

First Extraordinary Session
Seventy-fifth General Assembly
STATE OF COLORADO

BILLPAPER

LLS NO. 25B-0003.01 Conrad Imel x2313

SENATE BILL

SENATE SPONSORSHIP

Amabile and Coleman,

HOUSE SPONSORSHIP

McCluskie and Sirota,

Senate Committees

House Committees

A BILL FOR AN ACT

101 **CONCERNING THE PROCESSES FOR THE GOVERNOR TO REDUCE**
102 **SPENDING WHEN THE STATE IS UNABLE TO MEET ITS FISCAL**
103 **OBLIGATIONS, AND, IN CONNECTION THEREWITH, REQUIRING**
104 **THE GOVERNOR TO PRESENT SPENDING REDUCTION PLANS TO**
105 **THE JOINT BUDGET COMMITTEE AND RECEIVE ADVICE FROM THE**
106 **JOINT BUDGET COMMITTEE.**

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>.)

Under existing law, the governor is permitted to, by executive

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words or numbers indicate deletions from existing law.

order, suspend or discontinue the functions or services of state government (discretionary spending reductions) when there are not sufficient revenues available to carry on the functions of the state government.

The bill relocates the provisions of law allowing the governor to make discretionary spending reductions and requires the governor to promptly notify the joint budget committee (JBC) of the executive order. As soon as practicable after receiving the notification, the JBC shall hold a meeting to discuss the governor's plans for discretionary spending reductions. At the meeting, the governor or the office of state planning and budgeting (OSPB), or both, shall present the executive order to the JBC and the JBC may provide advice regarding discretionary spending reductions.

Under existing law, the governor is required to formulate and implement a plan to reduce general fund expenditures when the governor's regular quarterly revenue estimate indicates that appropriations from the general fund then in effect will result in either using more than one-half of the required amount of general fund reserve (reserve) or the balance of the reserve dropping to below \$1 billion (required spending reductions).

In addition to the regular quarterly revenue estimate trigger, the bill adds as a required spending reduction trigger for the governor that an updated regular quarterly revenue estimate indicates that the state needs to use an amount of the reserve equal to the lesser of 2% of general fund appropriations for the fiscal year or one-half of the required reserve, or when the balance of the reserve drops to below \$1 billion.

Under existing law, the governor promptly notifies the general assembly of a required spending reduction plan. The bill requires the JBC to hold a meeting as soon as practicable after receiving the notification. At the meeting, the governor or OSPB, or both, shall present the plan to the JBC and the JBC may provide advice regarding the plan.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, **amend with**
3 **relocated provisions** 24-75-201.5 as follows:

4 **24-75-201.5. Revenue shortfalls - authority of the governor -**
5 **when governor is required to act - definition.** (1) [Formerly 24-2-102
6 **(4)]** (a) If, during any fiscal ~~period~~ YEAR, THE GOVERNOR DETERMINES
7 THAT there are not, OR WILL NOT BE, sufficient revenues available for

1 expenditure during ~~such period~~ THE FISCAL YEAR to carry on the functions
2 of the state government and to support its agencies and institutions, ~~and~~
3 ~~such fact is made to appear to the governor~~ THE GOVERNOR MAY, in the
4 exercise of ~~his~~ THE GOVERNOR'S discretion, by executive order, ~~he may~~
5 suspend or discontinue, in whole or in part, the functions or services of
6 any department, board, bureau, or agency of the state government; except
7 that the authority of the governor to restrict the expenditure of ~~moneys~~
8 MONEY appropriated from the capital construction fund ~~shall~~ MUST be
9 determined ~~by the provisions of section 24-75-201.5~~ IN ACCORDANCE
10 WITH THE REQUIREMENTS IN SUBSECTION (4) OF THIS SECTION.

