Second Regular Session Seventy-third General Assembly STATE OF COLORADO

PREAMENDED

This Unofficial Version Includes Committee Amendments Not Yet Adopted on Second Reading

LLS NO. 22-0957.01 Ed DeCecco x4216

HOUSE BILL 22-1411

HOUSE SPONSORSHIP

McCluskie and Herod,

SENATE SPONSORSHIP

Moreno,

House Committees

Senate Committees

Appropriations

	A BILL FOR AN ACT
101	CONCERNING MEASURES TO ENSURE THE STATE'S COMPLIANCE WITH
102	THE REQUIREMENTS RELATED TO THE FEDERAL CORONAVIRUS
103	STATE FISCAL RECOVERY FUND CREATED IN THE FEDERAL
104	"AMERICAN RESCUE PLAN ACT OF 2021".

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at http://leg.colorado.gov.)

In 2021, the state received \$3,828,761,790 from the federal coronavirus state fiscal recovery fund as part of the federal "American Rescue Plan Act of 2021". For purposes of complying with the

requirements established by the United States department of the treasury (treasury), the general assembly established administrative requirements related to the expenditure of this federal money. **Section 1** of the bill modifies these requirements by:

- Establishing deadlines for a subrecipient, which is a person that carries out a program or project on behalf of the state, to expend or obligate this money, and if not, to return this money to the state for the state to either expend or return to treasury, depending on the timing;
- Requiring the state controller to transmit to treasury any money that was obligated by December 31, 2024, but not expended by December 31, 2026;
- Requiring the department of revenue to provide the state controller with any information about any increases in the state's net tax revenue, which is necessary for calculating the state's revenue reductions for 2022 and 2023;
- Clarifying that the compliance, reporting, record-keeping, and program evaluation requirements established by the office of state planning and budgeting and the state controller apply to a person regardless of whether the person is a beneficiary or a subrecipient and regardless of whether the person receives the money directly from a department or from a subrecipient; and
- Permitting the state controller to report any expenditures to treasury as a government service to the extent of the reduction in the state's revenue due to the COVID-19 public health emergency relative to the revenues the state collected for the state fiscal year 2018-19. Sections 3 through 6 make conforming amendments related to this change.

The bill also substitutes money from the general fund or from a cash fund that included money that originated from the general fund for money that was allocated in 2021 legislation from the federal coronavirus state fiscal recovery fund, as follows:

- \$29.5 million from the housing development grant fund (section 7);
- \$36.5 million from the highway users tax fund that was distributed to counties, cities, and incorporated towns, which is accomplished by replenishing and reclassifying the federal funds that were initially used (section 8);
- \$10 million from the Colorado startup loan program fund (section 9), with the freed up federal funds being transferred to the revenue loss restoration cash fund (section 6); and
- \$98.5 million from the affordable housing and home

-2- 1411

ownership cash fund (section 10).

Sections 2 and 6 include conforming amendments related to the reclassification of the money paid to the counties, cities, and incorporated towns.

1	Be it enacted by the General Assembly of the State of Colorado:
2	SECTION 1. In Colorado Revised Statutes, 24-75-226, amend
3	(4)(d), (5)(a), and (5)(f); and add (1)(a.5), (1)(f), and (5)(g) as follows:
4	24-75-226. "American Rescue Plan Act of 2021" cash fund -
5	creation - recipient funds - limitations - reporting - legislative
6	declaration - definitions - repeal. (1) As used in this section, unless the
7	context otherwise requires:
8	(a.5) "CORONAVIRUS STATE FISCAL RECOVERY FUND" MEANS THE
9	FEDERAL FUND CREATED IN 42 U.S.C. SEC. 802, OR ANY SUCCESSOR FUND.
10	(f) "Subrecipient" means a person that receives money
11	FROM THE FUND OR A RECIPIENT FUND TO CARRY OUT A PROGRAM OR
12	PROJECT ON BEHALF OF THE STATE BUT THAT IS NOT A BENEFICIARY OF
13	THE SERVICES OR BENEFITS PROVIDED THROUGH THE PROGRAM OR
14	PROJECT.
15	(4) (d) (I) Money in the fund or a recipient fund must be expended
16	or obligated by December 31, 2024. Any money obligated by December
17	31, 2024, must be expended by December 31, 2026. Just prior to the close
18	of business on December 30, 2024, any unexpended appropriations from
19	a recipient fund that are not for expenditures obligated TO BE MADE after
20	December 31, 2024, THAT WERE OBLIGATED BEFORE THAT DATE, revert
21	to the "American Rescue Plan Act of 2021" cash fund, and the state
22	treasurer shall transfer the unexpended and unobligated balance in the
23	fund to the unemployment compensation fund created in section 8-77-101

