


Colorado Legislative Council Staff Fiscal Note
FINAL
FISCAL NOTE

Drafting Number: LLS 11-0120
Prime Sponsor(s): Sen. Jahn
 Rep. Beezley

Date: June 21, 2011
Bill Status: Signed into Law
Fiscal Analyst: Kerry White (303-866-3469)

TITLE: CONCERNING THE CONTINUATION OF THE AUTHORITY OF THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OF REVENUE TO ISSUE WRITTEN RESPONSES UPON THE REQUEST OF A TAXPAYER.

Fiscal Impact Summary	FY 2011-2012	FY 2012-2013
State Revenue		
Cash Funds		
Private Letter Ruling Fund		up to \$70,661
State Expenditures		
Cash Funds		
Private Letter Ruling Fund		up to \$70,661
FTE Position Change		up to 1.0 FTE
Effective Date: The bill was signed into law by the Governor on June 2, 2011, and takes effect on July 1, 2011.		
Appropriation Summary for FY 2011-2012: None required.		
Local Government Impact: None.		

Summary of Legislation

This bill implements the recommendations of the Department of Regulatory Agencies' 2010 sunset review of the issuance of general information letters (GIL) and private letter rulings (PLR) in the Department of Revenue (DOR). The bill continues the program from July 1, 2011, until September 1, 2016.

Fiscal Impact of Programs Set to Expire. This bill continues a program in the DOR that is set to repeal, effective July 1, 2011. Under current law, state agencies may be appropriated funds to wind up the affairs of an expiring program for 12 months following the repeal date. To account for the wind-up period, the impact of extending the program beyond the current repeal date is shown as beginning in FY 2012-13, one year after the repeal date. There is no need for an appropriation in FY 2011-12, since the program's authorization has not yet expired, and ongoing funding for the program is included in the department's base budget request for FY 2011-12.

State Revenue and Expenditures

By extending the program's repeal date, the bill will increase state revenue and expenditures by up to \$70,661 cash funds and 1.0 FTE per year, beginning in FY 2012-13.

Current law authorizes the DOR to charge fees for PLRs, which are used to pay corresponding staff costs. Fees are tiered based on the amount of time staff estimates it will take to complete the PLR and range from \$500 to \$10,000, or more. PLR's that are anticipated to cost more than \$10,000, are charged at the rate of \$60 per hour.

Between October 2009 and January 2011, the program collected and expended a total of \$11,500. Assuming passage of the bill, revenues and expenditures are expected to remain at current levels, or up to \$70,661 and 1.0 FTE through FY 2016-17, when the program repeals. Should demand for PLR's increase over time, the fiscal note assumes that any increase in appropriations will be addressed through the annual budget process.

State Appropriations

Since an ongoing appropriation for \$70,661, and 1.0 FTE is included in the department's base budget request, no separate appropriation is required for FY 2011-12.

Departments Contacted

Law Revenue Regulatory Agencies