11 (b) (I) THE GOVERNOR SHALL PROMPTLY NOTIFY THE JOINT
12 BUDGET COMMITTEE OF AN EXECUTIVE ORDER ISSUED BY THE GOVERNOR
13 PURSUANT TO THIS SUBSECTION (1), INCLUDING AN EXECUTIVE ORDER
14 ISSUED PURSUANT TO SUBSECTION (1)(c) OF THIS SECTION THAT EXTENDS
15 THE OPERATION OF A PRIOR EXECUTIVE ORDER. AS SOON AS PRACTICABLE
16 AFTER RECEIVING THE NOTIFICATION, AND EXCEPT AS PROVIDED IN
17 SUBSECTION (1)(b)(II) OF THIS SECTION, THE JOINT BUDGET COMMITTEE
18 SHALL HOLD A MEETING TO DISCUSS THE GOVERNOR'S PLANS FOR
19 SUSPENDING OR DISCONTINUING ANY FUNCTIONS OR SERVICES OF ANY
20 DEPARTMENT, BOARD, BUREAU, OR AGENCY OF THE STATE GOVERNMENT
21 PURSUANT TO THIS SUBSECTION (1). THE JOINT BUDGET COMMITTEE SHALL
22 MAKE ALL REASONABLE EFFORTS TO HOLD THE MEETING BEFORE THE FIRST
23 DAY OF THE CALENDAR MONTH FOLLOWING THE ENTRY OF THE EXECUTIVE
24 ORDER. AT THE JOINT BUDGET COMMITTEE'S MEETING, THE GOVERNOR OR
25 THE OFFICE OF STATE PLANNING AND BUDGETING, OR BOTH, SHALL
26 PRESENT THE EXECUTIVE ORDER TO THE COMMITTEE, AND THE COMMITTEE
27 MAY PROVIDE ADVICE AT THE MEETING REGARDING THE SUSPENSION OR

1 DISCONTINUATION OF ANY FUNCTIONS OR SERVICES.

2 (II) THE JOINT BUDGET COMMITTEE IS NOT REQUIRED TO HOLD A
3 MEETING DESCRIBED IN SUBSECTION (1)(b)(I) OF THIS SECTION IF THE
4 EXECUTIVE ORDER ISSUED PURSUANT TO THIS SUBSECTION (1) IS TO
5 IMPLEMENT A PLAN DESCRIBED IN SUBSECTION (2) OF THIS SECTION AND
6 THE JOINT BUDGET COMMITTEE HELD A MEETING IN ACCORDANCE WITH
7 SUBSECTION (2)(b) OF THIS SECTION. THIS SUBSECTION (1)(b)(II) DOES
8 NOT PROHIBIT THE JOINT BUDGET COMMITTEE FROM HOLDING A MEETING
9 AND REQUESTING THE GOVERNOR OR THE OFFICE OF STATE PLANNING AND
10 BUDGETING, OR BOTH, TO ATTEND THE MEETING.

11 (c) ~~Such~~ A discontinuance or suspension ~~shall become~~ MADE
12 PURSUANT TO THIS SUBSECTION (1) BECOMES effective upon the first day
13 of the calendar month following the entry of ~~such~~ THE executive order
14 and ~~shall~~ MAY continue for ~~such~~ A period of time, not to exceed three
15 months, as ~~shall be determined by such~~ SET FORTH IN THE executive order.
16 If, during ~~any such~~ THE period of time, it ~~again appears to~~ the governor
17 DETERMINES that ~~such~~ THE deficiency of revenues ~~still persists, from time~~
18 ~~to time, he~~ THE GOVERNOR may extend the operation of ~~such~~ THE
19 executive order for a ~~like~~ period of time not to exceed three ~~months, but~~
20 MONTHS.

21 (d) The state ~~shall not be~~ IS NOT liable for the payment of any
22 claim for salaries or expenses SUBJECT TO A SUSPENSION OR
23 DISCONTINUATION PURSUANT TO THIS SUBSECTION (1) purporting to have
24 accrued against any ~~such~~ department, board, bureau, or agency during any
25 ~~such~~ period of THE suspension OR DISCONTINUATION, and the controller
26 shall not issue ~~nor may~~ AND the state treasurer SHALL NOT honor any
27 warrant therefor. ~~Elective officers shall not be subject to the provisions~~

1 of this article, parts 2 and 11 of article 30, and articles 31, 35, 36, and 101
2 to 111 of this title:

3 (†) (2) (a) Whenever the revenue estimate for the current fiscal
4 year prepared BY THE GOVERNOR in accordance with section 24-75-201.3
5 (2), OR AN INTERIM REVENUE ESTIMATE PREPARED BY THE GOVERNOR,
6 indicates that general fund expenditures for ~~such~~ THAT fiscal year based
7 on appropriations then in effect will result in ~~the use of~~ USING AN
8 AMOUNT OF THE RESERVE DESCRIBED IN SECTION 24-75-201.1 (1)(d) THAT
9 IS EQUAL TO THE LESSER OF TWO PERCENT OF GENERAL FUND
10 APPROPRIATIONS FOR THE FISCAL YEAR OR one-half or more of the reserve
11 required by section 24-75-201.1 (1)(d), the governor shall formulate a
12 plan for reducing ~~such~~ general fund expenditures so that ~~said~~ THE reserve,
13 as of the close of the fiscal year, will be ~~at least~~ BELOW THE AMOUNT
14 REQUIRED IN SECTION 24-75-201.1 (1)(d) BY NO MORE THAN AN AMOUNT
15 EQUAL TO TWO PERCENT OF GENERAL FUND APPROPRIATIONS FOR THE
16 FISCAL YEAR OR one-half OR MORE of the amount required by ~~said~~ section
17 24-75-201.1 (1)(d), AS APPLICABLE. IF THE GOVERNOR IS IMPLEMENTING
18 A PLAN PURSUANT TO SUBSECTION (2)(d) OF THIS SECTION, THE GOVERNOR
19 IS NOT REQUIRED TO FORMULATE AND IMPLEMENT A PLAN PURSUANT TO
20 THIS SUBSECTION (2)(a).

