

**First Extraordinary Session
Seventy-fifth General Assembly
STATE OF COLORADO**

BILLPAPER

LLS NO. 25B-0034.01 Conrad Imel x2313

HOUSE BILL

HOUSE SPONSORSHIP

Taggart,

SENATE SPONSORSHIP

Kirkmeyer,

House Committees

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING PROCEDURES FOR THE GOVERNOR TO REDUCE SPENDING**
102 **WHEN THERE IS A REDUCTION IN REVENUE TO THE STATE, AND,**
103 **IN CONNECTION THEREWITH, REQUIRING THE GOVERNOR TO**
104 **REDUCE SPENDING BASED ON INTERIM REVENUE ESTIMATES AND**
105 **TO NOTIFY AND CONSULT WITH THE JOINT BUDGET COMMITTEE**
106 **WHEN IMPLEMENTING A SPENDING REDUCTION PLAN, AND**
107 **REQUIRING THE GOVERNOR AND THE LEGISLATIVE COUNCIL**
108 **STAFF TO PRESENT ANY UPDATED REVENUE ESTIMATES TO THE**
109 **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

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.*

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 order, suspend or discontinue the functions or services of state government for 3 months when there are not sufficient revenues available to carry on the functions of the state government. The governor may extend the executive order every 3 months. The bill requires the governor to formulate a spending reduction plan (discretionary spending reduction plan) if the governor extends the initial executive order. The governor and the office of state planning and budgeting (OSPB) shall present the discretionary spending reduction plan to the joint budget committee (JBC) at a JBC meeting and consult with the JBC about the plan. The heads of departments included in the discretionary spending reduction plan shall be available at the JBC meeting to respond to questions from the JBC.

Under existing law, the governor is required to formulate and implement a plan to reduce general fund expenditures (required spending reduction plan) 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. In addition to the regular quarterly revenue estimate trigger, the bill adds as a required spending reduction trigger for the governor that an interim revenue estimate prepared by the governor indicates the same. The bill requires the governor and OSPB to present a required spending reduction plan to the JBC at a JBC meeting and consult with the JBC about the required spending reduction plan before implementing the plan. The heads of departments included in the required spending reduction plan shall be available at the JBC meeting to respond to questions from the JBC.

The bill requires the director of OSPB and the chief economist of the legislative council staff to present to the JBC any interim revenue estimates made by their respective agencies.

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

2 **SECTION 1.** In Colorado Revised Statutes, 24-2-102, **amend** (4)
3 as follows:

4 **24-2-102. Appointment of officers and employees.** (4) (a) If,
5 during any fiscal ~~period~~ YEAR, THE GOVERNOR DETERMINES THAT there
6 are not, OR WILL NOT BE, sufficient revenues available for expenditure

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

11 (b) ~~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 (c) (I) If, ~~during any such period of time it again appears to~~ WHEN
17 AN EXECUTIVE ORDER ISSUED BY THE GOVERNOR PURSUANT TO THIS
18 SECTION IS IN EFFECT, the governor DETERMINES that ~~such~~ THE deficiency
19 of revenues ~~still persists, from time to time, he~~ THE GOVERNOR may
20 extend the operation of ~~such~~ THE executive order for a ~~like~~ period of time
21 not to exceed three ~~months; but~~ MONTHS.

22 (II) IF THE GOVERNOR EXTENDS THE OPERATION OF AN EXECUTIVE
23 ORDER PURSUANT TO SUBSECTION (4)(c)(I) OF THIS SECTION, THE
24 GOVERNOR SHALL FORMULATE A PLAN FOR REDUCING GENERAL FUND
25 EXPENDITURES. THE GOVERNOR SHALL PROMPTLY NOTIFY THE GENERAL
26 ASSEMBLY OF THE PLAN. WITHIN TWENTY-EIGHT DAYS AFTER EXTENSION
27 OF THE EXECUTIVE ORDER PURSUANT TO SUBSECTION (4)(c)(I) OF THIS

1 SECTION, THE JOINT BUDGET COMMITTEE SHALL HOLD A MEETING TO
2 CONSULT WITH THE GOVERNOR ABOUT THE PLAN. THE GOVERNOR OR THE
3 OFFICE OF STATE PLANNING AND BUDGETING, OR BOTH, SHALL ATTEND THE
4 JOINT BUDGET COMMITTEE MEETING TO PRESENT THE PLAN AND CONSULT
5 WITH THE COMMITTEE. THE HEAD OF ANY DEPARTMENT INCLUDED IN THE
6 GOVERNOR'S PLAN, OR THE DEPARTMENT HEAD'S DESIGNEE, SHALL BE
7 AVAILABLE AT THE MEETING, INCLUDING BEING AVAILABLE REMOTELY IF
8 NECESSARY, TO RESPOND TO QUESTIONS FROM THE JOINT BUDGET
9 COMMITTEE.

