Colorado Legislative Council Staff

HB16-1138

FISCAL NOTE

FISCAL IMPACT: ☒ State ☐ Local ☐ Statutory Public Entity ☐ Conditional ☐ No Fiscal Impact

Drafting Number:	LLS 16-0629	**Date:**	January 26, 2016
Prime Sponsor(s):	Rep. Brown	**Bill Status:**	House SVMA
		Fiscal Analyst:	Greg Sobetski (303-866-4105)

BILL TOPIC: GENERAL FUND TRANSFERS FOR STATE INFRASTRUCTURE

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018	FY 2020-2021
State Revenue			
State Transfers General Fund Cash Funds			See State Transfers section.
State Expenditures	See State Expenditures section.		
Appropriation Required: None.			
Future Year Impacts: See State Transfers section.			

Summary of Legislation

This bill lengthens the five-year block of statutory transfers from the General Fund to the Highway Users Tax Fund (HUTF) and the Capital Construction Fund (CCF), in the event that one or more year(s) of transfers are reduced or not made because of a revenue surplus under Article X, Section 20, of the Colorado Constitution, known as the Taxpayer's Bill of Rights (TABOR). For each year in which transfers are reduced or not made, an additional year of transfers is required, in which 2 percent of General Fund revenue is transferred to the HUTF and 1 percent of General Fund revenue is transferred to the CCF. As in current law, transfers created in the bill may be reduced or not made because of the size of the TABOR surplus. The schedule of transfers is extended until five years of full transfers have taken place.

The bill also allows up to 90 percent of General Fund revenue transferred to the HUTF to be spent on highway construction, reconstruction, repair, improvement, and maintenance, in addition to infrastructure projects identified in the Strategic Transportation Project Investment Program.

Background

Senate Bill 09-228 requires a five-year block of transfers from the General Fund to the HUTF and the CCF beginning in FY 2015-16 and continuing through FY 2019-20. Eighty percent of the first year's transfer is expected to be made on April 20, 2016.

Transfers may be cut in half or not made depending on the existence and size of a state TABOR surplus for each year in which transfers are scheduled. Transfers are cut in half if the TABOR surplus during a fiscal year is greater than 1 percent and less than or equal to 3 percent of General Fund revenue. If the TABOR surplus exceeds 3 percent of General Fund revenue, the transfers are not made for that year.

Current forecast. The December 2015 Legislative Council Staff Economic and Revenue Forecast (LCS forecast) expects full transfers in FY 2015-16, halved transfers in FY 2016-17, and no transfers in FY 2017-18. Forecasts of the TABOR surplus relative to General Fund revenue incorporate substantial error. In all three years of the current forecast period, full transfers, halved transfers, and no transfers are all possibilities within normal forecast error.

State Transfers

Because the five-year block of transfers in current law will expire after FY 2019-20, new transfers from the General Fund to the HUTF and the CCF could be required beginning in FY 2020-21. The date at which the first new transfers begin depends on the existence and size of a TABOR surplus for fiscal years after the end of the block of transfers in current law.

General Fund transfers to the HUTF and the CCF will continue until five years of full transfers have taken place. A year of full transfers occurs when the state does not incur a TABOR surplus, or when the size of the TABOR surplus is less than or equal to 1 percent of General Fund revenue. As in current law, full transfers to the HUTF and the CCF will equal 2 percent and 1 percent of General Fund revenue, respectively. The current LCS forecast period ends in FY 2017-18.

State Expenditures

General Fund revenue transferred to the HUTF is paid to the State Highway Fund for allocation to the Department of Transportation. Current law requires that these funds be expended for the implementation of the Strategic Transportation Project Investment Program (STPIP), a collection of high priority transportation improvement projects selected by the Transportation Commission; that no more than 90 percent of funds be spent on highways and highway-related projects; and that at least 10 percent of funds be spent on transit and transit-related projects. This bill allows the highway share to be spent on highway construction, reconstruction, repair, improvement, and maintenance, in addition to infrastructure projects identified in the STPIP.

Current law does not specify the use of General Fund revenue transferred to the CCF, which may be spent for capital construction, capital renewal, and controlled maintenance at the recommendation of the Capital Development Committee and the discretion of the General Assembly.

Effective Date

The bill takes effect August 10, 2016, if the General Assembly adjourns on May 11, 2016, as scheduled, and no referendum petition is filed.

State and Local Government Contacts

Office of Information Technology
Personnel and Administration
Transportation
Treasury

Research Note Available

An LCS Research Note for HB16-1138 is available online and through the iLegislate app. Research notes provide additional policy and background information about the bill and summarize action taken by the General Assembly concerning the bill.