

**First Regular Session
Sixty-fifth General Assembly
STATE OF COLORADO**

ENGROSSED

*This Version Includes All Amendments Adopted
on Second Reading in the House of Introduction*

LLS NO. 05-0055.01 Ed DeCecco

HOUSE BILL 05-1046

HOUSE SPONSORSHIP

McCluskey,

SENATE SPONSORSHIP

Lamborn,

House Committees

Finance

Appropriations

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING THE REQUIREMENT THAT LEGISLATIVE COUNCIL STAFF**
102 **USE A DYNAMIC MODEL TO ANALYZE THE ECONOMIC IMPACT OF**
103 **A BILL THAT MAKES A TAX POLICY CHANGE, AND MAKING AN**
104 **APPROPRIATION IN CONNECTION THEREWITH.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Interim Committee on Stimulating Economic Development Through Business Personal Property Tax Exemptions and Other Methods. Upon the request of a majority of the leadership of either house of the general assembly, requires the director of research to use a dynamic model to analyze the economic impact of a bill introduced by

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.

Capital letters indicate new material to be added to existing statute.

Dashes through the words indicate deletions from existing statute.

HOUSE
Amended 2nd Reading
March 8, 2005

the general assembly that makes a tax policy change. Gives the director 30 days to complete the request. Establishes a limit of 10 bills per legislative session for which the dynamic model may be used, but permits the dynamic model to be used more than once for each bill. Establishes that the analysis using a dynamic model is in addition to any fiscal note that is otherwise prepared by legislative council staff.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. Part 3 of article 3 of title 2, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SECTION to read:

2-3-304.5 Tax policy changes - dynamic model - pilot program - advisory committee - repeal. (1) UPON SATISFACTION OF THE CONDITION IN PARAGRAPH (c) OF SUBSECTION (6) OF THIS SECTION, THE DIRECTOR OF RESEARCH SHALL ESTABLISH A PILOT PROGRAM FOR THE PURPOSE OF CREATING OR PROCURING A DYNAMIC MODEL TO ANALYZE THE ECONOMIC IMPACT OF BILLS INTRODUCED BY THE GENERAL ASSEMBLY DURING THE 2006 REGULAR SESSION.

(2) ANY DYNAMIC MODEL SELECTED BY THE DIRECTOR OF RESEARCH SHALL CONSIDER THE SECONDARY OR INDIRECT ECONOMIC EFFECTS RELATED TO THE BILL, INCLUDING AN ESTIMATE OF THE PROBABLE BEHAVIORAL RESPONSES OF TAXPAYERS, BUSINESSES, AND OTHER PERSONS TO THE PROPOSED TAX POLICY CHANGE.

(3) (a) THE DIRECTOR OF RESEARCH SHALL CONSIDER THE RECOMMENDATIONS OF THE DYNAMIC MODELING ADVISORY COMMITTEE, WHICH IS CREATED UPON SATISFACTION OF THE CONDITION IN PARAGRAPH (c) OF SUBSECTION (6) OF THIS SECTION. THE ADVISORY COMMITTEE SHALL CONSIST OF AT LEAST FIVE MEMBERS APPOINTED BY THE DIRECTOR. THE ADVISORY COMMITTEE SHALL CONSIST OF REPRESENTATIVES OF THE

1 BUSINESS AND ACADEMIC COMMUNITIES AND ECONOMIC DEVELOPERS.

2 (b) AN ADVISORY COMMITTEE SHALL MEET AS OFTEN AS
3 NECESSARY TO CARRY OUT ITS DUTIES UNDER THIS ARTICLE, BUT NOT LESS
4 THAN TWICE A YEAR. MEMBERS OF AN ADVISORY COMMITTEE SHALL
5 SERVE WITHOUT COMPENSATION.

6 (c) THIS SUBSECTION (3) SECTION IS REPEALED, EFFECTIVE JULY 1,
7 2007.

8 (4) ONLY BILLS THAT MAKE A TAX POLICY CHANGE ARE ELIGIBLE
9 TO BE INCLUDED IN THE PILOT PROGRAM. THE DIRECTOR OF RESEARCH
10 SHALL NOT BE REQUIRED TO USE THE DYNAMIC MODEL ON MORE THAN TEN
11 BILLS PER SESSION. THE EXECUTIVE COMMITTEE OF THE LEGISLATIVE
12 COUNCIL SHALL SELECT THE BILLS TO BE ANALYZED USING THE DYNAMIC
13 MODEL.

