

**JBC STAFF FISCAL ANALYSIS
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING THE RESOLUTION OF A DISPUTED CLAIM FOR A STATE INCOME TAX CREDIT FOR A DONATION OF A PERPETUAL CONSERVATION EASEMENT THAT INCLUDES A PROCESS THAT ALLOWS A TAXPAYER TO WAIVE AN EXPEDITED ADMINISTRATIVE HEARING FOR THE PURPOSE OF APPEALING DIRECTLY TO A DISTRICT COURT.

Prime Sponsors: Representative Looper
Sens. Grantham and Nicholson

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Summary of Amendments Made to the Bill After the 04/20/11 Legislative Council Staff Fiscal Note Was Prepared (Amended by the House Finance Committee 04/20/11)

The House Finance Committee Report dated April 20, 2011 made technical changes to the bill to clarify some provisions in the bill. These changes do not affect the fiscal impact of the bill. Legislative Council Staff agrees with this assessment.

JBC Staff Concurrence with Legislative Council Staff Fiscal Note

Concurs

Does Not Concur

Updated Analysis

Reason for the Update

Based on revised information provided by the Judicial Department, General Fund expenditures for FY 2011-12 have been reduced by \$121,500. Specifically, the one-time capital outlay costs for the three judges and three support staff has been reduced from \$184,029 to \$62,529. The initial estimate of \$56,640 per judge included standard capital outlay costs for furnishing a courtroom, a jury room, a judge’s chambers/office, and a conference room, as well as a computer and law library resources. The revised estimate of \$16,140 per judge excludes the costs of furnishing a courtroom and jury room.

The following table updates the General Fund expenditure summary included on page 3 of the Legislative Council Staff Fiscal Note dated April 20, 2011 (attached). The updated table also includes \$107,200 for court reporter expenses, an amount that was omitted from Table 3 in the Legislative Council Staff Fiscal Note.

UPDATED Total Estimated General Fund Expenditures Under HB11-1300			
Cost Components	FY 2010-11	FY 2011-12	FY 2012-13
Personal Services		\$1,977,030	\$1,968,190
FTE		18.7	18.9
Operating and Travel	\$3,354	214,453	194,723
Appraisal - Contract Services		1,035,000	1,035,000
Capital Outlay		62,529	
Court Reporter Expenses		107,200	107,200
TOTAL	\$3,354	\$3,396,212	\$3,305,113

Amendments/Appropriation Status

The bill requires but does not contain an appropriation clause. Staff has prepared amendment **J.001** (attached) to add provisions appropriating the following amounts:

- \$3,354 General Fund to the Department of Revenue in *FY 2010-11*, for postage costs for notifications.
- \$653,000 General Fund and 6.0 FTE to the Judicial Department in FY 2011-12 for three retired judges and associated staff and operating costs to hear the expedited appeals.
- \$12,112 cash funds from the Conservation Easement Holder Certification Fund to the Department of Regulatory Agencies in FY 2011-12 for the review of certain conservation easements that had been previously reviewed by the Conservation Easement Oversight Commission.
- \$2,743,212 General Fund and 3.6 FTE to the Department of Revenue in FY 2011-12 for personal services, including contract appraisals, operating expenses, capital outlay, and legal services.
- \$1,352,113 reappropriated funds and 9.1 FTE to the Department of Law in FY 2011-12 for legal services provided to other State agencies (\$2,352 from the appropriation to the Department of Regulatory Agencies and \$1,349,581 from the appropriation to the Department of Revenue).

Bill Sponsor Amendments

Sponsor amendment **L.004** (attached) changes existing law pursuant to H.B. 10-1197 that caps the aggregate amount of conservation easements that can be claimed. This amendment reduces the aggregate cap from \$26 million to \$21 million for income tax years 2011, 2012, and 2013. The amendment increases General Fund revenues by \$2.5 million in FY 2010-11, by \$5.0 million in both FY 2011-12 and FY 2012-13, and by \$2.5 million in FY 2013-14. The amendment does not affect the expenditures required to implement the bill.

Thus, whether or not L.004 is adopted, J.001 should be adopted.

Points to Consider

1. For FY 2010-11, this bill *increases* General Fund revenue by \$2.5 million and increases expenditures by \$3,354. Both the Office of State Planning and Budgeting and Legislative Council Staff forecasts project surplus General Fund reserves in FY 2010-11. Pursuant to S.B. 11-156, these surplus General Fund reserves would be deposited in the State Education Fund. Thus, this bill increases projected revenue to the State Education Fund.
2. The Joint Budget Committee has introduced a balanced budget package for FY 2011-12 based on the March 2011 Office of State Planning and Budgeting forecast. The budget package appropriates all General Fund revenues projected to be available, less a statutorily required four percent General Fund reserve. This bill requires a General Fund appropriation of \$3,517,712 for FY 2011-12. If this bill is enacted, other General Fund appropriations for existing programs will need to be reduced by \$3,517,712 in order to maintain the statutorily required General Fund reserve. *If sponsor amendment L.004 is adopted, the bill will increase General Fund revenues and this Point to Consider is no longer relevant.*