10 (d) The state ~~shall not be~~ IS NOT liable for the payment of any
11 claim for salaries or expenses SUBJECT TO A SUSPENSION OR
12 DISCONTINUATION PURSUANT TO THIS SUBSECTION (1) purporting to have
13 accrued against any ~~such~~ department, board, bureau, or agency during any
14 ~~such~~ period of THE suspension OR DISCONTINUATION, and the controller
15 shall not issue ~~nor may~~ AND the state treasurer SHALL NOT honor any
16 warrant therefor.

17 (e) Elective officers shall not be subject to the provisions of this
18 ~~article~~ ARTICLE 2, parts 2 and 11 of article 30, and articles 31, 35, 36, and
19 101 to 111 of this ~~title~~ TITLE 24.

20 **SECTION 2.** In Colorado Revised Statutes, 24-75-201.5, **amend**
21 (1) as follows:

22 **24-75-201.5. Revenue shortfalls - required actions by the**
23 **governor with respect to the reserve - definition.** (1) (a) Whenever the
24 revenue estimate for the current fiscal year, prepared BY THE GOVERNOR
25 in accordance with section 24-75-201.3 (2), OR AN INTERIM REVENUE
26 ESTIMATE PREPARED BY THE GOVERNOR, indicates that general fund
27 expenditures for ~~such~~ THAT fiscal year based on appropriations then in

1 effect will result in the use of one-half or more of the reserve required by
2 section 24-75-201.1 (1)(d), the governor shall formulate a plan for
3 reducing ~~such~~ general fund expenditures so that ~~said~~ THE reserve, as of
4 the close of the fiscal year, will be at least one-half of the amount
5 required by ~~said~~ section 24-75-201.1 (1)(d). The governor shall promptly
6 notify the general assembly of the plan. AS SOON AS PRACTICABLE AFTER
7 RECEIVING THE NOTIFICATION, THE JOINT BUDGET COMMITTEE SHALL
8 HOLD A MEETING TO CONSULT WITH THE GOVERNOR ABOUT THE PLAN. THE
9 GOVERNOR OR THE OFFICE OF STATE PLANNING AND BUDGETING, OR BOTH,
10 SHALL ATTEND THE JOINT BUDGET COMMITTEE MEETING TO PRESENT THE
11 PLAN AND CONSULT WITH THE COMMITTEE. THE HEAD OF ANY
12 DEPARTMENT INCLUDED IN THE GOVERNOR'S PLAN, OR THE DEPARTMENT
13 HEAD'S DESIGNEE, SHALL BE AVAILABLE AT THE MEETING, INCLUDING
14 BEING AVAILABLE REMOTELY IF NECESSARY, TO RESPOND TO QUESTIONS
15 FROM THE JOINT BUDGET COMMITTEE. AFTER THE JOINT BUDGET
16 COMMITTEE MEETING, ~~the plan shall be promptly implemented by the~~
17 ~~governor~~ SHALL PROMPTLY IMPLEMENT THE PLAN using the procedures set
18 forth in section 24-2-102 (4) or 24-50-109.5 or any other lawful means.

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

20 ~~(h)~~ (b) Whenever the revenue estimate for the current fiscal year,
21 prepared BY THE GOVERNOR in accordance with section 24-75-201.3 (2),
22 OR AN INTERIM REVENUE ESTIMATE PREPARED BY THE GOVERNOR,
23 indicates that general fund expenditures for that fiscal year based on
24 appropriations then in effect will result in the use of an amount of the
25 reserve required by section 24-75-201.1 (1)(d) that would result in that
26 reserve equaling less than one billion dollars, the governor shall formulate
27 a plan for reducing ~~such~~ general fund expenditures so that ~~said~~ THE

