

**JBC STAFF FISCAL ANALYSIS
SENATE APPROPRIATIONS COMMITTEE**

CONCERNING A STATE INCOME TAX DEDUCTION FOR A TAXPAYER WHO IS PROHIBITED FROM CLAIMING A FEDERAL INCOME TAX DEDUCTION BY SECTION 280E OF THE INTERNAL REVENUE CODE BECAUSE MARIJUANA IS A CONTROLLED SUBSTANCE UNDER FEDERAL LAW, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

Prime Sponsors: Representative Kagan
Senator Guzman

JBC Analyst: David Meng
Phone: 303-866-2061
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Fiscal Impact of Bill as Amended to Date

The most recent Legislative Council Staff Fiscal Note (attached) reflects the fiscal impact of the bill as of 02/01/13.

XXX	No Change: Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill
	Update: Fiscal impact has changed due to <i>new information or technical issues</i>
	Update: Fiscal impact has changed due to <i>amendment adopted</i> after LCS Fiscal Note was prepared
	Non-Concurrence: JBC Staff and Legislative Council Staff disagree about the fiscal impact of the bill

Amendments in This Packet for Consideration by Appropriations Committee

Amendment	Description
	None.

Current Appropriations Clause in Bill

The bill includes an appropriation clause that appropriates \$280,000 General Fund to the Department of Revenue for FY 2013-14 for programming the Department's GenTax software system to accept and process the deductions identified in the bill.

Points to Consider

1. *General Fund Impact*

The Joint Budget Committee has proposed a budget package for FY 2013-14 based on the March 2013 Office of State Planning and Budgeting revenue forecast. The budget package allocates all but approximately \$9.0 million of General Fund revenues projected to be available. Pursuant to S.B. 13-236, this \$9.0 million General Fund will be transferred to the Colorado Water Conservation Board (CWCB) Construction Fund. This bill requires a General Fund appropriation of \$280,000 and decreases General Fund Revenue by \$829,000

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for FY 2013-14 and thus will reduce the transfer to the CWCB Construction Fund by \$1,109,000.

2. *Future Fiscal Impact*

In addition to the General Fund appropriation of \$280,000 for FY 2013-14, this bill is projected to require ongoing General Fund appropriations of \$57,333 and 1.2 FTE starting in FY 2015-16 to audit the accuracy of tax returns making claims for this deduction.