

Colorado Legislative Council Staff

STATE

CONDITIONAL FISCAL IMPACT

Drafting Number: LLS 04-1114
Prime Sponsor(s): Sen. Grossman

Date: April 22, 2004
Bill Status: Senate Business Affairs & Labor
Fiscal Analyst: Janis Baron (303-866-3523)

TITLE: SUBMITTING TO THE REGISTERED ELECTORS OF THE STATE OF COLORADO AN AMENDMENT TO ARTICLE X OF THE CONSTITUTION OF THE STATE OF COLORADO, CONCERNING THE IMPOSITION OF AN ADDITIONAL EXCISE TAX ON ALCOHOL BEVERAGES FOR THE PURPOSE OF CREATING A PERMANENT FUNDING SOURCE FOR THE TONY GRAMPSAS YOUTH SERVICES PROGRAM, AND, IN CONNECTION THEREWITH, EXCLUDING THE NET REVENUES OF THE EXCISE TAX AND INTEREST OR INCOME EARNED ON THE DEPOSIT AND INVESTMENT OF SAID NET REVENUES FROM FISCAL YEAR SPENDING FOR PURPOSES OF SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION.

Fiscal Impact Summary	FY 2004/2005	FY 2005/2006
State Revenues		
Cash Funds Exempt — Tony Grampsas Youth Services Program Fund	\$2,305,000	\$9,453,000
General Fund	67,000	274,000
State Expenditures		
General Fund*	\$1,320	
Cash Funds Exempt — Tony Grampsas Youth Services Program Fund		\$9,453,000
FTE Position Change	0.0 FTE	0.0 FTE
Other State Impact: TABOR Impact		
Effective Date: Upon Voter Approval at the 2004 General Election		
Appropriation Summary for FY 2004/2005: Department of Revenue \$1,320 GF		
Local Government Impact: None		

* Computer programming costs which may be met with appropriations in HB 04-1422, the Long Appropriations Bill.

Summary of Legislation

This concurrent resolution adds a new section to Article X of the Constitution which imposes an additional 30 percent excise tax on alcohol beverages on and after April 1, 2005. Net revenues from the added tax are to be credited to the newly created Tony Grampsas Youth Services Program Fund. Beginning with FY 2005-06, the General Assembly is required to appropriate from the Fund all moneys forecast to be credited to the Fund during the fiscal year for youth services programs. The

concurrent resolution specifies that neither the net revenues of the added excise tax nor the interest or income earned on moneys in the Fund are subject to the requirements of TABOR.

State Revenues

All revenues resulting from this resolution are conditional predicated on voter approval. If approved, an estimated \$2.3 million in excise tax revenue to the Tony Grampsas Youth Services Program Fund would be realized in FY 2004-05 (3 months of fiscal year), and \$9.5 million in FY 2005-06 (12 months). This revenue is exempt from the requirements of TABOR pursuant to the resolution.

The added excise tax on alcohol beverages will be assessed on manufacturers and wholesalers. The fiscal note assumes that this \$9.5 million tax increase will be passed on to consumers in increased prices resulting in increased state sales tax revenue (2.9%). This state sales tax revenue is estimated at \$67,000 in FY 2004-05 and \$274,000 in FY 2005-06. This revenue is subject to the requirements of TABOR.

State Expenditures

All expenditures resulting from this resolution are conditional predicated on voter approval. Beginning with FY 2005-06, the resolution requires the General Assembly to appropriate from the Tony Grampsas Youth Services Program Fund all moneys equal to the amount forecast to be credited to the Fund during the fiscal year for youth services programs. For FY 2005-06, that amount is estimated at \$9.5 million.

The Department of Revenue indicates that it will incur a one-time IT programming cost of \$1,320 to implement the resolution if adopted (30 hours of reprogramming at \$40 per hour).

Election Expenditure Impact (for informational purposes only). The resolution contains a question to be referred to voters at the 2004 General Election. This question will be published in newspapers and an analysis of the measure will be included in the Blue Book mailed to all registered voter households prior to the election. Under current law, costs for these functions will be paid through a General Fund line item in the Long Appropriations Bill. The estimated 2004 General Election costs for the Blue Book are outlined in Table 1.

Table 1. Estimated Costs of Producing the 2004 Blue Book and Distributing to all Registered Voter Households	
Printing	\$275,000
Postage	\$300,000
Translation	\$20,000
Newspaper Publication (English & Spanish)	\$1,200,000
Total Expenses (for estimated 12 issues)	\$1,795,000
Estimated Expense Per Issue	\$149,583

State Appropriations

The Department of Revenue should receive a General Fund appropriation of \$1,320 for FY 2004-05 unless sufficient resources are provided in HB 04-1422 — Long Appropriations Bill.

Departments Contacted

Legislative Council Economists Revenue