JBC STAFF FISCAL ANALYSIS
SENATE APPROPRIATIONS COMMITTEE

CONCERNING THE EXTENSION OF THE YEARS FOR WHICH A TAXPAYER MAY CLAIM THE INCOME TAX CREDIT FOR CHILD CARE FACILITIES.

Prime Sponsors:	Representative Benefield Senator Groff	JBC Analyst: Phone: Date Prepared:	David Meng 303-866-2061 April 21, 2008

Summary of Amendments Made to the Bill After the 04/07/08 Legislative Council Staff Revised Fiscal Note Was Prepared

None.

JBC Staff Concurrence with Legislative Council Staff Fiscal Note

XXX	Concurs		Does Not Concur		Updated Analysis

Amendments/Appropriation Status

The bill neither requires nor contains an appropriation clause for FY 2008-09. The bill provides an extension of the years for which taxpayers may claim an existing income tax credit for child care facilities through the 2019 income tax year.

Bill Sponsor Amendments

Staff is not aware of any sponsor amendments to be offered.

Points to Consider

1. The bill reduces General Fund revenues by an estimated $9.4 million in FY 2009-10, and by $19.2 million in FY 2010-11. Based on the March 2008 Legislative Council Staff revenue forecast, there will be insufficient revenue for the annual H.B.02-1310 transfers to the Capital Construction Fund and the Highway Users Tax Fund. The forecast projects that there will be sufficient revenue to partially fund the S.B. 97-1 diversion, which will be reduced by $9.4 million in FY 2009-10 and by $19.2 million in FY 2010-11 should this bill pass.

2. The reengrossed bill under consideration by the Senate includes a clause stating that if the revenue estimate prepared by Legislative Council in December 2010, and each December thereafter, projects that revenues for the next fiscal year will not be sufficient to allow General Fund

appropriations to grow by six percent, then the credit authorized by this bill shall not be allowed for the next income tax year. The Department of Revenue must publish on its website prior to January 1, 2011 and each January 1 thereafter, whether the income tax credit will be allowed for the next income tax year.

3. The bill, as amended, allows for a taxpayer who is eligible to claim a credit in a year in which the credit is not allowed, to claim that credit in the first subsequent year where the projected revenue will be sufficient to maintain the six percent growth of General Fund appropriations. If the credit is disallowed because of insufficient revenue for several consecutive years, the loss of revenue for the first subsequent year in which the credit is allowed could be as much as three to four times the amount specified in the Legislative Council Revised Fiscal Impact.