

**JBC STAFF FISCAL ANALYSIS
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING A SALES AND USE TAX EXEMPTION FOR INFORMATION TECHNOLOGY EQUIPMENT THAT IS USED IN CERTAIN DATA CENTERS.

Prime Sponsors: Reps. Pabon and DelGrosso
Senator Scheffel

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Fiscal Impact of Bill as Amended to Date

The most recent Legislative Council Staff Revised Fiscal Note (attached) reflects the fiscal impact of the bill as of 05/01/14.

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
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 \$90,877 General Fund and 0.5 FTE for FY 2014-15. Of this amount, \$71,307 General Fund and 0.5 FTE is appropriated to the Governor’s Office of Economic Development and International Trade (OEDIT) to certify that a data center meets the requirements for a sales and use tax exemption under the bill and \$19,570 General Fund is appropriated to the Department of Revenue to modify the tax administration software to accept a sales tax exemption for qualified data centers. 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.

Points to Consider

General Fund Impact

The Joint Budget Committee has proposed a budget package for FY 2014-15 based on the March 2014 Office of State Planning and Budgeting revenue forecast. The budget package allocates \$20.0 million General Fund to be available to fund 2014 legislation; if the full \$20.0 million is not used to fund legislation, it will be credited to the Controlled Maintenance Trust Fund.

Future Fiscal Impact

This bill allows a sales and use tax exemption, up to a total of \$1,500,000 per year, for the sale, use, and storage of information technology equipment. Thus, this bill is expected to reduce General Fund revenues by \$15.0 million between FY 2015-16 and FY 2024-25.