

**JBC STAFF FISCAL ANALYSIS  
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING TAX REPORTING, AND MAKING AN APPROPRIATION THEREFOR.

Prime Sponsors: Senator Steadman  
Representative Ferrandino

JBC Analyst: David Meng  
Phone: 303-866-2061  
Date Prepared: April 11, 2011

**Summary of Amendments Made to the Bill After the 04/11/11 Legislative Council Staff Revised Fiscal Note Was Prepared**

None.

**JBC Staff Concurrence with Legislative Council Staff Fiscal Note**

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

**Amendments/Appropriation Status**

Staff has prepared amendment **J.004** (attached) to appropriate \$483,895 cash funds and 0.8 FTE from the Tax Amnesty Cash Fund to the Department of Revenue in FY 2011-12. The funding is delineated as follows, \$423,239 is designated for the administration of the amnesty program, including temporary staff, operating expenses, and capital outlay, and \$60,656 is designated for the Tax Profile and Expenditure Report, for personal services, operating expenses and capital outlay. This appropriations clause modifies the appropriations clause already in the bill.

The reengrossed version of the bill includes a provision that makes the use of an independent contractor optional. The original appropriations clause assumed that the Department would use an independent contractor to administer the program. As a result of research that the Department of Revenue has conducted, it is now likely that the Department will not outsource the administration of the program, though elements of the program (primarily marketing) may be outsourced. This change requires an increase in the FY 2010-11 appropriation from \$92,861 as currently in the bill to \$423,239, from the Tax Amnesty Cash Fund.

The Senate, on second reading, adopted an amendment to the tax expenditure report section of the bill, changing the name and requirements of what is now the Tax Profile and Expenditure Report, which would be issued every two years instead of every year. These changes reduced the required FY 2011-12 appropriation from \$262,484 currently in the bill to 60,656 cash funds and the FTE from 1.6 FTE currently in the bill to 0.8 FTE.

**Bill Sponsor Amendments**

Staff has an amendment from the sponsor that will be analyzed in a separate memorandum.

**Points to Consider**

1. The bill requires an appropriation of \$12,096 General Fund in FY 2010-11. All proceeds of the tax amnesty will be deposited into the Tax Amnesty Cash Fund, except that the bill specifies that the costs of administering the tax amnesty program be funded from the Tax Amnesty Cash Fund. These proceeds, however, will not be realized until FY 2011-12, meaning that the expenditures in FY 2010-11 will be provided by the General Fund. Both the Office of State Planning and Budgeting and Legislative Council Staff revenue forecasts project surplus General Fund revenue for in FY 2010-11. Pursuant to S.B. 11-156, these surplus General Fund revenues will be deposited into the State Education Fund. Thus this bill reduces projected revenue to the State Education Fund.
2. After the payment of expenses in FY 2011-12 related to the implementation of the tax amnesty program and the Tax Profile and Expenditure Report, and any transfer to the General Fund pursuant to the bill (\$1.1 million), the remainder of the proceeds from the tax amnesty will be transferred to the State Education Fund. The transfer to the State Education Fund in FY 2011-12 is currently projected to be \$9.2 million.