-3-1411

1 (1). Any money obligated by December 31, 2024, must be expended 2 BY DECEMBER 31, 2026. EFFECTIVE DECEMBER 31, 2026, THE STATE 3 CONTROLLER SHALL TRANSMIT ANY UNEXPENDED MONEY IN THE FUND OR 4 A RECIPIENT FUND TO THE UNITED STATES DEPARTMENT OF THE 5 TREASURY. 6 (II) A SUBRECIPIENT MUST SPEND OR OBLIGATE MONEY RECEIVED 7 FROM THE FUND OR A RECIPIENT FUND BY NOVEMBER 30, 2024, AND, BY 8 DECEMBER 13, 2024, SHALL NOTIFY THE STATE AGENCY FROM WHICH THE 9 SUBRECIPIENT RECEIVED THE MONEY OF THE STATUS OF THE MONEY THAT 10 IS OBLIGATED OR EXPENDED. THE SUBRECIPIENT SHALL RETURN TO THE 11 STATE ANY UNEXPENDED AND UNOBLIGATED MONEY UNDER TERMS 12 DICTATED BY THE STATE CONTROLLER, AND THE STATE TREASURER SHALL 13 TRANSFER THE AMOUNT RETURNED TO THE UNEMPLOYMENT 14 COMPENSATION FUND CREATED IN SECTION 8-77-101 (1). ANY MONEY 15 OBLIGATED BY NOVEMBER 30, 2024, MUST BE EXPENDED BY DECEMBER 16 11, 2026. On or before December 11, 2026, the subrecipient shall 17 RETURN TO THE STATE ANY REMAINING MONEY UNDER TERMS DICTATED 18 BY THE STATE CONTROLLER AND THEREAFTER THE STATE CONTROLLER 19 SHALL TRANSMIT THE MONEY TO THE UNITED STATES DEPARTMENT OF 20 THE TREASURY IN ACCORDANCE WITH THE TREASURY'S REQUIREMENTS. 21 (III) THE STATE CONTROLLER SHALL DETERMINE WHETHER MONEY 22 IS OBLIGATED FOR PURPOSES OF DETERMINING THE DEADLINE FOR 23 EXPENDITURES AND THE REVERSION OR REPAYMENT OF MONEY IN 24 ACCORDANCE WITH THIS SUBSECTION (4)(d). 25 (5) (a) (I) The state controller shall provide periodic reports to the 26 secretary as required by the secretary under the "American Rescue Plan 27 Act of 2021". The department of revenue shall provide the state controller

