



FINAL FISCAL NOTE

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Drafting Number: LLS 20-1101
Prime Sponsors: Rep. Esgar; Ransom
Sen. Moreno; Rankin

Date: October 19, 2020
Bill Status: Signed into Law
Fiscal Analyst: Greg Sobetski | 303-866-4105
Greg.Sobetski@state.co.us

Bill Topic: REDUCE THE GENERAL FUND RESERVE

**Summary of
Fiscal Impact:** State Revenue TABOR Refund
 State Expenditure Local Government
 State Transfer Statutory Public Entity

Budget package bill. This bill decreases the statutory General Fund reserve requirement to 3.07 percent of General Fund appropriations for FY 2019-20 and 2.86 percent of appropriations for FY 2020-21. It will increase the amount of money available for discretionary General Fund appropriations for these two years.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: This final fiscal note reflects the enacted bill.

Summary of Legislation

Under current law, the state is required to retain a General Fund balance equal to 7.25 percent of General Fund appropriations at the end of each fiscal year. This bill decreases the reserve requirement to 3.07 percent of appropriations for the current FY 2019-20 and 2.86 percent of appropriations for FY 2020-21. For FY 2021-22 and subsequent years, the reserve requirement remains unchanged at 7.25 percent.

State Expenditures

This bill does not directly increase state expenditures, but increases the amount of money available for appropriation at the discretion of the General Assembly during the 2020 and 2021 legislative sessions. The reserve requirement calculated using the percentages in the bill will depend on actual appropriations for FY 2019-20 and FY 2020-21. Based on the Joint Budget Committee Staff's appropriations report for FY 2020-21, the bill requires a reserve of \$363.5 million for FY 2019-20 and \$304.8 million for FY 2020-21. Therefore, reducing the reserve requirement is expected to increase the amount available for appropriation by \$494.9 million in the current FY 2019-20 and by \$467.9 million in FY 2020-21.

Effective Date

The bill was signed into law by the Governor and took effect on June 30, 2020.

State and Local Government Contacts

Joint Budget Committee Staff