


Colorado Legislative Council Staff Fiscal Note
STATE
FISCAL IMPACT

Drafting Number: LLS 10-0572

Date: February 1, 2010

Prime Sponsor(s): Rep. King S.

Bill Status: House Finance

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TITLE: CONCERNING THE COLORADO ECONOMIC STABILITY FUND, AND, IN CONNECTION THEREWITH, CREATING THE FUND AND SPECIFYING THE CONDITIONS UNDER WHICH MONEYS MUST BE TRANSFERRED TO AND MAY BE EXPENDED FROM THE FUND.

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012
State Revenue		
State Transfers or Diversions Transfer from the General Fund to the Colorado Economic Stability Fund	(\$28.4 million)	(\$27.8 million)
State Expenditures	See State Expenditures section.	
FTE Position Change		
Effective Date: Upon signature of the Governor, or upon becoming law without his signature.		
Appropriation Summary for FY 2010-2011: None required.		
Local Government Impact: None.		

Summary of Legislation

This bill creates the Colorado Economic Stability Fund in the State Treasury. In any year when General Fund revenue increases over the prior year, ten percent of the increase must be deposited into the fund from the General Fund. The fund cannot exceed 15 percent of General Fund revenue in any given fiscal year. Interest earnings from money in the fund must remain in the fund in fiscal years when the money is not drawn from the fund.

The General Assembly may only appropriate or transfer money from the fund if:

- General Fund revenue declined ten percent or more in the prior fiscal year; *and*
- the General Assembly declares a state fiscal emergency by adopting a joint resolution approved by two-thirds majority vote and the Governor.

Money transferred or appropriated from the fund may only be used to fund existing state-funded programs that provide "vital services" as determined by a majority vote of the Joint Budget Committee. The General Assembly may appropriate or transfer no more than half of the money in the fund unless a separate joint resolution authorizing a larger amount is approved by two-thirds majority vote of the legislature and the Governor.

State Transfers or Diversions

This bill requires an estimated General Fund transfer to the Colorado Economic Stability Fund of \$28.4 million in FY 2010-11 and \$27.8 million in FY 2011-12. General Fund revenue is expected to decline in FY 2009-10, therefore no transfer is required in that fiscal year. Table 1 shows estimated transfers, estimated fund balance, and the fund balance as a percent of General Fund appropriations for FY 2009-10 through FY 2011-12.

Table 1. Transfers to the Colorado Economic Stability Fund, Fund Balance, and Balance as a Percent of General Fund Appropriations Under HB10-1177*			
Fiscal Year	Required General Fund Transfer	Economic Stability Fund Balance**	Fund Balance as a % General Fund Appropriations***
FY 2009-10	None Required	\$0	0.0%
FY 2010-11	\$28.4 million	\$28.4 million	0.4%
FY 2011-12	\$27.8 million	\$56.8 million	0.8%

* Estimates based on the December 2009 Legislative Council Staff forecast.
 ** Fund balance includes transfers and interest earnings from money in the fund.
 *** Based on the FY 2009-10 budget as of the end of the 2009 legislative session.

State Expenditures

Department of Personnel and Administration. The Department of Personnel and Administration will incur a cost for accounting, reporting, and monitoring the new fund. This cost amounts to the expenses required to employ 1.0 FTE for every 25 cash funds. This incremental increases in cost will be addressed through the annual budgeting process.

Departments Contacted

Treasury
Joint Budget Committee

Personnel and Administration
Governor's Office