

JBC STAFF **REVISED** FISCAL ANALYSIS HOUSE APPROPRIATIONS COMMITTEE

CONCERNING THE CREDIT AGAINST THE STATE INCOME TAX FOR THE COSTS INCURRED IN CONNECTION WITH THE PRESERVATION OF HISTORIC STRUCTURES.

Prime Sponsors: Reps. Garcia and Dore
Steadman; Crowder

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Date Prepared: April 16, 2014

This JBC Staff Revised Fiscal Analysis is prepared in response to the Legislative Council Staff Revised Fiscal Note (04/16/14) and replaces the previous JBC Staff Fiscal Analysis dated April 10, 2014.

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 04/16/14.

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
L.002/J.002	Bill Sponsor amendment - changes fiscal impact <i>and</i> appropriation

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 \$136,933 General Fund and 1.0 FTE to the Governor's Office for Economic Development Programs for the development, implementation, and management costs associated with the income tax credit program. 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 \$136,933 of the set-aside moneys to cover the General Fund appropriation.

L.002 and J.002

L.002 Bill Sponsor amendment **L.002** (attached) moves the start of submissions of applications from January 1, 2015, to July 1, 2015, and changes the issuance fee from being up to two percent of the qualified rehabilitation expenditures to up to three percent of the amount of the tax credit issued. Amendment L.002 changes the fiscal impact of the bill in two ways: (1) reduces the Personal Services and OEDIT Other Operating Expenses costs listed in Table 1 of the April 16, 2014, LCS Fiscal Note in half, thus, reducing the required appropriation to \$106,283 General Fund and 0.5 FTE for FY 2014-15; and (2) reduces the issuance fee revenue from at least \$200,000 in FY 2015-16 through FY 2017-18 to \$75,000 in FY 2015-16 (3.0 percent of \$2.5 million), \$225,000 in FY 2016-17 (3.0 percent of \$7.5 million), and \$300,000 in FY 2017-18 (3.0 percent of \$10.0 million).

J.002 Staff has prepared amendment **J.002** (attached) to add a provision appropriating \$106,283 General Fund and 0.5 FTE to the Governor's Office for Economic Development Programs for the development, implementation, and management costs associated with the income tax credit program. 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 \$106,283 of the set-aside moneys to cover the General Fund appropriation.

If amendment L.002 is adopted, J.002 should also be adopted and J.001 should not be adopted.

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

The bill is expected to reduce General Fund revenues by a total of \$35.0 million for FY 2015-16 through FY 2019-20. In addition, if L.002 is adopted, the Department of Revenue and the Governor's Office of Economic Development and Trade may require General Fund appropriations for FY 2015-16 and FY 2016-17 to backfill any potential revenue shortfalls from application and issuance fees.