

First Regular Session
Sixty-fifth General Assembly
STATE OF COLORADO

REREVISED

*This Version Includes All Amendments
Adopted in the Second House*

LLS NO. 05-0454.01 Ed DeCecco

HOUSE BILL 05-1194

HOUSE SPONSORSHIP

Romanoff,

SENATE SPONSORSHIP

Johnson and Groff, Anderson, Entz, Fitz-Gerald, Gordon, Isgar, Keller, Kester, Tapia, and Taylor

House Committees

Finance
Appropriations

Senate Committees

Finance

A BILL FOR AN ACT

101 CONCERNING THE RETENTION OF STATE REVENUES IN EXCESS OF THE
102 LIMITATION ON STATE FISCAL YEAR SPENDING IN SECTION 20 (7)
103 OF ARTICLE X OF THE STATE CONSTITUTION IN ORDER TO
104 PROVIDE A MORE STABLE MEANS OF FUNDING STATE
105 BUDGETARY NEEDS, AND, IN CONNECTION THEREWITH, _____
106 _____ **AUTHORIZING THE STATE TO RETAIN AND SPEND ALL**
107 **STATE REVENUES IN EXCESS OF THE CONSTITUTIONAL**
108 **LIMITATION ON STATE FISCAL YEAR SPENDING FOR THE NEXT**
109 **FIVE FISCAL YEARS BEGINNING WITH THE 2005-06 FISCAL YEAR,**
110 **AUTHORIZING THE STATE TO RETAIN AND SPEND A CAPPED**
111 **AMOUNT OF STATE REVENUES IN EXCESS OF SUCH LIMITATION**
112 **FOR THE 2010-11 FISCAL YEAR AND FOR EACH SUCCEEDING**

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.

SENATE
3rd Reading Unamended
March 24, 2005

SENATE
Amended 2nd Reading
March 23, 2005

HOUSE
3rd Reading Unamended
March 10, 2005

HOUSE
Amended 2nd Reading
March 9, 2005

101 FISCAL YEAR, BASED ON A FORMULA THAT INCLUDES ANNUAL
102 ADJUSTMENTS FOR INFLATION AND CHANGES IN STATE
103 POPULATION, AND REQUIRING THE RETAINED EXCESS STATE
104 REVENUES TO BE USED TO FUND TRANSPORTATION, EDUCATION,
105 HEALTH CARE, AND PENSION PLANS FOR FIREFIGHTERS AND
106 POLICE OFFICERS.

Bill Summary

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

Refers to the voters of the state a measure that:

Authorizes the state to retain, for the 2004-05 fiscal year and each succeeding fiscal year, all state revenues greater than the limitation on state fiscal year spending but less, as a percentage of the overall state economy, than state fiscal year spending for the 1999-2000 fiscal year.

Reduces the state income tax rate from 4.63% to 4.5% for income tax years that commence on or after January 1, 2006.

Defines terms.

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

2 **SECTION 1.** Article 77 of title 24, Colorado Revised Statutes,
3 is amended BY THE ADDITION OF A NEW SECTION to read:

4 **24-77-103.6. Retention of excess state revenues - general fund**
5 **exempt account - required uses - excess state revenues legislative**
6 **report.** (1) (a) NOTWITHSTANDING ANY PROVISION OF LAW TO THE
7 CONTRARY, FOR EACH FISCAL YEAR COMMENCING ON OR AFTER JULY 1,
8 2005, BUT BEFORE JULY 1, 2010, THE STATE SHALL BE AUTHORIZED TO
9 RETAIN AND SPEND ALL STATE REVENUES IN EXCESS OF THE LIMITATION ON
10 STATE FISCAL YEAR SPENDING.

11

1 (b) NOTWITHSTANDING ANY PROVISION OF LAW TO THE CONTRARY,
2 FOR EACH FISCAL YEAR COMMENCING ON OR AFTER JULY 1, 2010, THE
3 STATE SHALL BE AUTHORIZED TO RETAIN AND SPEND ALL STATE REVENUES
4 THAT ARE IN EXCESS OF THE LIMITATION ON STATE FISCAL YEAR
5 SPENDING, BUT LESS THAN THE EXCESS STATE REVENUES CAP FOR THE
6 GIVEN FISCAL YEAR.