-4- 1411

1	with any information required by the secretary about any reductions OR
2	INCREASES in net tax revenue.
3	(II) THE GENERAL ASSEMBLY HEREBY FINDS AND DECLARES THAT:
4	(A) Under 42 U.S.C. sec. $802(c)(1)(C)$, the state is permitted
5	TO USE MONEY RECEIVED FROM THE CORONAVIRUS STATE FISCAL
6	RECOVERY FUND FOR THE PROVISION OF GOVERNMENT SERVICES TO THE
7	EXTENT OF THE REDUCTION IN THE STATE'S REVENUE DUE TO THE
8	COVID-19 PUBLIC HEALTH EMERGENCY RELATIVE TO THE REVENUES THE
9	STATE COLLECTED FOR THE STATE FISCAL YEAR 2018-19;
10	(B) THE UNITED STATES DEPARTMENT OF THE TREASURY HAS
11	PROMULGATED A RULE TO ESTABLISH THE METHODOLOGY FOR THE STATE
12	TO CALCULATE A RECIPIENT GOVERNMENT'S ANNUAL REDUCTION IN
13	REVENUE FOR THE FOUR CALENDAR YEARS BEGINNING IN 2020 ;
14	(C) As of the effective date of this subsection (5)(a)(II), the
15	STATE REPORTED A REDUCTION FOR THE $2020\mathrm{AND}2021\mathrm{CALENDAR}$ YEARS
16	THAT TOTALS THREE BILLION SIX HUNDRED NINETY-FOUR MILLION SIX
17	HUNDRED FIFTY-THREE THOUSAND TWO HUNDRED FORTY-NINE DOLLARS;
18	(D) THIS AMOUNT EXCEEDS THE TOTAL OF ALL THE FUNDS THAT
19	HAVE YET TO BE REPORTED TO THE UNITED STATES DEPARTMENT OF THE
20	TREASURY; AND
21	(E) THEREFORE, ANY MONEY IN THE FUND OR TRANSFERRED FROM
22	THE FUND TO A RECIPIENT FUND IS AVAILABLE TO BE REPORTED AS BEING
23	AN EXPENDITURE FOR THE PROVISION OF GOVERNMENT SERVICES.
24	(III) THE STATE CONTROLLER MAY REPORT THE EXPENDITURE OF
25	ANY MONEY IN OR TRANSFERRED FROM THE"AMERICAN RESCUE PLAN
26	Act of 2021" that originated from the coronavirus state fiscal
27	RECOVERY FUND AS A GOVERNMENT SERVICE TO THE EXTENT OF THE

-5- 1411

1	REDUCTION IN THE STATE'S REVENUE DUE TO THE COVID-19 PUBLIC
2	HEALTH EMERGENCY RELATIVE TO THE REVENUES THE STATE COLLECTED
3	For the state fiscal year $2018-19$, if the description is applicable,
4	REGARDLESS OF WHETHER THE PURPOSE OF THE EXPENDITURE IS ALSO
5	DESCRIBED AS BEING TO RESPOND TO THE PUBLIC HEALTH EMERGENCY
6	WITH RESPECT TO COVID-19 OR ITS NEGATIVE ECONOMIC IMPACTS.
7	(f) The general assembly may appropriate money from a recipient
8	fund that includes money that may be used for government services THE
9	REVENUE LOSS RESTORATION CASH FUND CREATED IN SECTION 24-75-227
10	to the department of personnel for use by the state controller and to the
11	office for any direct or indirect expenses related to the administration of
12	this subsection (5).
13	(g) THE COMPLIANCE, REPORTING, RECORD-KEEPING, AND
14	PROGRAM EVALUATION REQUIREMENTS ESTABLISHED BY THE OFFICE OF
15	STATE PLANNING AND BUDGETING AND THE STATE CONTROLLER APPLY TO
16	A PERSON REGARDLESS OF WHETHER THE PERSON IS A BENEFICIARY OR A
17	SUBRECIPIENT AND REGARDLESS OF WHETHER THE PERSON RECEIVES THE
18	MONEY DIRECTLY FROM A DEPARTMENT OR FROM A SUBRECIPIENT.
19	SECTION 2. In Colorado Revised Statutes, 24-75-227, add
20	(2)(b)(III) as follows:
21	24-75-227. Revenue loss restoration cash fund - creation -
22	allowable uses - definitions - repeal. (2) (b) (III) THE FUND ALSO
23	INCLUDES THE AMOUNTS TRANSFERRED TO THE FUND IN ACCORDANCE
24	WITH SECTIONS 24-75-228 (3.5) AND 43-4-205 (6.8)(d)(II)(B).
25	SECTION 3. In Colorado Revised Statutes, 24-75-228, amend
26	(2)(a) introductory portion; and add (3.5) as follows:
27	24-75-228. Economic recovery and relief cash fund - creation

