

**Legislative Council Staff***Nonpartisan Services for Colorado's Legislature***Revised Fiscal Note**

(replaces fiscal note dated March 12, 2024)

Drafting Number:	LLS 24-0961	Date:	April 19, 2024
Prime Sponsors:	Rep. Willford; Garcia Sen. Coleman	Bill Status:	House Appropriations

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brendan.fung@coleg.gov**Bill Topic:** **BABY BONDS PROGRAM STUDY**

Summary of Fiscal Impact:	<input checked="" 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

The bill commissions a feasibility study of a baby bonds program in the state. It increases state expenditures and may increase state revenue in FY 2024-25.

Appropriation Summary:	For FY 2024-25, the bill includes an appropriation of \$25,000 to the Department of the Treasury.
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Fiscal Note Status:	This revised fiscal note reflects the introduced bill, as amended by the House Finance Committee.
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Table 1
State Fiscal Impacts Under HB 24-1297

		Budget Year FY 2024-25	Out Year FY 2025-26
Revenue	Cash Funds	up to \$475,000	-
	Total Revenue	up to \$475,000	
Expenditures¹	General Fund	\$25,000	-
	Cash Funds	up to \$475,000	
	Total Expenditures	up to \$500,000	
Transfers		-	-
Other Budget Impacts	General Fund Reserve	\$3,750	-

¹ The bill requires some costs to be paid from gifts, grants, and donations to the Department of the Treasury. The fiscal note assumes that sufficient funding will be received to cover the costs shown in Table 1 in FY 2024-25.

Summary of Legislation

The bill directs the State Treasurer to commission a study evaluating the feasibility of a baby bonds program in the state. A baby bonds program permits the state to deposit and invest a specific amount of money into a public trust account for eligible children. Upon turning 18 years old, program recipients may use the money and earnings for predetermined purposes. The study must:

- assess the distribution of wealth across the state;
- assess the landscape of existing public assistance opportunities for wealth building;
- evaluate the feasibility of creating a baby bonds program;
- examine investment options for baby bonds; and,
- determine how a baby bonds program may address racial wealth gaps.

The bill includes an appropriation of \$25,000 from the General Fund for costs related to the study. The remaining costs must be covered by gifts, grants, donations, or in-kind services to the Department of the Treasury, not to exceed \$475,000.

If sufficient funding is committed by September 30, 2024, the State Treasurer must submit a report to the General Assembly by August 31, 2025, detailing the study's findings and recommendations for establishing a baby bonds program. If sufficient funding is not committed by September 30, 2024, the State Treasurer must submit a report to the General Assembly by February 15, 2026. The bill repeals on July 1, 2026.

Assumptions

The fiscal note assumes that sufficient gifts, grants, and donations will be received by September 30, 2024, in order for the Department of the Treasury and contract vendor to begin work and submit a report by August 31, 2025.

State Revenue

The bill is expected to increase state revenue by up to \$475,000 to the Department of the Treasury from gifts, grants, or donations; however, no sources have been identified at this time. Gifts, grants, and donations are exempt from TABOR revenue limits.

State Expenditures

The bill increases state expenditures in the Department of the Treasury by up to \$500,000 between FY 2024-25 and FY 2025-26, paid from the General Fund and gifts, grants, and donations, to conduct the study and generate a report.

Contractor fees. The Department of the Treasury requires up to \$500,000 to hire two or three contractors to conduct various aspects of the study and one to generate a report of the study's findings and recommendations. Based on the scope of work and costs for similar sized studies, the fiscal note assumes that each contractor requires between \$50,000 and \$150,000 to complete each aspect of the study.

Legal services. The Department of the Treasury may require legal services for contracting, provided by the Department of Law, which can be accomplished within existing legal services appropriations.

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 upon signature of the Governor, or upon becoming law without his signature.

Technical Note

The bill allows the State Treasurer to accept and expend gifts, grants, and donations to commission the baby bonds program study, but does not specify into which fund the revenue should be deposited. The fiscal note assumes the revenue will be deposited into a continuously appropriated cash fund in the Department of the Treasury.

State Appropriations

For FY 2024-25, the bill includes a General Fund appropriation of \$25,000 to the Department of the Treasury. The funds are continuously appropriated to the Department of the Treasury and no additional appropriation for program expenditures is required.

State and Local Government Contacts

Child Welfare
Law

Human Services
Personnel

Information Technology
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](#).