

**STATE
REVISED FISCAL IMPACT**

(replaces fiscal note dated March 30, 2012)

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| Drafting Number: LLS 12-0687 | Date: May 2, 2012 |
| Prime Sponsor(s): Sen. Scheffel Rep. DelGrosso | Bill Status: Senate Appropriations Fiscal Analyst: Todd Herreid (303-866-2633) |

TITLE: CONCERNING DYNAMIC MODELING TO ANALYZE THE FISCAL IMPACT OF PROPOSED LEGISLATION.

| Fiscal Impact Summary | FY 2012-2013 | FY 2013-2014 |
|---|--|--------------|
| State Revenue Cash Funds - Dynamic Model Advisory Committee Cash Fund | Gifts, Grants, and Donations of up to \$100,000 | |
| State Expenditures General Fund Cash Funds - Dynamic Model Advisory Committee Cash Fund | \$20,288 up to \$100,000 | |
| FTE Position Change | 0.4 FTE | |
| Effective Date: Upon signature of the Governor, or upon becoming law without his signature. | | |
| Appropriation Summary for FY 2012-2013: See State Appropriations Section. | | |
| Local Government Impact: None. | | |

Summary of Legislation

Under current law, if the balance in the Dynamic Modeling Cash Fund reaches at least \$120,000, the director of research for Legislative Council Staff is required to contract with an independent entity to explore options for developing or procuring a dynamic model to analyze the economic impacts of new legislation.

This bill, **as amended by the Senate Finance Committee**, establishes a temporary dynamic model advisory committee, comprised of the director of research of Legislative Council Staff, the director of the Office of State Planning and Budgeting, one economist appointed by the Speaker of the House of Representatives and one economist appointed by the Senate President. To the degree sufficient funds are available, the advisory committee is required to:

- conduct research on the types of dynamic models available to the state;
- analyze the dynamic models used in other states;
- assess the availability of data to be used for a dynamic model;
- identify any issues related to using a dynamic model to analyze the direct and indirect effects of legislation;
- estimate the annual costs of using a dynamic model; and
- make recommendations regarding the purchase and use of a dynamic model.

Members of the committee will serve without compensation. Legislative Council Staff and the Office of Legislative Legal Services are required to provide staff support for the committee. The advisory committee is to meet at least monthly, starting in July 2012, with one public meeting taking testimony on dynamic modeling. A final report of the advisory committee is due January 31, 2013. The bill allows up to \$100,000 in gifts, grants, and donations to be used to pay for the costs of the committee.

State Revenue

State revenue from gifts, grants, and donations may increase by an amount up to \$100,000, although a specific source of revenue has not been identified. Revenue will be deposited into the Dynamic Model Advisory Committee Cash Fund to pay for the costs of the committee.

State Expenditures

The legislature is budgeted each year with resources to support a limited number of interim committees of the General Assembly. Funding is available for five committees during the 2012 interim, however, two interim studies authorized during the 2011 legislative session will carry on through FY 2012-13. These multi-year studies were authorized by Senate Bill 11-111 (Education Success Task Force) and Senate Bill 11-200 (Health Benefit Exchange Implementation Oversight Committee). As a result, current funding is available in FY 2012-13 for only three additional committees that require legislative staff support.

If this advisory committee is not designated by the Legislative Council to be one of the prioritized committees, or if the costs of this interim committee are not included in the budgeted amount in any fiscal year through FY 2016-17, the Legislative Branch will incur additional costs of **\$20,288 and 0.4 FTE** to support the interim committee, as shown in Table 1.

| Table 1. Expenditures Under HB 12-1218 | | |
|---|-------------------|-------------------|
| Cost Components | FY 2012-13 | FY 2013-14 |
| Personal Services | | |
| 0.3 FTE Researcher | \$12,172 | \$0 |
| 0.1 FTE Staff Attorney | \$8,116 | \$0 |
| TOTAL | \$20,288 | \$0 |

Other costs of the committee, for example, relating to data, sample models, speakers, and travel expenses for committee members or representatives of other states to attend meetings will be paid from gifts, grants, and donations that are deposited into the Dynamic Model Advisory Committee Cash Fund. These one-time costs are estimated to be up to \$100,000 in FY2012-13.

Expenditures Not Included

Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are summarized in Table 2.

| Table 2. Expenditures Not Included Under SB12-083* | | |
|--|-------------------|-------------------|
| Cost Components | FY 2012-13 | FY 2013-14 |
| Employee Insurance (Health, Life, Dental, and Short-term Disability) | \$2,456 | \$0 |
| Supplemental Employee Retirement Payments | 1,207 | 0 |
| TOTAL | \$3,663 | \$0 |

**More information is available at: <http://colorado.gov/fiscalnotes>*

State Appropriations

If the advisory committee is prioritized by the Legislative Council and included as part of the Legislative Branch budget for FY 2012-13, no appropriation is required. If not, the bill requires a General Fund appropriation of \$20,288 and 0.4 FTE to the Legislative Branch in FY 2012-13. No appropriation is needed from the Dynamic Model Advisory Committee Cash Fund because it is continuously appropriated.

Departments Contacted

Legislative Council

Legislative Legal Services