

JBC Staff Fiscal Analysis

House Appropriations Committee

Concerning workforce development in natural resources, and, in connection therewith, supporting the Colorado cooperative extension service and other government and industry partners in providing career awareness, education, and internships in forest health to youth and young adults; authorizing the department of public safety to award grants for basic firefighting certifications and for instructor training and to develop a program to train instructors to teach firefighting certificate programs; and authorizing the department of public safety to develop an outreach program to promote fire service careers.

Prime Sponsors:

Representatives Boesenecker; Velasco
Senators Marchman; Cutter

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JBC Analyst:

Amanda Bickel
303-866-4960

Fiscal Impacts

Appropriation Required, Amendments in Packet

General Fund/TABOR Impact

New Cash Fund (with Continuous Appropriation)

Fiscal Note Status

The most recent Legislative Council Staff Revised Fiscal Note (attached) reflects the fiscal impact of the bill as of 01/15/25.

Update: Fiscal impact has changed due to amendment adopted after LCS Fiscal Note was prepared. In addition, fiscal impact has changed due to new information or technical issues.

The Agriculture, Water, and Natural Resources Committee Report (02/10/25) makes the forest health youth outreach and education initiative created within the Colorado State University Cooperative Extension program subject to available appropriation or gifts, grants and donations and also specifies that outreach and the train the trainer program created in the Department of Public Safety are subject to available gifts, grants and donations, as well as available appropriations.

In addition, the Department of Public Safety does not require \$250,000 for training grants and requires less staffing than shown in the fiscal note. Based on updated information provided, the Department of

Public Safety requires an appropriation of \$115,557 General Fund and 0.7 FTE for FY 2025-26 and is expected to require \$110,362 General Fund, including centrally appropriated amounts, and 0.7 FTE in FY 2026-27 and ongoing. These costs are for personal services, operating expenses, vehicle, and travel costs for 0.7 FTE. Costs for the Colorado State University program are unchanged from the 1/15/25 fiscal note. Legislative Council Staff concur with this analysis.

Amendments in This Packet

J.001 Staff-prepared appropriation amendment

L.005/L.011 Bill Sponsor amendments - change fiscal impact and appropriation

Current Appropriations Clause in Bill

The bill requires but does not contain an appropriation clause.

Description of Amendments in This Packet

J.001

Staff amendment **J.001** (attached) appropriates, for FY 2025-26:

- \$587,550 General Fund to the Department of Higher Education, for allocation to the Board of Governors of the Colorado State University System; and
- \$115,557 General Fund to the Department of Public Safety, which reflects 0.7 FTE.

L.005 (SEBEC) and L.011 (amendment to SEBEC)

Bill Sponsor amendment **L.005** (attached) strikes everything below the enacting clause of H.B. 25-1078. This amendment is described in the memorandum from Legislative Council Staff dated April 17, 2025 (attached). JBC Staff concurs with this analysis.

Bill Sponsor amendment **L.011** amends **L.005** and, if adopted, should be adopted **before** amendment **L.005**. Bill Sponsor amendment **L.011**:

- Strikes the Agriculture, Water, and Natural Resources Committee Report, dated February 10, 2025.
- Specifies that the zero-interest loans the Department of Local Affairs may make to a fire department may be used for purchase of rolling stock such as fire trucks and associated apparatus for a fire department with an approved fleet replacement plan or document evidence of firefighting apparatus shortages; to pay for capital improvements under an adopted capital facilities plan including renovation and new facilities; to purchase other facilities, infrastructure, or equipment necessary to equip firefighters to respond to emergencies and public safety.
- Creates the Fire Department Revolving Loan Program Fund in the Treasury to consist of money loaned to the Department of Local Affairs, loan administration fees received by the Department of Local Affairs, and interest and income on the funds. Specifies that money in the fund is continuously appropriated to the Department for the Fire District Revolving Loan Program

created in the bill and reasonable administrative expenses. Also exempts this fund from the 16.5 percent limit on uncommitted reserves.

