

**JBC STAFF FISCAL ANALYSIS
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING TAX EXPENDITURES.

Prime Sponsors: Reps. Miklosi and Pabon

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Summary of Amendments Made to the Bill After the 02/17/12 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

The bill requires but does not contain an appropriation clause. Staff has prepared amendment **J.001** (attached) to add a provision appropriating \$142,226 General Fund and 0.8 FTE to the Department of Revenue in FY 2012-13 for staff, related operating expenses, temporary staff, and printing and mailing of notices to retailers.

Bill Sponsor Amendments

Sponsor amendment **L.007** (attached) amends the bill so that the sales tax exemption does not take effect until the year-to-year growth of personal income in Colorado increases by at least 5.0 percent. After the "trigger" mechanism in the bill becomes effective, the sales tax holiday in the bill will be effective for five consecutive years.

The Office of State Planning and Budgeting (OSPB) projects that the increase in personal income will be 4.4 percent in calendar year 2012 and 4.3 percent in calendar year 2013. The OSPB forecast was used by the Joint Budget Committee in presenting its balanced budget package for FY 2012-13. If this amendment is adopted, then the immediate effect on the General Fund is negated. This amendment eliminates both the revenue and expenditure effects of this bill on the General Fund in FY 2012-13.

If amendment L.007 is adopted, J.001 should not be adopted. The Department of Revenue will request funding through the normal budget process when the bill becomes effective.

Points to Consider

The Joint Budget Committee has introduced a balanced budget package for FY 2012-13 based on the March 2012 Office of State Planning and Budgeting forecast. The budget package appropriates all but approximately \$200,000 of General Fund revenues projected to be available, less a statutorily required four percent General Fund reserve. This bill requires a General Fund appropriation of \$142,226 for FY 2012-13 and reduces General Fund revenues by \$4.4 million. If this bill is enacted, other General Fund appropriations for existing programs will need to be reduced by \$4,257,774 in order to maintain the statutorily required General Fund reserve.