-6- 1411

1	- allowable uses - interim task force - report - legislative declaration
2	- definitions - repeal. (2) (a) The economic recovery and relief cash fund
3	is hereby created in the state treasury. The fund consists of money
4	credited to the fund in accordance with subsection (3) of this section and
5	any other money that the general assembly may appropriate or transfer to
6	the fund. To respond to the public health emergency with respect to
7	COVID-19 or its negative economic impacts OR FOR THE PROVISION OF
8	GOVERNMENT SERVICES, the general assembly may appropriate or transfer
9	money from the fund to a department for the following uses:
10	(3.5) NOTWITHSTANDING ANY OTHER PROVISION OF THIS SECTION,
11	WITHIN THREE BUSINESS DAYS OF THE EFFECTIVE DATE OF THIS
12	SUBSECTION (3.5) , THE STATE TREASURER SHALL TRANSFER TEN MILLION
13	DOLLARS FROM THE FUND THAT ORIGINATES FROM MONEY THE STATE
14	RECEIVED FROM THE FEDERAL CORONAVIRUS STATE FISCAL RECOVERY
15	FUND TO THE REVENUE LOSS RESTORATION CASH FUND CREATED IN
16	SECTION 24-75-227 (2)(a).
17	SECTION 4. In Colorado Revised Statutes, 24-75-229, amend
18	(3)(a) as follows:
19	24-75-229. Affordable housing and home ownership cash fund
20	- creation - allowable uses - task force - legislative declaration -
21	definitions - repeal. (3) (a) The affordable housing and home ownership
22	cash fund is hereby created in the state treasury. The fund consists of
23	money deposited in the fund in accordance with subsection (3)(b) of this
24	section and any other money that the general assembly may appropriate
25	or transfer to the fund. To respond to the public health emergency with
26	respect to COVID-19 or its negative economic impacts OR FOR THE
27	PROVISION OF GOVERNMENT SERVICES, the general assembly may

-7- 1411

1	appropriate or transfer money from the fund to a department or cash fund
2	for programs or services that benefit populations, households, or
3	geographic areas disproportionately affected by the COVID-19 public
4	health emergency to obtain affordable housing, focusing on programs or
5	services that address housing insecurity, lack of affordable and workforce
6	housing, or homelessness. Money from the fund may be expended to
7	support the task force created in subsection (5)(a) of this section.
8	Permissible uses of such money include costs associated with the creation
9	and administration of the task force and related expenses for research and
10	evaluation undertaken by the task force.
11	SECTION 5. In Colorado Revised Statutes, 24-75-230, amend
12	(2)(a) as follows:
13	24-75-230. Behavioral and mental health cash fund - creation
14	- allowable uses - task force - definitions - repeal. (2) (a) The
15	behavioral and mental health cash fund is created in the state treasury.
16	The fund consists of money credited to the fund in accordance with
17	subsection (2)(b) of this section and any other money that the general
18	assembly may appropriate or transfer to the fund. To respond to the public
19	health emergency with respect to COVID-19 or its negative economic
20	impacts OR FOR THE PROVISION OF GOVERNMENT SERVICES, the general
21	assembly may appropriate money from the fund to a department for
22	$\underline{mental\ health\ treatment, substance\ misuse\ treatment, and\ other\ behavioral}$
23	health services BEHAVIORAL HEALTH CARE.
24	SECTION 6. In Colorado Revised Statutes, 24-75-231, amend
25	(2)(a) introductory portion; and add (2)(b)(III) as follows:
26	24-75-231. Workers, employers, and workforce centers cash
27	fund - creation - allowable uses - definitions - repeal. (2) (a) The