14 (5) THE ANALYSIS OF THE ECONOMIC IMPACT USING A DYNAMIC
15 MODEL SHALL BE IN ADDITION TO ANY FISCAL NOTE THAT IS PREPARED
16 PURSUANT TO THE RULES OF THE GENERAL ASSEMBLY.

17 (6) (a) IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT NO
18 GENERAL FUND MONEYS BE APPROPRIATED FOR THE PURPOSES OF
19 IMPLEMENTING THIS SECTION.

20 (b) THE DIRECTOR OF RESEARCH IS AUTHORIZED TO ACCEPT GIFTS,
21 GRANTS, OR DONATIONS FROM PRIVATE OR PUBLIC SOURCES FOR THE
22 PURPOSES OF THIS SECTION. ALL PRIVATE AND PUBLIC FUNDS RECEIVED
23 THROUGH GIFTS, GRANTS, OR DONATIONS SHALL BE TRANSMITTED TO THE
24 STATE TREASURER, WHO SHALL CREDIT THE SAME TO THE DYNAMIC
25 MODELING PILOT FUND, WHICH FUND IS HEREBY CREATED AND REFERRED
26 TO IN THIS SUBSECTION (6) AS THE "FUND". THE MONEYS IN THE FUND
27 SHALL BE SUBJECT TO APPROPRIATION BY THE GENERAL ASSEMBLY FOR

1 THE DIRECT AND INDIRECT COSTS ASSOCIATED WITH THE IMPLEMENTATION
2 OF THIS SECTION. ANY MONEYS IN THE FUND NOT EXPENDED FOR THE
3 PURPOSE OF THIS SECTION MAY BE INVESTED BY THE STATE TREASURER AS
4 PROVIDED BY LAW. ALL INTEREST AND INCOME DERIVED FROM THE
5 INVESTMENT AND DEPOSIT OF MONEYS IN THE FUND SHALL BE CREDITED
6 TO THE FUND. ANY UNEXPENDED AND UNENCUMBERED MONEYS
7 REMAINING IN THE FUND AT THE END OF A FISCAL YEAR SHALL REMAIN IN
8 THE FUND AND SHALL NOT BE CREDITED OR TRANSFERRED TO THE
9 GENERAL FUND OR ANOTHER FUND.

10 (c) THE DIRECTOR OF RESEARCH SHALL NOT UNDERTAKE THE PILOT
11 PROGRAM UNLESS THE BALANCE IN THE FUND IS ONE HUNDRED SEVENTY
12 THOUSAND DOLLARS AS OF SEPTEMBER 1, 2005.

13 (7) THIS SECTION IS REPEALED, EFFECTIVE JANUARY 1, 2008.

14 **SECTION 2.** 2-3-1203 (3), Colorado Revised Statutes, is
15 amended BY THE ADDITION OF A NEW PARAGRAPH to read:

16 **2-3-1203. Sunset review of advisory committees.** (3) The
17 following dates are the dates for which the statutory authorization for the
18 designated advisory committees is scheduled for repeal:

19 (t) JULY 1, 2007: THE DYNAMIC MODELING ADVISORY COMMITTEE
20 CREATED IN SECTION 2-3-304.5 (3);

21 **SECTION 3. Appropriation.** In addition to any other
22 appropriation, there is hereby appropriated, out of any moneys in the
23 dynamic modeling cash fund created in section 2-3-304.5 (7) (b),
24 Colorado Revised Statutes, not otherwise appropriated, to the legislative
25 department, for allocation to the legislative council staff, for the fiscal
26 year beginning July 1, 2005, the sum of one hundred seventy thousand
27 dollars (\$170,000) and 1.0 FTE, or so much thereof as may be necessary,

1 for the implementation of this act. Said sum shall be cash funds exempt
2 received from gifts, grants, and donations.

3 **SECTION 4. Safety clause.** The general assembly hereby finds,
4 determines, and declares that this act is necessary for the immediate
5 preservation of the public peace, health, and safety.