

**JBC STAFF FISCAL ANALYSIS
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING A TEMPORARY LIMIT ON THE STATE INCOME TAX DEDUCTION FOR A NET OPERATING LOSS.

Prime Sponsors: Representative Ferrandino
Senator Heath

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Date Prepared: January 23, 2010

Summary of Amendments Made to the Bill After the ###/###/## Legislative Council Staff Fiscal Note Was Prepared

None.

JBC Staff Concurrence with Legislative Council Staff Fiscal Note

XXX Concurs Does Not Concur Updated Analysis

Reason for the Non-Concurrence / Update

Delete this section if you are concurring. If you retain the section, delete either "Non-Concurrence" or "Update".

Amendments/Appropriation Status

The bill requires but does not contain an appropriation clause. Staff has prepared amendment **J.XXX** (attached) to add a provision appropriating...

OR: The bill includes an appropriation clause that provides...

OR: The bill includes an appropriation clause that (*describe its deficiency*). Staff has prepared amendment **J.XXX** (attached) to change the existing clause to appropriate....

OR: The bill neither requires nor contains an appropriation clause for FY 20XX-YY.

Bill Sponsor Amendments

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

OR: Sponsor amendment **L.XXX** (attached) ...

Points to Consider

1. This bill caps the net operating loss that a corporation may carry forward at \$250,000 per year to offset current year operating losses. Passage of the bill is estimated to increase State General Fund revenues by between \$22 million and \$45 million for FY 2010-11, with the estimate used of the mid-point of \$33.5 million.
2. Passage of this bill will shift taxes that a corporation would ultimately pay in a future year into the current year.