21 (b) The governor shall promptly notify the general assembly of ~~the~~
22 A plan CREATED BY THE GOVERNOR PURSUANT TO THIS SUBSECTION (2).
23 THE JOINT BUDGET COMMITTEE SHALL HOLD A MEETING AS SOON AS
24 PRACTICABLE AFTER THE GENERAL ASSEMBLY IS NOTIFIED OF THE PLAN.
25 AT THE JOINT BUDGET COMMITTEE'S MEETING, THE GOVERNOR OR THE
26 OFFICE OF STATE PLANNING AND BUDGETING, OR BOTH, SHALL PRESENT
27 THE PLAN TO THE COMMITTEE, AND THE COMMITTEE MAY PROVIDE ADVICE

1 AT THE MEETING REGARDING THE PLAN.

2 (c) The GOVERNOR SHALL PROMPTLY IMPLEMENT A plan ~~shall be~~
3 ~~promptly implemented by the governor~~, CREATED BY THE GOVERNOR
4 PURSUANT TO THIS SUBSECTION (2) using the procedures set forth in
5 ~~section 24-2-102 (4)~~ SUBSECTION (1) OF THIS SECTION OR SECTION
6 24-50-109.5 or any other lawful means.

7 ~~(b) to (g) Repealed.~~

8 ~~(h)~~ (d) Whenever the revenue estimate for the current fiscal year,
9 prepared BY THE GOVERNOR in accordance with section 24-75-201.3 (2),
10 OR AN INTERIM REVENUE ESTIMATE PREPARED BY THE GOVERNOR,
11 indicates that general fund expenditures for that fiscal year based on
12 appropriations then in effect will result in the use of an amount of the
13 reserve required by section 24-75-201.1 (1)(d) that would result in that
14 reserve equaling less than one billion dollars, the governor shall formulate
15 a plan for reducing ~~such~~ general fund expenditures so that ~~said~~ THE
16 reserve, as of the close of the fiscal year, will be at least one billion
17 dollars. ~~The governor shall promptly notify the general assembly of the~~
18 ~~plan and promptly implement the plan in accordance with section~~
19 ~~24-2-102 (4) or 24-50-109.5 or any other lawful means.~~ THE PROCEDURES
20 AND REQUIREMENTS IN SUBSECTIONS (2)(b) AND (2)(c) OF THIS SECTION
21 APPLY TO A PLAN FORMULATED PURSUANT TO THIS SUBSECTION (2)(d). IF
22 THE GOVERNOR IS IMPLEMENTING A PLAN PURSUANT TO SUBSECTION (2)(a)
23 OF THIS SECTION, THE GOVERNOR IS NOT REQUIRED TO FORMULATE AND
24 IMPLEMENT A PLAN PURSUANT TO THIS SUBSECTION (2)(d).

25 (e) AS USED IN THIS SUBSECTION (2), "INTERIM REVENUE ESTIMATE
26 PREPARED BY THE GOVERNOR" MEANS AN UPDATED REVENUE ESTIMATE
27 IN THE TIME BETWEEN TWO ESTIMATES MADE BY THE GOVERNOR

1 PURSUANT TO SECTION 24-75-201.3 (2), WHICH INTERIM ESTIMATE IS
2 PREPARED BY THE GOVERNOR, DESIGNATED BY THE GOVERNOR AS AN
3 INTERIM REVENUE ESTIMATE THAT IS AN UPDATE TO THE MOST RECENT
4 PRIOR REVENUE ESTIMATE, TRANSMITTED TO THE GENERAL ASSEMBLY,
5 AND PRESENTED AT A MEETING OF THE JOINT BUDGET COMMITTEE AS AN
6 INTERIM REVENUE ESTIMATE THAT IS AN UPDATE TO THE MOST RECENT
7 PRIOR REVENUE ESTIMATE.

8 ~~(2)~~ (3) In formulating a plan for the reduction of general fund
9 expenditures as required by ~~subsection (1)~~ SUBSECTION (2) of this section,
10 the governor may consider any recommendations for reducing general
11 fund expenditures of the institutions of higher education submitted by the
12 Colorado commission on higher education, after consultation with the
13 governing boards of ~~such~~ THE institutions.

