

**JBC STAFF FISCAL ANALYSIS  
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING A SALES AND USE TAX EXEMPTION FOR QUALIFIED PROPERTY USED IN SPACE FLIGHT.

Prime Sponsors: Reps. Ferrandino and DelGrosso  
Sens. Hodge and Grantham

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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 02/10/14.

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

The Legislative Council Staff (LCS) Fiscal Note dated February 10, 2014, contains a technical error. The LCS Fiscal Note lists \$31,930 General Fund in costs to reprogram the state’s tax administration software in FY 2014-15. The LCS Fiscal Note uses a total 155 hours of programming and testing from the software vendor at a rate of \$206 per hour.

The Department had instead listed the reprogramming costs as a FY 2013-14 expenditure in order to be able to implement the bill starting on July 1, 2014. The Department estimates costs using a total of 155 hours of programming and testing from the software vendor at a rate of \$200 per hour, for a total cost of \$31,000.

LCS Staff agrees with this JBC Staff update.

**Amendments in This Packet for Consideration by Appropriations Committee**

Amendment	Description
J.001	Staff-prepared appropriation amendment

**Current Appropriations Clause in Bill**

The bill requires but does not contain an appropriation clause.

**Description of Amendments in This Packet**

**J.001** Staff has prepared amendment **J.001** (attached) to add a provision appropriating \$31,000 General Fund to the Department of Revenue in FY 2013-14 to implement a sales and use tax

exemption for tangible personal property used in space flight. Pursuant to direction from the Chairmen of the Appropriations Committees, this amendment includes a provision to access the \$20.0 million General Fund that has been set aside in the Joint Budget Committee's FY 2014-15 budget package to fund 2014 legislation. For FY 2014-15, this amendment accesses set-aside moneys to offset both the FY 2013-14 reduction of \$7,750 to the excess General Fund reserve and the FY 2014-15 General Fund revenue reduction of \$74,327.

### **Points to Consider**

#### *General Fund Impact*

The Joint Budget Committee (JBC) has proposed a budget package for FY 2013-14 and FY 2014-15 based on the March 2014 Office of State Planning and Budgeting revenue forecast. For FY 2013-14, the proposed budget package allocates all but approximately \$71.4 million of General Fund revenues projected to be available. Under current law:

- \$30.0 million of this amount will be transferred to the Colorado Water Conservation Board Construction Fund;
- \$31.1 million will be transferred to the State Education Fund; and
- the remaining \$10.3 million will remain available for appropriation in FY 2014-15.

This bill requires a General Fund appropriation of \$31,000 for FY 2013-14, and would thus: (a) reduce the transfer to the State Education Fund by \$23,250 [75% of GF appropriation in bill]; and (b) reduce the excess General Fund reserve by \$7,750 [25% of GF appropriation in bill].