7 (2) THERE IS HEREBY CREATED IN THE GENERAL FUND THE
8 GENERAL FUND EXEMPT ACCOUNT, WHICH SHALL CONSIST OF AN AMOUNT
9 OF MONEYS EQUAL TO THE AMOUNT OF STATE REVENUES IN EXCESS OF THE
10 LIMITATION ON STATE FISCAL YEAR SPENDING THAT THE STATE RETAINS
11 FOR A GIVEN FISCAL YEAR PURSUANT TO THIS SECTION. THE MONEYS IN
12 THE ACCOUNT SHALL BE APPROPRIATED OR TRANSFERRED BY THE GENERAL
13 ASSEMBLY FOR THE FOLLOWING PURPOSES:

- 14 (a) TO FUND HEALTH CARE;
- 15 (b) TO FUND PUBLIC ELEMENTARY AND HIGH SCHOOL EDUCATION
16 AND HIGHER EDUCATION;
- 17 (c) TO FUND PENSION PLANS FOR FIREFIGHTERS AND POLICE
18 OFFICERS, SO LONG AS STATUTORILY REQUIRED; AND
- 19 (d) TO PAY FOR STRATEGIC TRANSPORTATION PROJECTS INCLUDED
20 IN THE DEPARTMENT OF TRANSPORTATION'S STRATEGIC TRANSPORTATION
21 PROJECT INVESTMENT PROGRAM.

22 (3) MONEYS IN THE GENERAL FUND EXEMPT ACCOUNT SHALL BE
23 SUBJECT TO THE STATUTORY LIMITATION ON GENERAL FUND
24 APPROPRIATIONS SET FORTH IN SECTION 24-75-201.1 (1) (a) (II).

25 (4) THE APPROVAL OF THIS SECTION BY THE REGISTERED ELECTORS
26 OF THE STATE VOTING ON THE ISSUE AT THE NOVEMBER 2005 STATEWIDE
27 ELECTION CONSTITUTES A VOTER-APPROVED REVENUE CHANGE TO ALLOW

1 THE RETENTION AND EXPENDITURE OF STATE REVENUES IN EXCESS OF THE
2 LIMITATION ON STATE FISCAL YEAR SPENDING.

3 (5) (a) FOR EACH FISCAL YEAR THAT THE STATE RETAINS AND
4 SPENDS STATE REVENUES IN EXCESS OF THE LIMITATION ON STATE FISCAL
5 YEAR SPENDING PURSUANT TO THIS SECTION, THE DIRECTOR OF RESEARCH
6 OF THE LEGISLATIVE COUNCIL SHALL PREPARE AN EXCESS STATE REVENUES
7 LEGISLATIVE REPORT THAT INCLUDES THE FOLLOWING INFORMATION:

8 (I) THE AMOUNT OF EXCESS STATE REVENUES THAT THE STATE
9 RETAINED; AND

10 (II) A DESCRIPTION OF HOW THE EXCESS STATE REVENUES WERE
11 EXPENDED.

12 (b) THE REPORT REQUIRED BY THIS SUBSECTION (5) SHALL BE
13 COMPLETED BY OCTOBER 15 FOLLOWING A FISCAL YEAR THAT THE STATE
14 RETAINS AND SPENDS REVENUES IN EXCESS OF THE LIMITATION ON STATE
15 FISCAL YEAR SPENDING PURSUANT TO THIS SECTION AND MAY BE AMENDED
16 THEREAFTER AS NECESSARY. THE DIRECTOR OF RESEARCH SHALL PUBLISH
17 AND LINK TO THE OFFICIAL _____ WEBSITE OF THE GENERAL ASSEMBLY A
18 COPY OF THE ___ REPORT.

19 (6) AS USED IN THIS SECTION:

20 (a) (I) "EXCESS STATE REVENUES CAP" FOR A GIVEN FISCAL YEAR
21 MEANS EITHER OF THE FOLLOWING:

22 (A) IF THE VOTERS OF THE STATE APPROVE A BONDED DEBT
23 INCREASE AT THE NOVEMBER 2005 STATEWIDE ELECTION, AN AMOUNT
24 THAT IS EQUAL TO THE HIGHEST TOTAL STATE REVENUES FOR A FISCAL
25 YEAR FROM THE PERIOD OF THE 2005-06 FISCAL YEAR THROUGH THE
26 2009-10 FISCAL YEAR, ADJUSTED EACH SUBSEQUENT FISCAL YEAR FOR
27 INFLATION AND THE PERCENTAGE CHANGE IN STATE POPULATION, PLUS

1 ONE HUNDRED MILLION DOLLARS, AND ADJUSTING SUCH SUM FOR THE
2 QUALIFICATION OR DISQUALIFICATION OF ENTERPRISES AND DEBT SERVICE
3 CHANGES; OR

4 (B) IF THE VOTERS OF THE STATE DO NOT APPROVE A BONDED DEBT
5 INCREASE AT THE NOVEMBER 2005 STATEWIDE ELECTION, AN AMOUNT
6 THAT IS EQUAL TO THE HIGHEST TOTAL STATE REVENUES FOR A FISCAL
7 YEAR FROM THE PERIOD OF THE 2005-06 FISCAL YEAR THROUGH THE
8 2009-10 FISCAL YEAR, ADJUSTED EACH SUBSEQUENT FISCAL YEAR FOR
9 INFLATION, THE PERCENTAGE CHANGE IN STATE POPULATION, THE
10 QUALIFICATION OR DISQUALIFICATION OF ENTERPRISES, AND DEBT SERVICE
11 CHANGES.