- Specifies that the loan repayment is subject to future appropriation and shall not be deemed as creating indebtedness of the State.
- Strikes a requirement from the Firefighter First Home Ownership Program that the program manager shall aim to invest a target of 25.0 percent of the trust fund money with the purpose of increasing the supply of houses for sale and access to homeownership in rural and underserved communities. Adds a requirement that guidelines for this program specify that it must serve home buyers across diverse geographic areas and housing markets.

JBC Staff and LCS staff agree that the only provisions of **L.011** that change **L.005**'s fiscal impact do so by ensuring **L.005** is implemented as intended. This includes the provisions that (1) strike the Agriculture, Water, and Natural Resources Committee Report; and (2) create a continuously appropriated cash fund. In the absence of a cash fund, it was unclear how to implement an appropriation for administration of the revolving loan fund program.

If **L.005** and **L.011** are adopted, no appropriation amendment is required because money in the Fire Department Revolving Loan Program Fund is continuously appropriated to the Department of Local Affairs.

The Committee may adopt either **J.001** or **L.005 as amended by L.011**, but it should not adopt any other combination of amendments.

Points to Consider

General Fund Impact (J.001)

The Joint Budget Committee has proposed a budget package for FY 2025-26 based on the March 2025 Office of State Planning and Budgeting (OSPB) revenue forecast. The budget package includes \$18.2 million in set-asides for legislation outside of the package (see table below). The budget package accounts for the 15.0 percent reserve associated with the placeholders.

General Fund Appropriation Placeholders for Other 2025 Legislation	
Description	FY 2025-26 Appropriation
Juvenile diversion, deflection, or detention	\$10,000,000
General Assembly legislative priorities	6,521,739
Voter approved initiatives	1,700,000
Total	\$18,221,739

The bill requires a General Fund appropriation of \$703,107 for FY 2025-26, reducing the \$18.2 million set aside by the same amount.

If **L.005** and **L.011** are adopted, the FY 2025-26 General Fund impact is eliminated.

TABOR Impact (L.005/L.011)

The March 2025 Office of State Planning and Budgeting (OSPB) revenue forecast projects a TABOR surplus liability of \$642.7 million for FY 2025-26 and \$775.8 million for FY 2026-27 to be refunded to taxpayers out of the General Fund.

As outlined in the Legislative Council Staff memo dated April 17, 2025, funds in the Unclaimed Property Trust Fund are exempt from TABOR, but may become subject to TABOR when transferred to other funds to be used for governmental purposes. If amendments **L.005** and **L.011** are adopted and the Department of Local Affairs is unable to repay the loan in full, any unpaid balance will constitute a transfer to a state cash fund and that amount will count against the state's TABOR limit.

Additionally, the bill allows for a collection of an administrative fee for loans made to a fire district and interest earnings. This revenue is subject to TABOR.

Technical Issue (L.005/L.011)

As outlined in the Legislative Council Staff memo dated April 17, 2025, the bill limits the Department of Local Affairs' administrative costs to 2 percent of the loan, or \$1.0 million over 40 years. However, its annual expenses to administer the revolving loan program will reach this limit in about 5 years. To continue operating the program after this time, the Department will require either a higher administrative cap or an alternative funding source, such as the General Fund.

Legislative Appropriation Authority (L.005/L.011)

Continuous spending authority, also known as **continuous appropriation**, allows state agencies to spend money for statutorily specified purposes up to the total amount available in a specified fund source without seeking further legislative approval through the budget process.

The term *appropriation* is broadly understood as expressing or conveying legal spending authority. However, the term *appropriation* also inherently expresses fundamental legislative fiscal authority by communicating a *limit* on or maximum amount of spending from a specified fund source for a defined period such as a fiscal year. While continuous spending authority also expresses or conveys legal spending authority it does so by eliminating legislative fiscal authority and oversight.

An annual appropriation provides a limit on spending authority, while a continuous appropriation provides unlimited spending authority. This method of funding moves these expenditures off-budget, and thus expenditures are not reported or accounted for through the budget process.

Is it necessary for the Department of Local Affairs to **not** seek annual authority from the General Assembly to spend money for **administrative costs** from the Fire District Revolving Loan Fund?