-8-

1	workers, employers, and workforce centers cash fund is hereby created
2	in the state treasury. The fund consists of money credited to the fund in
3	accordance with subsection (2)(b) of this section and any other money
4	that the general assembly may appropriate or transfer to the fund. To
5	respond to the public health emergency or its negative economic impacts,
6	The general assembly may appropriate money from the fund to respond
7	to the negative economic impacts of the COVID-19 public health
8	emergency OR FOR THE PROVISION OF GOVERNMENT SERVICES, including
9	for the following purposes:
10	(b) (III) THE FUND ALSO INCLUDES THE AMOUNT TRANSFERRED IN
11	ACCORDANCE WITH SECTION 43-4-205 (6.8)(d)(II)(A).
12	
13	SECTION 7. In Colorado Revised Statutes, 24-32-721, amend
14	(2)(g)(I) and $(2)(g)(II)$ as follows:
15	24-32-721. Colorado affordable housing construction grants
16	and loans - housing development grant fund - creation - housing
17	assistance for persons with behavioral, mental health, or substance
18	use disorders - cash fund - appropriation - report to general assembly
19	- rules - definitions - repeal. (2) (g) (I) Within three business days of
20	June 26, 2021, the state treasurer shall transfer thirty million dollars from
21	the affordable housing and home ownership cash fund created in section
22	24-75-229, that originates from money the state received from the federal
23	coronavirus state fiscal recovery fund, to the housing development grant
24	fund and transfer fifteen million dollars from the general fund to the
25	affordable housing and home ownership cash fund created in section
26	24-75-229. WITHIN THREE BUSINESS DAYS OF THE EFFECTIVE DATE OF
27	HOUSE BILL 22-1411, THE STATE TREASURER SHALL TRANSFER:

-9-

1	(A) ONE MILLION FIVE HUNDRED THOUSAND DOLLARS TO THE
2	HOUSING DEVELOPMENT GRANT FUND FROM THE AFFORDABLE HOUSING
3	AND HOME OWNERSHIP CASH FUND CREATED IN SECTION 24-75-229 THAT
4	ORIGINATES FROM THE GENERAL FUND;
5	(B) TWENTY-EIGHT MILLION DOLLARS TO THE HOUSING
6	DEVELOPMENT GRANT FUND FROM THE GENERAL FUND; AND
7	(C) TWENTY-NINE MILLION FIVE HUNDRED THOUSAND DOLLARS
8	FROM THE HOUSING DEVELOPMENT GRANT FUND TO THE AFFORDABLE
9	HOUSING AND HOME OWNERSHIP CASH FUND CREATED IN SECTION
10	24-75-229. The transfer required by this subsection (2)(g)(I)(C) is
11	FROM MONEY THAT WAS TRANSFERRED ON JUNE 26, 2021, TO THE
12	HOUSING DEVELOPMENT GRANT FUND FROM THE AFFORDABLE HOUSING
13	AND HOME OWNERSHIP CASH FUND THAT ORIGINATED FROM MONEY THE
14	STATE RECEIVED FROM THE FEDERAL CORONAVIRUS STATE FISCAL
15	RECOVERY FUND.
16	(II) The division shall use money transferred from the affordable
17	housing and home ownership cash fund created in section 24-75-229, that
18	originates from money the state received from the federal coronavirus
19	state fiscal recovery GENERAL fund, pursuant to subsection (2)(g)(I) of
20	this section for the purposes allowed under subsection (2)(d)(VI)(A.5) of
21	this section that are related to subsection (2)(d)(VII) of this section and
22	for the purposes allowed by subsection (2)(d)(VII) of this section.
23	SECTION 8. In Colorado Revised Statutes, 43-4-205, add
24	(6.8)(d) as follows:
25	43-4-205. Allocation of fund - legislative declaration.
26	(6.8) (d) (I) The general assembly hereby finds and declares
27	THAT, IN ORDER TO ENSURE THE STATE'S COMPLIANCE WITH THE

