HB 24-1059

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Fiscal Note

Drafting Number:	LLS 24-0843	**Date:**	February 6, 2024
Prime Sponsors:	Rep. English; Ricks Sen. Hansen	**Bill Status:**	House State Affairs
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Bill Topic: **COMPENSATION FOR STATE ELECTED OFFICIALS**

Summary of Fiscal Impact:

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

The bill increases the amount of per diem paid to members of the Colorado General Assembly beginning in FY 2025-26. It also creates an independent commission to set the compensation for state elected officials. The bill increases state expenditures on an ongoing basis beginning in FY 2025-26.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under HB 24-1059

		Budget Year FY 2024-25	Out Year FY 2025-26
Revenue		-	-
Expenditures	General Fund	-	$317,480
Transfers		-	-
Other Budget Impacts	General Fund Reserve	-	$47,622

Summary of Legislation

The bill changes how compensation is determined for state elected officials, as described below.

Legislative per diem. Beginning in FY 2025-26, this bill modifies the per diem rate that may be claimed by members of the Colorado General Assembly. For a member residing in the Denver Metro Area, the new rate will be 25 percent of the federal per diem rate set for the City and County of Denver by the United States General Services Administration (GSA) as of October 1 of the calendar year immediately preceding the fiscal year in which the per diem rate is to be used. For a member who does not reside in the Denver Metro Area, the new rate will be 90 percent of that federal per diem rate.

Independent State Elected Official Pay Commission. The bill also creates the nine-member Independent State Elected Official Pay Commission, which meets every four years to set the compensation for members of the General Assembly, the Governor, the Lieutenant Governor, the Attorney General, the Secretary of State, and the State Treasurer. The initial commission members must be appointed by the Governor and members of legislative leadership on or before July 31, 2025; the commission must have its first meeting on or before September 1, 2025 and meet as many times as necessary to compile a report; and the commission must submit the report on or before December 15, 2025, to the Office of State Planning and Budgeting, the Joint Budget Committee, the President of the Senate, and the Speaker of the House of Representatives regarding its recommendations. Each commission expires upon the delivery of the report.

The commission will be staffed by the Department of Personnel and Administration (DPA). Members of the commission do not receive compensation for serving, but will be reimbursed for reasonable travel expenses incurred to attend meetings.

The salaries and allowances recommended by the commission in the initial report take effect on January 1, 2027. Subsequent commissions will be appointed, meet, and report on the same schedule every four years. The General Assembly may modify or reject the commission's recommendations. When making recommendations, the commission is required to consider the amount of compensation paid in government service and the private sector for similar positions; the amount of compensation needed to attract and retain experienced and competent persons; and the ability of the state to pay the recommended compensation.

On January 1 of every year except those years that a commission's recommendation take effect, the amount of compensation paid to state elected officials adjusts for inflation.

Background

Under current law, the per diem and compensation rates for members of the General Assembly, and compensation rates for other state elected officials are set in statute and require legislative action to change. Base salary rates are tied to those of state justices and judges. More information on legislative and elected official salaries may be found on the General Assembly website.

Assumptions

Per diem. The fiscal note assumes that the federal per diem rate will continue to grow at the same rate for the next several fiscal years and the number of metro (61) versus non-metro (39) legislators will remain the same. Per diem will be paid for 120 days of the legislative session and approximately 20 additional days of special session or interim legislative activities each fiscal year.

Commission. The fiscal note assumes that contract staff hired by DPA will, among other tasks, assist with the following for the commission:

- reaching out to the Governor and legislative leadership to get appointments made to the commission by July 31, 2025 (and every four years thereafter);
- organizing the commissioners and the rules and procedures for commission meetings beginning September 1, 2025 (and every four years thereafter);
- facilitating approximately five commission meetings per cycle and providing necessary background research for the commission's discussions; and
- writing the report detailing the commission's recommendation regarding compensation by December 15, 2025 (and every four years thereafter).

The fiscal note further assumes that commission members who reside in areas outside of the Denver Metro Area will participate in meetings electronically, rather than traveling to a central location.

State Expenditures

In FY 2025-26, this bill will increase General Fund expenditures in the Legislative Department by $298,480 and in DPA by $19,000. Costs in the Legislative Department will increase by similar amounts in future years, plus inflation. DPA costs are incurred every four years.

Legislative Department. Legislative Council Staff (LCS) is required to adjust legislative per diem rates beginning in FY 2025-26 and each year thereafter. The bill also requires LCS to adjust the compensation rates for state elected officials to account for inflation beginning January 1, 2028, and before January 1 of each year thereafter. Such adjustments are commonly made in the course of regular accounting practices and do not represent an increase in workload.

Under current law, the per diem rate for metro legislators is $45 and for non-metro legislators is $240. This bill increases those rates to $71 and $254, respectively, in FY 2025-26, increasing the total cost for all 100 members of the General Assembly by $298,480.

Department of Personnel and Administration. Beginning in FY 2025-26, the bill requires DPA to staff the new commission every four years. Because the commission will only meet for a few months every four years, the fiscal note assumes that DPA will hire contract staff from September through December in 2025, and for each four-year cycle thereafter. Costs for the contractor, estimated at about $19,000, are based on a Human Resource Specialist IV working half-time during the four-month contract (equivalent to 0.2 FTE). Should the workload of staffing the commission prove to be higher than anticipated, the department will request additional funding through the annual budget process.

Other Budget Impacts

General Fund reserve. Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by the amounts shown in Table 1, decreasing the amount of General Fund available for other purposes.

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

Governor	Joint Budget Committee Staff	Law
Legislative Council Staff	Personnel	Secretary of State
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.