1 reserve, as of the close of the fiscal year, will be at least one billion
2 dollars. The governor shall promptly notify the general assembly of the
3 plan. ~~and~~ AS SOON AS PRACTICABLE AFTER RECEIVING THE NOTIFICATION,
4 THE JOINT BUDGET COMMITTEE SHALL HOLD A MEETING TO CONSULT WITH
5 THE GOVERNOR ABOUT THE PLAN. THE GOVERNOR AND THE OFFICE OF
6 STATE PLANNING AND BUDGETING SHALL ATTEND THE JOINT BUDGET
7 COMMITTEE MEETING TO PRESENT THE PLAN AND CONSULT WITH THE
8 COMMITTEE. AFTER THE JOINT BUDGET COMMITTEE MEETING, THE
9 GOVERNOR SHALL promptly implement the plan in accordance with
10 section 24-2-102 (4) or 24-50-109.5 or any other lawful means.

11 (c) AS USED IN THIS SUBSECTION (1), "INTERIM REVENUE ESTIMATE
12 PREPARED BY THE GOVERNOR" MEANS AN UPDATED REVENUE ESTIMATE
13 IN THE TIME BETWEEN TWO ESTIMATES MADE BY THE GOVERNOR
14 PURSUANT TO SECTION 24-75-201.3 (2), WHICH INTERIM ESTIMATE IS
15 PREPARED BY THE GOVERNOR, DESIGNATED BY THE GOVERNOR AS AN
16 INTERIM REVENUE ESTIMATE THAT IS AN UPDATE TO THE MOST RECENT
17 PRIOR REVENUE ESTIMATE, TRANSMITTED TO THE GENERAL ASSEMBLY,
18 AND PRESENTED AT A MEETING OF THE JOINT BUDGET COMMITTEE AS AN
19 INTERIM REVENUE ESTIMATE THAT IS AN UPDATE TO THE MOST RECENT
20 PRIOR REVENUE ESTIMATE.

21 **SECTION 3.** In Colorado Revised Statutes, 24-75-201.3, **add** (3)
22 as follows:

23 **24-75-201.3. Procedures relating to revenue estimates.** (3) IF
24 THE GOVERNOR ISSUES AN INTERIM REVENUE ESTIMATE IN THE TIME
25 BETWEEN TWO ESTIMATES MADE PURSUANT TO SUBSECTION (2) OF THIS
26 SECTION OR THE LEGISLATIVE COUNCIL STAFF ISSUES AN INTERIM REVENUE
27 ESTIMATE BETWEEN ITS REGULARLY ISSUED QUARTERLY REVENUE

1 ESTIMATES, THE JOINT BUDGET COMMITTEE SHALL HOLD A MEETING AS
2 SOON AS PRACTICABLE AFTER THE ISSUANCE OF THE INTERIM REVENUE
3 ESTIMATE TO HEAR A PRESENTATION OF THE INTERIM REVENUE ESTIMATE.
4 IF THE GOVERNOR ISSUED AN INTERIM REVENUE ESTIMATE, THE DIRECTOR
5 OF THE OFFICE OF STATE PLANNING AND BUDGETING SHALL PRESENT THE
6 INTERIM ESTIMATE TO THE JOINT BUDGET COMMITTEE. IF THE LEGISLATIVE
7 COUNCIL STAFF ISSUED AN INTERIM REVENUE ESTIMATE, THE CHIEF
8 ECONOMIST OF THE LEGISLATIVE COUNCIL STAFF SHALL PRESENT THE
9 INTERIM ESTIMATE TO THE JOINT BUDGET COMMITTEE. IF BOTH THE
10 GOVERNOR AND THE LEGISLATIVE COUNCIL STAFF ISSUED INTERIM
11 REVENUE ESTIMATES, THE JOINT BUDGET COMMITTEE MAY HEAR
12 PRESENTATIONS ABOUT EACH ESTIMATE AT THE SAME MEETING.

13 **SECTION 4. Applicability.** This act applies to executive orders
14 issued, plans formulated, and revenue estimates and interim revenue
15 estimates made on or after the effective date of this act.

16 **SECTION 5. Safety clause.** The general assembly finds,
17 determines, and declares that this act is necessary for the immediate
18 preservation of the public peace, health, or safety or for appropriations for
19 the support and maintenance of the departments of the state and state
20 institutions.