-10-

I	REQUIREMENTS ESTABLISHED BY THE UNITED STATES DEPARTMENT OF
2	THE TREASURY FOR MONEY THAT THE STATE RECEIVED FROM THE FEDERAL
3	CORONAVIRUS STATE FISCAL RECOVERY FUND, CREATED IN 42 U.S.C. SEC.
4	802, THAT IT IS NECESSARY TO RECLASSIFY THE MONEY THAT WAS PAID TO
5	COUNTIES, CITIES, AND INCORPORATED TOWNS IN ACCORDANCE WITH
6	SUBSECTION (6.8)(c) OF THIS SECTION AS STATE MONEY THAT DID NOT
7	ORIGINATE FROM THE FEDERAL CORONAVIRUS STATE FISCAL RECOVERY
8	FUND, WHICH IS ACCOMPLISHED BY REPLENISHING THE EXPENDED FEDERAL
9	FUNDS AS SET FORTH IN THIS SUBSECTION $(6.8)(d)$.
10	(II) WITHIN THREE DAYS OF THE EFFECTIVE DATE OF THIS
11	SUBSECTION $(6.8)(d)(II)$, the state treasurer shall transfer from
12	THE GENERAL FUND:
13	(A) THIRTY MILLION NINE HUNDRED THOUSAND DOLLARS TO THE
14	WORKERS, EMPLOYERS, AND WORKFORCE CENTERS CASH FUND CREATED
15	IN SECTION 24-75-231 (2)(a); AND
16	(B) FIVE MILLION SIX HUNDRED THOUSAND DOLLARS TO THE
17	REVENUE LOSS RESTORATION CASH FUND CREATED IN SECTION 24-75-227
18	(2)(a).
19	(III) Upon the transfer required by subsection $(6.8)(d)(II)$
20	OF THIS SECTION:
21	(A) THE MONEY TRANSFERRED IN ACCORDANCE WITH SUBSECTION
22	(6.8)(c) of this section is to be treated as if it was from the
23	GENERAL FUND AND IT IS NOT SUBJECT TO ANY OF THE REQUIREMENTS SET
24	FORTH IN SECTION 24-75-226; AND
25	(B) THE MONEY TRANSFERRED FROM THE GENERAL FUND
26	REPLACES MONEY THAT WAS INITIALLY DISTRIBUTED FROM THE
27	CORONAVIRUS STATE FISCAL RECOVERY FUND AND FOR ALL PURPOSES IS

-11- 1411

1	TO BE TREATED AS IF IT WAS MONEY THAT ORIGINATED FROM THE FEDERAL
2	CORONAVIRUS STATE FISCAL RECOVERY FUND, CREATED IN 42 U.S.C. SEC.
3	802.
4	SECTION 9. In Session Laws of Colorado 2021, amend section
5	2 of chapter 487 (HB21-1288) as follows:
6	Section 2. Appropriation. For the 2021-22 state fiscal year,
7	\$10,000,000 is appropriated to the Colorado startup loan program fund
8	created in section 24-48.5-131 (9)(a), C.R.S. This appropriation is from
9	the economic recovery and relief cash fund created in section 24-75-228
10	(2)(a), C.R.S, and of money the state received from the federal
11	coronavirus state fiscal recovery GENERAL fund. The office of the
12	governor is responsible for the accounting related to this appropriation.
13	SECTION 10. In Session Laws of Colorado 2021, section 4 of
14	chapter 347 (HB21-1329), amend (1) as follows:
15	Section 4. Appropriation. (1) For the 2021-22 state fiscal year,
16	\$98,500,000 is appropriated to the department of local affairs for use by
17	the division of housing. This appropriation is from the affordable housing
18	and home ownership cash fund created in section 24-75-229 (3)(a),
19	C.R.S., and IS of money the state received from the federal coronavirus
20	state fiscal recovery THAT ORIGINATES FROM THE GENERAL fund. To
21	implement this act, the division may use the appropriation for purposes
22	authorized in section 24-75-229 (3), C.R.S. Any money appropriated in
23	this subsection that is not expended or encumbered at the end of the
24	2021-22 state fiscal year remains available for expenditure in subsequent
25	fiscal years without further appropriation. subject to the requirements for
26	obligating and expending money received under the federal "American
27	Rescue Plan Act of 2021", Pub. L. 117-2, as the act may be subsequently

-12- 1411

- 1 amended as specified in section 24-75-226 (4)(d), C.R.S.
- 2 **SECTION 11. Safety clause.** The general assembly hereby
- finds, determines, and declares that this act is necessary for the immediate
- 4 preservation of the public peace, health, or safety.

-13-