

**JBC STAFF FISCAL ANALYSIS  
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING THE REPEAL OF HOUSE BILL 10-1195 REGARDING A SUSPENSION OF THE EXEMPTION FROM THE STATE SALES AND USE TAXES FOR CERTAIN ITEMS USED IN AGRICULTURAL PRODUCTION.

Prime Sponsors: Representative Sonnenberg  
Senator Brophy

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**Summary of Amendments Made to the Bill After the 01/27/11 Legislative Council Staff Fiscal Note Was Prepared (Amended by the House Agriculture, Livestock, and Natural Resources Committee 01/31/11)**

The House Agriculture, Livestock, and Natural Resources Committee Report dated January 31, 2011 struck language in statute regarding the impact on local government sales and use tax bases.

Legislative Council Staff and JBC Staff agree that the amendment does not have a fiscal impact.

**JBC Staff Concurrence with Legislative Council Staff Fiscal Note**

**Concurs**       **Does Not Concur**       **Updated Analysis**

**Amendments/Appropriation Status**

The bill requires but does not contain an appropriation clause. Staff has prepared amendment **J.001** (attached) to add a provision appropriating \$5,780 General Fund to the Department of Revenue, Taxpayer Service Division, in FY 2010-11. This appropriation is required to allow the Department to notify vendors of the provisions of the bill that reinstate the exemption for certain agricultural products.

**Bill Sponsor Amendments**

Staff is not aware of any sponsor amendments to be offered.

**Points to Consider**

1. The bill will reduce General Fund revenues by an estimated \$1,300,000 in FY 2010-11 and by \$3,700,000 in FY 2011-12. Based on the December 2010 Legislative Council Staff Revenue Forecast the General Assembly will need to reduce General Fund appropriations from continuation levels and/or increase General Fund revenues in order to balance the FY 2010-11 budget. This bill would increase the difference between projected revenues and continuation appropriations.

2. The Department of Revenue stated that it needs an additional \$4,667 General Fund in FY 2010-11 to hire temporary staff to process erroneous refund claims and an additional \$407 General Fund in FY 2011-12 for mailing costs. The Legislative Council Staff Fiscal Note assumes that those claims would not be filed and therefore no appropriation is necessary. JBC Staff agrees with Legislative Council Staff.