

- to reduce health care costs;
- to fund public education; and
- to pay for strategic transportation projects included in the Department of Transportation's strategic transportation project investment program.

A ballot question would be submitted to the registered electors of the state at the statewide election to be held in November 2010 and each November every five years thereafter to ask whether the state should continue to be authorized to retain and spend all excess state revenues, or whether the state should be denied the authorization.

The bill requires the Director of Research of the Legislative Council to annually prepare a financial report that identifies the amount of excess state revenues that the state retained in the prior fiscal year, and a description of how the excess state revenues were spent. A link to the financial report would be provided on the official website of the General Assembly.

Since the bill would only become effective upon approval by the voters, the bill is assessed as having a state conditional fiscal impact.

State Revenues

The bill would allow the state to retain and spend all state surplus revenues that are greater than the limitation of state fiscal year spending for designated purposes during FY 2005-06 through FY 2010-11, with a referred measure to the voters every five years thereafter. The amount that would be retained is estimated to be \$495.5 million in FY 2005-06, \$690.7 million in FY 2006-07, and \$688.1 million in FY 2007-08.

Future Revenue Impact. The bill requires that a ballot question be submitted to the voters at the November 2010 General Election and each five years thereafter to ask whether the state should continue to be authorized to retain and spend all excess state revenues, or whether the state should be denied the authorization to retain and spend excess state revenues.

State Summary

Based on the revenue estimates provided in the December 2004, Revenue Estimate by Legislative Council Staff updated for actual inflation in 2004, Table 1 summarizes the projected impact of HB05-1194 on state revenues. The additional state revenue would allow the annual growth rate in General Fund appropriations to reach the maximum 6.0 percent level beginning in FY 2005-06.

Table 1. Projected Fiscal Impact of HB05-1194 (Millions of Dollars)

	FY 2005-06	FY 2006-07	FY 2007-08	FY 2008-09	FY 2009-10
General Fund Appropriations	\$385.2	\$546.8	\$579.7	\$614.4	\$651.3
SB 97-1 Diversion	94.9	137.4	107.1	179.1	244.6
Cash Fund Paybacks				0.9	14.3
Excess General Fund Reserve				0.9	28.5
4.0 Percent Statutory Reserve	15.4	21.9	23.2	24.6	26.1
TABOR Surplus Liability	(495.5)	(690.7)	(688.1)	(796.7)	(940.2)

Other State Impacts

Table 2 shows the projected impact to the various refund mechanisms currently in place based on the amount that would be retained in the state General Fund in the previous fiscal year. Blank cells in the table indicate that the mechanism is not forecasted to be triggered and used to refund revenue during that fiscal year.

Table 2. Impact of HB05-1194 on Current TABOR Refund Mechanisms (Millions of Dollars)

	FY 2006-07	FY 2007-08	FY 2008-2009	FY 2009-2010
HB 99-1383 & HB 00-1049 Earned Income Credit	(\$41.0)	(\$40.4)	(\$41.2)	(\$42.1)
HB 01-1313 Foster Care Issues	(\$0.2)	(\$0.2)	(\$0.2)	(\$0.2)
HB 99-1311 Business Personal Property	(\$117.7)	(\$123.6)	(\$129.7)	(\$136.2)
HB 99-1237 Capital Gains	(\$36.8)	(\$36.0)	(\$35.3)	(\$34.6)
HB 00-1063 Rural Health Providers (ends after FY 2007)	(\$0.2)	(\$0.2)	n/a	n/a
HB 00-1351 Child Care Credit	(\$28.6)	(\$29.0)	(\$29.4)	(\$29.8)
HB 01-1081 Research and Development	(\$14.5)	(\$15.2)	(\$15.9)	(\$16.5)
HB 00-1227 Lower Motor Vehicle Fees	(\$40.1)	(\$41.6)	(\$43.0)	(\$44.5)
HB 00-1355 High Technology Scholarship Program*	(\$0)	(\$0)	(\$0)	(\$0)
HB 00-1257 Pollution Control Equipment	(\$1.0)	(\$1.0)	(\$1.0)	(\$1.0)
HB 00-1052 Contribution to Telecommunication Education	(\$0.5)	(\$0.5)	(\$0.5)	(\$0.5)
HB 00-1053 Exclude Charitable Contributions	(\$3.6)	(\$3.7)	(\$3.8)	(\$4.0)
HB 00-1259 Trucks at 0.01 Percent Sales Tax Rate	(\$6.7)	(\$7.0)	(\$7.3)	(\$7.6)
HB 99-1137 and HB 00-1171 Interest, Dividends, and Capital Gains Exclusion	(\$45.3)	(\$45.4)	(\$47.2)	(\$49.5)
HB 01-1086 Ag Coop Tax Credit	(\$0.5)	(\$0.5)	(\$0.5)	(\$0.5)
HB00-1104 Purchase Private Health Benefit Plans		(\$2.7)	(\$2.7)	(\$2.7)
HB00-1209 Colorado Capital Gains 1 to 5 Years		(\$33.0)	(\$36.6)	(\$40.4)
Sales Tax Refund	(\$158.9)	(\$310.7)	(\$293.6)	(\$386.6)
Total	(\$495.5)	(\$690.7)	(\$688.1)	(\$796.7)

*Less than \$10,000

Election Expenditure Impacts (For Informational Purposes Only)

The bill refers a measure to the voters at the 2005 general election. This measure 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 2005 general election costs for the Blue Book are outlined in Table 3.

Table 3. Estimated Costs of Producing the 2005 Blue Book and Distributing to All Registered Voter Households	
Printing	\$120,000
Postage	\$275,000
Translation	\$5,000
Newspaper Publication (English & Spanish)	\$200,000
Total Expenses (for estimated 3 issues)	\$600,000
Average Expense Per Issue	\$200,000

State Appropriations

The fiscal note implies that no additional appropriation or spending authority is required in FY 2005-06 in order to implement the bill.

Departments Contacted

Legislative Council Staff Revenue Secretary of State