HB05-1194

JBC STAFF FISCAL ANALYSIS
HOUSE APPROPRIATIONS COMMITTEE

CONCERNING AN ADJUSTMENT TO THE AMOUNT OF STATE REVENUES IN EXCESS OF THE LIMITATION ON STATE FISCAL YEAR SPENDING IN SECTION 20 (7) OF ARTICLE X OF THE STATE CONSTITUTION IN ORDER TO PROVIDE A MORE STABLE MEANS OF FUNDING STATE BUDGETARY NEEDS, AND, IN CONNECTION THEREWITH, REDUCING THE STATE INCOME TAX RATE FROM FOUR AND SIXTY-THREE ONE-HUNDREDTHS PERCENT TO FOUR AND ONE-HALF PERCENT AND AUTHORIZING THE STATE TO RETAIN AND SPEND ALL STATE REVENUES COLLECTED FROM THE REDUCED INCOME TAX AND ANY OTHER SOURCES UP TO A LIMIT OF STATE FISCAL YEAR SPENDING FOR THE 1999-2000 FISCAL YEAR, AS A PERCENTAGE OF THE OVERALL STATE ECONOMY, NOTWITHSTANDING THE SPENDING LIMIT CONTAINED IN SECTION 20 (7) OF ARTICLE X OF THE STATE CONSTITUTION.

Prime Sponsors:	Representative Romanoff	JBC Analyst:	James McCoy
	Senator Johnson	Phone:	303-866-2061
		Date Prepared:	February 3, 2005

Summary of Amendments Made to the Bill After the 02/01/05 Legislative Council Staff Fiscal Note was Prepared (Amended by the House Finance Committee 02/02/05)

The House Finance Committee adopted a technical amendment that clarifies the definition of 'adjusted state fiscal year spending.' This change does not affect the fiscal impact noted in the Legislative Council Staff Fiscal Note dated February 1, 2005.

JBC Staff Concurrence with Legislative Council Staff Fiscal Note

XXX	**Concurs**		**Does Not Concur**		**Updated Analysis**

Amendments/Appropriation Status

The Department of Revenue does not require a specific appropriation for $3,642 General Fund in FY 2005-06 related to programming costs associated with this change as identified in the Legislative Council Staff Fiscal Note dated February 1, 2005. Bills with nominal programming costs adopted during the 2005 legislative session will be supported through appropriations in the FY 2005-06 Long Bill under a line item entitled "Programming Costs for 2005 Session Legislation."

Sponsor Amendments

Staff is not aware of any sponsor amendments.

Points to Consider

The December 2004 Legislative Council Staff revenue forecast projects a TABOR surplus liability of $446.3 million in FY 2005-06 and $639.8 million in FY 2006-07. This legislation is estimated to reduce General Fund revenue by $61.8 million in FY 2005-06 and $132.8 million in FY 2006-07; however, the State would retain TABOR surplus revenue of $545.8 million in FY 2005-06 and $507.0 million in FY 2006-07 as summarized in lines 2,3, and 4 of the table on page 3 of the Legislative Council Staff Fiscal Note dated February 1, 2005. In FY 2006-07 and the succeeding fiscal years shown in the table, line 2 and 3 are added together, as well as the change in the statutory reserve between fiscal years.