

First Regular Session
Sixty-fifth General Assembly
STATE OF COLORADO

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

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 AN**
107 **AMOUNT OF EXCESS STATE REVENUES THAT FOR THE NEXT SIX**
108 **FISCAL YEARS IS EQUAL TO ALL STATE REVENUES IN EXCESS OF**
109 **SUCH LIMITATION AND FOR ALL FISCAL YEARS THEREAFTER IS**
110 **RESTRICTED TO AN AMOUNT IN EXCESS OF SUCH LIMITATION UP**
111 **TO THE EXCESS STATE REVENUES CAP, REQUIRING THE EXCESS**
112 **STATE REVENUES TO BE USED TO REDUCE _____ HEALTH CARE**

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
3rd Reading Unamended
March 10, 2005

HOUSE
Amended 2nd Reading
March 9, 2005

101 COSTS, TO FUND PUBLIC EDUCATION, AND TO PAY FOR
102 STRATEGIC TRANSPORTATION PROJECTS, AND ESTABLISHING
103 THAT THE MAXIMUM ALLOWABLE GENERAL FUND
104 APPROPRIATIONS FOR A GIVEN FISCAL YEAR MAY GROW BY SIX
105 PERCENT FROM THE PRIOR FISCAL YEAR'S LIMIT, RATHER THAN
106 THE PRIOR FISCAL YEAR'S GENERAL FUND APPROPRIATIONS.

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.** 24-75-201.1 (1) (a) (II) (B), Colorado Revised
3 Statutes, is amended to read:

4 **24-75-201.1. Restriction on state appropriations - legislative**
5 **declaration - definitions.** (1) (a) (II) Except as otherwise provided for
6 in subparagraphs (III) and (IV) of this paragraph (a), for the fiscal year
7 1991-92 and each fiscal year thereafter, the total state general fund
8 appropriations shall be limited to such moneys as are necessary for
9 reappraisals of any class or classes of taxable property for property tax
10 purposes as required by section 39-1-105.5, C.R.S., plus the lesser of:

11 (B) FOR THE FISCAL YEAR 2004-05, six percent over the total state

1 general fund appropriations for the previous fiscal year, AND FOR THE
2 FISCAL YEAR 2005-06 AND EACH FISCAL YEAR THEREAFTER, SIX PERCENT
3 OVER THE MAXIMUM ALLOWABLE STATE GENERAL FUND APPROPRIATIONS
4 FOR THE PREVIOUS FISCAL YEAR, REGARDLESS OF WHETHER SUCH
5 APPROPRIATIONS WERE ACTUALLY MADE.

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

8 **24-77-103.8. Retention of excess revenues - uses.**

9 (1) (a) NOTWITHSTANDING THE PROVISIONS OF THIS ARTICLE OR ANY
10 OTHER PROVISION OF LAW, FOR EACH FISCAL YEAR COMMENCING ON OR
11 AFTER JULY 1, 2005, BUT BEFORE JULY 1, 2011, THE STATE SHALL BE
12 AUTHORIZED TO RETAIN AND SPEND ALL STATE REVENUES IN EXCESS OF
13 THE LIMITATION ON STATE FISCAL YEAR SPENDING.

14 _____
15 (b) FOR EACH FISCAL YEAR COMMENCING ON OR AFTER JULY 1,
16 2011, THE STATE SHALL BE AUTHORIZED TO RETAIN AND SPEND ALL STATE
17 REVENUES THAT ARE GREATER THAN THE LIMITATION ON STATE FISCAL
18 YEAR SPENDING, BUT LESS THAN AN AMOUNT EQUAL TO THE EXCESS STATE
19 REVENUES CAP FOR THE GIVEN FISCAL YEAR.

20 (2) THERE IS HEREBY CREATED IN THE GENERAL FUND THE
21 GENERAL FUND EXEMPT ACCOUNT, WHICH SHALL CONSIST OF AN AMOUNT
22 OF MONEYS EQUAL TO THE AMOUNT OF STATE REVENUES IN EXCESS OF THE
23 LIMITATION ON STATE FISCAL YEAR SPENDING THAT THE STATE RETAINS
24 FOR A GIVEN FISCAL YEAR PURSUANT TO THIS SECTION. THE MONEYS IN
25 THE ACCOUNT SHALL BE APPROPRIATED OR TRANSFERRED BY THE GENERAL
26 ASSEMBLY FOR THE FOLLOWING PURPOSES:

27 (a) TO REDUCE _____ HEALTH CARE COSTS;

1 (b) TO FUND PUBLIC EDUCATION; AND

2 _____

3 (c) TO PAY FOR STRATEGIC TRANSPORTATION PROJECTS INCLUDED
4 IN THE DEPARTMENT OF TRANSPORTATION'S STRATEGIC TRANSPORTATION
5 PROJECT INVESTMENT PROGRAM.

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

9 (4) THE APPROVAL OF THIS SECTION BY THE REGISTERED ELECTORS
10 OF THE STATE VOTING ON THE ISSUE AT THE NOVEMBER 2005 GENERAL
11 ELECTION CONSTITUTES A VOTER-APPROVED REVENUE CHANGE TO ALLOW
12 THE RETENTION OF STATE REVENUES IN EXCESS OF THE LIMITATION ON
13 STATE FISCAL YEAR SPENDING.

14 (5) (a) FOR EACH FISCAL YEAR THAT THE STATE RETAINS AND
15 SPENDS STATE REVENUES IN EXCESS OF THE LIMITATION ON STATE FISCAL
16 YEAR SPENDING PURSUANT TO THIS SECTION, THE DIRECTOR OF RESEARCH
17 OF THE LEGISLATIVE COUNCIL SHALL PREPARE A FINANCIAL REPORT THAT
18 INCLUDES THE FOLLOWING INFORMATION:

19 (I) THE AMOUNT OF EXCESS STATE REVENUES THAT THE STATE
20 RETAINED; AND

21 (II) A DESCRIPTION OF HOW THE EXCESS STATE REVENUES WERE
22 EXPENDED.

