

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 14-0838
Prime Sponsor(s): Rep. Duran
Sen. Lambert

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Bill Status: House Finance
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SHORT TITLE: FUNDING FOR DIGITAL TRUNKED RADIO SYS MAINTENANCE

Fiscal Impact Summary*	FY 2013-14 Current Year	FY 2014-2015	FY 2015-2016
State Revenue	See State and Local Revenue Impact section.		
State Transfer** Cash Funds	(\$2,195,860)		
State Expenditures	<u>\$3,500,000</u>	<u>\$3,500,000</u>	<u>\$3,500,000</u>
General Fund Cash Funds	at least 2,927,813 up to 572,187	at least 2,927,813 up to 572,187	at least 2,927,813 up to 572,187
FTE Position Change			
Appropriation Required: \$3.5 million - OIT (FY 2013-14); and \$3.5 million - OIT (FY 2014-15)			

* This summary shows changes from current law under the bill for each fiscal year.

** Under current law, a decrease in General Fund revenue in FY 2013-14 will reduce the amount transferred to the State Education Fund in FY 2014-15.

Summary of Legislation

The bill, recommended by the **Joint Budget Committee**, establishes a \$3.5 million annual appropriation beginning in FY 2013-14 and continuing for 12 years from the General Fund and the Highway Users Tax Fund (HUTF) to replace legacy radio equipment and hardware at radio tower sites that are part of the Digital Trunked Radio System (DTRS). In addition, beginning in FY 2017-18 and continuing for eight years, the bill establishes an annual appropriation of \$3.7 million from the General Fund and the HUTF to upgrade and maintain software used to operate the DTRS. The bill expands the use of the HUTF for these purposes, but limits the total amount of HUTF used in each year to the proportion of the Colorado State Patrol's (CSP) use of the system. The General Assembly shall annually determine the amount to be appropriated from each fund source.

Background

The DTRS is a statewide public safety, two-way radio communication system. The system is used by state and local government agencies such as the Department of Corrections and local sheriffs for day-to-day communications and to improve interagency cooperation and coordination in first responder situations.

Revenue accrues to the HUTF from the state motor fuel tax, vehicle registration fees, drivers' license fees, and court fines. Prior to HUTF formula allocations the Department of Transportation, counties, and cities, funds are diverted to the Department of Public Safety for the capital and operating expenses associated with the ports of entry and the CSP. This distribution, referred to as the off-the-top distribution, is limited to 6 percent growth over the prior year's appropriation. After the off-the-top distribution is made, the remainder of the revenue is distributed 65 percent to CDOT, 26 percent to counties, and 9 percent to cities.

State and Local Revenue Impact

To the extent that the General Assembly decides to use HUTF to fund a portion of the annual appropriation on behalf of the DTRS, HUTF distributions to CDOT, counties, and cities may be reduced. Based on a CSP system usage rate of 16.3 percent, up to \$572,187 HUTF per year could be diverted, as follows:

- \$371,921 that would otherwise be allocated to CDOT;
- \$148,769 that would otherwise be allocated to counties; and
- \$51,497 that would otherwise be allocated to cities.

The impact on state and local revenue may be reduced if the General Assembly increases the amount of General Fund dollars it appropriates on behalf of the DTRS, if the CSP share of the total system usage declines, or if there is unused off-the-top money in a given fiscal year that can be appropriated in lieu of HUTF dollars subject to the formula allocation.

State Transfers. Current law transfers 75 percent of the General Fund surplus in FY 2013-14 to the State Education Fund. This bill increases FY 2013-14 General Fund expenditures by \$2.9 million, thereby reducing the State Education Fund transfer by \$2.2 million in FY 2014-15.

State Expenditures

The bill will increase state expenditures for the Governor's Office of Information Technology (OIT), which manages the DTRS, by \$3,500,000 per year beginning in FY 2013-14 through FY 2016-17. Beginning in FY 2017-18, it will increase state expenditures by up to \$7.2 million per year through FY 2024-25. The costs will be paid from the General Fund and the HUTF. The amount payable from the HUTF is limited to the CSP's proportion of total system usage, or 16.3 percent. The current usage rate is based on the number of CSP radio users (2,062) compared to the total number of assigned radios (12,613).

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2013-14 and FY 2014-15 the bill requires an appropriation of at least \$2,927,813 General Fund and up to \$572,187 HUTF to the Public Safety Communications Trust Fund, in each year. For FY 2013-14 and FY 2014-15 the bill requires an appropriation of \$3.5 million from the Public Safety Communications Trust Fund to OIT, in each year.

State and Local Government Contacts

Corrections
Natural Resources
Public Safety
Transportation

Fire Chiefs
Office of Information Technology
Sheriffs