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## FISCAL IMPACT REPORT

ORIGINAL DATE 2/13/09

SPONSOR Varela LAST UPDATED \_\_\_\_\_ HB 524

SHORT TITLE Create Transportation Services Division SB \_\_\_\_\_

ANALYST Archuleta

### REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY08	FY09	FY10		
	Indeterminate	Indeterminate	Recurring	Transportation Services Vehicle Re- placement Fund

(Parenthesis ( ) Indicate Revenue Decreases)

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY08	FY09	FY10	3 Year Total Cost	Recurring or Non- Rec	Fund Affected
<b>Total</b>		Indeterminate	Indeterminate	Indeterminate	Recurring	Transportation Services Vehicle Re- placement- Fund

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Department of Finance and Administration (DFA)

General Services Department (GSD)

Public Education Department (PED)

### SUMMARY

#### Synopsis of Bill

House Bill 524 creates a new section of the Transportation Services Act, creating the Transportation Services Division Fund and the Transportation Services Vehicle Replacement Fund. These newly created non-reverting funds would consist of monies received from charged paid by state

agencies for the short and long-term lease of vehicles. Money in each of these funds will be subject to appropriation by the legislature.

### **FISCAL IMPLICATIONS**

GSD's, Transportation Services Division (TSD) currently collects \$4.5 million for replacement/depreciation from its monthly vehicles leases. Under House Bill 524 these monies will be transferred over to the vehicle replacement fund to be used for the acquisition of state vehicles. Vehicles that are to be purchased for state agencies under TSD control will be purchased out of the vehicle replacement fund.

The bill does not contain an appropriation, but requires the GSD to set rates for use of vehicles to recover costs it incurs to manage the division operations.

This bill creates a new fund and provides for continuing appropriations by the legislature to purchase state vehicles that will be controlled by TSD and carry out activities related to the purchase of those vehicles.

### **SIGNIFICANT ISSUES**

House Bill 524 creates two non-reverting enterprise funds to manage the purchase and use of state vehicles by GSD. Expenditures are subject to appropriation by the state legislature. This represents a change from the current practice of appropriating funds for the purchase of state vehicles directly through Transportation Services Division's operating fund and may provide for enhanced accountability.

According to GSD, House Bill 524 establishes the transportation services division fund which will legally allow Transportation Services Division to charge agencies for the use of state vehicles. Monies from this fund will be used to offset costs associated with overhead, maintenance and repair of state vehicles. Monies collected from the use of state vehicles associated with depreciation costs will be deposited into the vehicle replacement fund which will be used to acquire state vehicles.

### **ADMINISTRATIVE IMPLICATIONS**

House Bill 524 will require that the two funds be created in the state treasury as non reverting funds.

### **CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP**

House Bill 524 related to Senate Bill 425 which focuses on replacement funds for the general services department. House Bill 524 is specifically directed to transportation services division.

### **WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL**

According to GSD, failure to enact House Bill 524 will require that all purchases for state vehicles to be made out of transportation services division's operating fund. Lastly, the bill requires more checks and balances to occur within the operations.