14 ~~(3) Repealed.~~

15 (4) Whenever the governor has formulated and implemented a
16 plan to reduce general fund expenditures in accordance with ~~subsection~~
17 ~~(1)~~ SUBSECTION (2) of this section, and ~~such~~ THE plan reduces general
18 fund expenditures in an amount equal to or greater than one percent of all
19 general fund appropriations for the fiscal year, the governor, after
20 consultation with the capital development committee and the joint budget
21 committee, may transfer general fund ~~moneys~~ MONEY from the capital
22 construction fund into the general fund. Pursuant to this subsection (4),
23 the governor ~~will~~ MAY ONLY restrict the capital construction projects in
24 the reverse order of the priorities as established by the capital
25 development committee unless approved by the capital development
26 committee and the joint budget committee.

27 (5) NOTWITHSTANDING THE AUTHORITY IN THIS SECTION TO

1 FORMULATE AND IMPLEMENT A PLAN TO REDUCE GENERAL FUND
2 EXPENDITURES, THE GOVERNOR SHALL NOT REDUCE GENERAL FUND
3 EXPENDITURES BY THE JUDICIAL DEPARTMENT, THE LEGISLATIVE
4 DEPARTMENT, OR ELECTIVE OFFICERS OTHER THAN THE GOVERNOR
5 PURSUANT TO THIS SECTION.

6 **SECTION 2.** In Colorado Revised Statutes, 24-2-102, **repeal** (4);
7 and **add** (5) as follows:

8 **24-2-102. Appointment of officers and employees.** (4) ~~If,~~
9 ~~during any fiscal period, there are not sufficient revenues available for~~
10 ~~expenditure during such period to carry on the functions of the state~~
11 ~~government and to support its agencies and institutions and such fact is~~
12 ~~made to appear to the governor, in the exercise of his discretion, by~~
13 ~~executive order, he may suspend or discontinue, in whole or in part, the~~
14 ~~functions or services of any department, board, bureau, or agency of the~~
15 ~~state government; except that the authority of the governor to restrict the~~
16 ~~expenditure of moneys appropriated from the capital construction fund~~
17 ~~shall be determined by the provisions of section 24-75-201.5. Such~~
18 ~~discontinuance or suspension shall become effective upon the first day of~~
19 ~~the calendar month following the entry of such executive order and shall~~
20 ~~continue for such period of time, not to exceed three months, as shall be~~
21 ~~determined by such executive order. If, during any such period of time,~~
22 ~~it again appears to the governor that such deficiency of revenues still~~
23 ~~persists, from time to time, he may extend the operation of such executive~~
24 ~~order for a like period of time not to exceed three months; but the state~~
25 ~~shall not be liable for the payment of any claim for salaries or expenses~~
26 ~~purporting to have accrued against any such department, board, bureau,~~
27 ~~or agency during any such period of suspension, and the controller shall~~

1 not issue nor may the state treasurer honor any warrant therefor. Elective
2 officers shall not be subject to the provisions of this article, parts 2 and 11
3 of article 30, and articles 31, 35, 36, and 101 to 111 of this title.

4 (5) ELECTIVE OFFICERS SHALL NOT BE SUBJECT TO THE PROVISIONS
5 OF THIS ARTICLE 2, PARTS 2 AND 11 OF ARTICLE 30, AND ARTICLES 31, 35,
6 36, AND 101 TO 111 OF THIS TITLE 24.

7 **SECTION 3.** In Colorado Revised Statutes, 24-30-1404, **amend**
8 (7)(e) as follows:

9 **24-30-1404. Contracts - definition.** (7) (e) In the event that the
10 governor restricts or delays the expenditure of money for a project for
11 which a professional services contract is required pursuant to the
12 authority granted to the governor in ~~section 24-75-201.5~~ SECTION
13 24-75-201.5 (2), the deadlines imposed in subsection (7)(a) of this section
14 for ~~such~~ THE projects ~~shall be~~ ARE tolled until such time as the restriction
15 or delay is no longer in effect, at which time the professional services
16 contract must be executed and encumbered and any contract with the
17 contractor must be entered into within six months.

18 **SECTION 4. Applicability.** This act applies to revenue estimates
19 and interim revenue estimates presented, and executive orders issued, on
20 or after the effective date of this act.

21 **SECTION 5. Safety clause.** The general assembly finds,
22 determines, and declares that this act is necessary for the immediate
23 preservation of the public peace, health, or safety or for appropriations for
24 the support and maintenance of the departments of the state and state
25 institutions.