23 (b) THE REPORT REQUIRED BY THIS SUBSECTION (3) SHALL BE
24 COMPLETED BY OCTOBER 15 FOLLOWING A FISCAL YEAR THAT THE STATE
25 RETAINS AND SPENDS REVENUES IN EXCESS OF THE LIMITATION ON STATE
26 FISCAL YEAR SPENDING PURSUANT TO THIS SECTION AND MAY BE AMENDED
27 THEREAFTER AS NECESSARY. THE DIRECTOR OF RESEARCH SHALL PUBLISH

1 AND LINK TO THE OFFICIAL _____ WEBSITE OF THE GENERAL ASSEMBLY A
2 COPY OF THE FINANCIAL REPORT.

3 (6) AS USED IN THIS SECTION:

4 (a) "EXCESS STATE REVENUES CAP" FOR A GIVEN FISCAL YEAR
5 MEANS AN AMOUNT THAT IS EQUAL TO THE HIGHEST TOTAL STATE
6 REVENUES FOR A FISCAL YEAR FROM THE PERIOD OF THE 2005-06 FISCAL
7 YEAR THROUGH THE 2010-11 FISCAL YEAR, ADJUSTED EACH FISCAL YEAR
8 SUBSEQUENT TO THE 2010-11 FISCAL YEAR FOR INFLATION AND THE
9 PERCENTAGE CHANGE IN STATE POPULATION. ADJUSTMENTS FOR
10 INFLATION AND THE PERCENTAGE CHANGE IN STATE POPULATION SHALL BE
11 MADE IN THE SAME MANNER AS SUCH FACTORS ARE USED IN CALCULATING
12 THE MAXIMUM ANNUAL PERCENTAGE CHANGE IN STATE FISCAL YEAR
13 SPENDING PURSUANT TO SECTION 20 (7) OF ARTICLE X OF THE STATE
14 CONSTITUTION.

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

18 **SECTION 3.** 24-77-106.5 (1), Colorado Revised Statutes, is
19 amended to read:

20 **24-77-106.5. Annual financial report - certification of excess**
21 **state revenues.** (1) (a) For each fiscal year, the controller shall prepare
22 a financial report for the state for purposes of ascertaining compliance
23 with the provisions of this article. Any financial report prepared pursuant
24 to this section shall include, but shall not be limited to, state fiscal year
25 spending, reserves, revenues, REVENUES THAT THE STATE IS AUTHORIZED
26 TO RETAIN AND SPEND PURSUANT TO VOTER APPROVAL OF SECTION
27 24-77-103.8, and debt. Such financial report shall be audited by the state

1 auditor.

2 (b) Based upon the financial report prepared in accordance with
3 paragraph (a) of this subsection (1) for any given fiscal year, the
4 controller shall certify to the governor, the general assembly, and the
5 executive director of the department of revenue no later than September
6 1 following the end of a fiscal year the amount of state revenues in excess
7 of the limitation on state fiscal year spending imposed by section 20 (7)
8 (a) of article X of the state constitution, if any, for such fiscal year AND
9 THE STATE REVENUES IN EXCESS OF SUCH LIMITATION THAT THE STATE IS
10 AUTHORIZED TO RETAIN AND SPEND PURSUANT TO VOTER APPROVAL OF
11 SECTION 24-77-103.8.

12 _____
13 _____
14 _____

15 **SECTION 4. Refer to people under referendum.** This act shall
16 be submitted to a vote of the registered electors of the state of Colorado
17 at the November 2005 election, for their approval or rejection, under the
18 provisions of the referendum as provided for in section 1 of article V and
19 section 20 of article X of the state constitution, and in article 40 of title
20 1, Colorado Revised Statutes. Each elector voting at said election and
21 desirous of voting for or against said act shall cast a vote as provided by
22 law either "Yes" or "No" on the proposition: "SHALL THE _____ STATE
23 BE AUTHORIZED TO RETAIN AND SPEND AN AMOUNT OF STATE REVENUES
24 IN EXCESS OF THE CONSTITUTIONAL LIMITATION ON STATE SPENDING THAT
25 FOR THE NEXT SIX FISCAL YEARS IS EQUAL TO ALL STATE REVENUES IN
26 EXCESS OF SUCH LIMITATION AND FOR ALL FISCAL YEARS THEREAFTER IS
27 RESTRICTED TO AN AMOUNT IN EXCESS OF SUCH LIMITATION UP TO THE

1 EXCESS STATE REVENUES CAP IN ORDER TO REDUCE HEALTH CARE
2 COSTS, TO FUND PUBLIC EDUCATION, AND TO PAY FOR STRATEGIC
3 TRANSPORTATION PROJECTS, AND SHALL THE STATUTORY
4 LIMITATION ON GENERAL FUND APPROPRIATIONS BE WEAKENED SO THAT
5 THE MAXIMUM ALLOWABLE GENERAL FUND APPROPRIATIONS FOR A GIVEN
6 FISCAL YEAR MAY GROW BY SIX PERCENT FROM THE PRIOR FISCAL YEAR'S
7 LIMIT, RATHER THAN THE PRIOR FISCAL YEAR'S GENERAL FUND
8 APPROPRIATIONS?" The votes cast for the adoption or rejection of said act
9 shall be canvassed and the result determined in the manner provided by
10 law for the canvassing of votes for representatives in Congress.