12 (II) AS USED IN THIS PARAGRAPH (a), INFLATION AND THE
13 PERCENTAGE CHANGE IN STATE POPULATION SHALL BE THE SAME RATES
14 THAT ARE USED IN CALCULATING THE MAXIMUM ANNUAL PERCENTAGE
15 CHANGE IN STATE FISCAL YEAR SPENDING PURSUANT TO SECTION
16 24-77-103, AND THE QUALIFICATION OR DISQUALIFICATION OF AN
17 ENTERPRISE OR DEBT SERVICE CHANGES SHALL CHANGE THE EXCESS STATE
18 REVENUES CAP IN THE SAME MANNER AS SUCH CHANGE AFFECTS THE
19 LIMITATION ON STATE FISCAL YEAR SPENDING.

20 (b) "STATE REVENUES" MEANS STATE REVENUES NOT EXCLUDED
21 FROM STATE FISCAL YEAR SPENDING, AS DEFINED IN SECTION 24-77-102
22 (17).

23 **SECTION 2.** 24-77-106.5 (1), Colorado Revised Statutes, is
24 amended to read:

25 **24-77-106.5. Annual financial report - certification of excess**
26 **state revenues.** (1) (a) For each fiscal year, the controller shall prepare
27 a financial report for the state for purposes of ascertaining compliance

1 with the provisions of this article. Any financial report prepared pursuant
2 to this section shall include, but shall not be limited to, state fiscal year
3 spending, reserves, revenues, REVENUES THAT THE STATE IS AUTHORIZED
4 TO RETAIN AND SPEND PURSUANT TO VOTER APPROVAL OF SECTION
5 24-77-103.8, and debt. Such financial report shall be audited by the state
6 auditor.

7 (b) Based upon the financial report prepared in accordance with
8 paragraph (a) of this subsection (1) for any given fiscal year, the
9 controller shall certify to the governor, the general assembly, and the
10 executive director of the department of revenue no later than September
11 1 following the end of a fiscal year the amount of state revenues in excess
12 of the limitation on state fiscal year spending imposed by section 20 (7)
13 (a) of article X of the state constitution, if any, for such fiscal year AND
14 THE STATE REVENUES IN EXCESS OF SUCH LIMITATION THAT THE STATE IS
15 AUTHORIZED TO RETAIN AND SPEND PURSUANT TO VOTER APPROVAL OF
16 SECTION 24-77-103.8.

17 _____
18 _____
19 _____

20 **SECTION 3. Refer to people under referendum.** This act shall
21 be submitted to a vote of the registered electors of the state of Colorado
22 at the November 2005 election, for their approval or rejection, under the
23 provisions of the referendum as provided for in section 1 of article V and
24 section 20 of article X of the state constitution, and in article 40 of title
25 1, Colorado Revised Statutes. Each elector voting at said election and
26 desirous of voting for or against said act shall cast a vote as provided by
27 law either "Yes" or "No" on the proposition: "IN ORDER TO FUND

1 TRANSPORTATION, EDUCATION, HEALTH CARE, AND PENSION PLANS FOR
2 FIREFIGHTERS AND POLICE OFFICERS, AND WITHOUT RAISING TAXES, SHALL
3 THE STATE BE AUTHORIZED TO RETAIN AND SPEND ALL STATE REVENUES IN
4 EXCESS OF THE CONSTITUTIONAL LIMITATION ON STATE FISCAL YEAR
5 SPENDING FOR THE NEXT FIVE FISCAL YEARS BEGINNING WITH THE 2005-06
6 FISCAL YEAR, AND TO RETAIN AND SPEND A CAPPED AMOUNT OF STATE
7 REVENUES IN EXCESS OF SUCH LIMITATION FOR THE 2010-11 FISCAL YEAR
8 AND FOR EACH SUCCEEDING FISCAL YEAR, BASED ON A FORMULA THAT
9 INCLUDES ANNUAL ADJUSTMENTS FOR INFLATION AND CHANGES IN STATE
10 POPULATION?" The votes cast for the adoption or rejection of said act
11 shall be canvassed and the result determined in the manner provided by
12 law for the canvassing of votes for representatives in Congress.