HB 20B-1012

		FY 2020-21 *(current year)*	FY 2021-22	FY 2022-23
Revenue	Cash Funds	-	($94.9 million)	($9.5 million)
	UI Trust Fund	-	($50.6 million)	($177.0 million)
	Total	**-**	**($145.5 million)**	**($186.5 million)**
Expenditures	General Fund	($121,267)	($140,622)	-
	Centrally Appropriated	($28,666)	($33,443)	-
	Total	**($149,933)**	**($174,065)**	**-**
	Total FTE	**(1.8 FTE)**	**(2.1 FTE)**	**-**
Transfers		-	-	
TABOR Refund		-	-	

Summary of Legislation

This bill changes implementation dates in Senate Bill 20-205, Senate Bill 20-207, and Senate Bill 20-215 as described below.

- SB 20-205 required employers with 16 or more employees to provide each employee paid sick leave beginning January 1, 2021, and all employers beginning January 1, 2022. This bill delays the leave requirements by one year.

- SB 20-207 made a number of changes to the unemployment insurance system to build up the balance of the Unemployment Insurance (UI) Trust Fund, including annually increasing chargeable wages beginning January 1, 2021, and suspending the solvency surcharge through calendar year 2022. This bill delays the increases in chargeable wages by one year, and suspends the solvency surcharge through calendar year 2023.

- SB 20-215 created the Health Insurance Affordability Enterprise (enterprise) in the Division of Insurance in the Department of Regulatory Agencies. The enterprise is required to assess and collect a health insurance affordability fee from insurance carriers beginning in the 2021 calendar year. The enterprise is also required to assess and collect a special assessment of $20.0 million per year from hospitals beginning after October 1, 2022. This bill delays the assessment and collection of both fees by one year.

Background

Unemployment Insurance Trust Fund. When the UI Trust Fund became insolvent on August 18, 2020, Colorado began borrowing from the Federal Unemployment Account to fund benefit payments. Loans are currently extended interest free through the end of 2020. As of November 19, 2020, the state had $572.6 million in federal loans outstanding and is expected to require new loans throughout 2021.

State Revenue

This bill reduces revenue to the UI Trust Fund in the Department of Labor and Employment (CDLE) and the enterprise in the Division of Insurance in the Department of Regulatory Agencies by $145.5 million in FY 2021-22 and $186.5 million in FY 2022-23.

Unemployment Insurance Trust Fund. Revenue to the UI Trust Fund will not change for FY 2020-21, but will be reduced by $50.6 million in FY 2021-22, and $177.0 million in FY 2022-23 under this bill.

Health Insurance Affordability Enterprise. Revenue to the enterprise will not change for FY 2020-21, but will be reduced by $94.9 million in FY 2021-22, and $9.5 million in FY 2022-23 under this bill.

State Expenditures

Moving the date for employers to provide paid sick leave will reduce General Fund expenditures for the CDLE to delay enforcement and administration efforts. In addition, the bill may reduce the workload and expenditures of other state agencies and institutions of higher education. General Fund expenditures for the CDLE will be reduced by $149,933 and 1.8 FTE in FY 2020-21, and $174,065 and 2.1 FTE in FY 2021-22. Expenditures for FY 2022-23 will be unchanged. This assumes that staffing for the implementation of SB 20-205 will be reduced effective December 31, 2020, and will begin again on January 1, 2022. A General Fund paydate shift is applied in FY 2021-22. Specific reductions are shown in Table 2. Capital outlay costs associated with staffing have already been expended in FY 2020-21.

Table 2
Expenditures Under HB 20B-1012

	FY 2020-21 *(current year)*	**FY 2021-22**	**FY2022-23**
Department of Labor and Employment			
Personal Services	($118,567)	($138,327)	-
Operating Expenses	($2,700)	($2,295)	-
Centrally Appropriated Costs*	($28,666)	($33,443)	-
Total Cost	**($149,933)**	**($174,065)**	**-**
Total FTE	**(1.8 FTE)**	**(2.1 FTE)**	**-**

** Centrally appropriated costs are not included in the bill's appropriation.*

All other state agencies and institutions of higher education. Other state agencies and institutions of higher education may see a reduction in costs related to SB 20-205. This bill will delay increased use of sick leave, eligibility of seasonal and temporary employees for sick leave, sick leave accruals by part-time employees, and leave tracking system updates. These reductions have not been estimated.

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 estimated to be reduced by $28,666 in FY 2020-21 and $33,443 in FY 2021-22.

Local Government

Local governments will be affected by this bill in several ways. The fiscal note for SB 20-205 noted that local governments may experience cost increases related to the use of sick leave, eligibility of seasonal and temporary employees, sick leave accruals by part-time employees, and leave tracking system updates. These impacts were not estimated, but will be delayed by one year under this bill.

The fiscal note for SB 20-207 stated that UI premiums for local governments may increase. Any increase in premiums will be delayed by this bill.

Technical Note

This bill cuts revenue to the enterprise but not the statutory obligation to administer the enterprise which includes providing funds to receive a federal match, paying insurance carriers for reinsurance claims, and subsidizing insurance coverage. The reinsurance program is also required under a federal waiver agreement to provide state matching funds. To meet these obligations, the General Assembly may be required to contribute General Fund to the enterprise.

Effective Date

The bill was postponed indefinitely by the House Finance Committee on November 30, 2020.

State Appropriations

The Department of Labor and Employment requires a reduction in General Fund appropriations of:

- $121,267 and 1.8 FTE for FY 2020-21; and
- $140,622 and 2.1 FTE for FY 2021-22.

State and Local Government Contacts

Information Technology	Judicial	Labor
Personnel	Regulatory Agencies	