



COLORADO
Department of Revenue

Executive Director's Office

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September 28, 2016

The Honorable Bill Cadman
President of the Senate
Colorado General Assembly

The Honorable Dickey Lee Hullinghorst
Speaker of the House
Colorado General Assembly

The Honorable Mark Scheffel
Senate Majority Leader
Colorado General Assembly

The Honorable Crisanta Duran
House Majority Leader
Colorado General Assembly

The Honorable Lucia Guzman
Senate Minority Leader
Colorado General Assembly

The Honorable Brian DeGrosso
House Minority Leader
Colorado General Assembly

Dear Senators and Representatives:

Section 39-22-627(5)(a) of the Colorado Revised Statutes requires the Department of Revenue to report the estimated decrease in State revenues if a temporary reduction in the state income tax rate had been warranted for income tax year 2016. A temporary reduction in the state income tax rate would be warranted if FY 2015-16 State revenues subject to TABOR were more than the Excess State Revenue Cap (ESRC) by at least this estimated decrease in State revenues. Subsection (5)(b) states that the executive committee of the legislative council should approve or disapprove the estimate within twenty days of receiving it.

On September 15, 2016, the State Controller re-certified that the FY 2015-16 unaudited State revenues subject to TABOR as of August 31, 2016 were \$12,880.8 million. Revenues are below the TABOR ESRC threshold by \$49.9 million. Therefore, no refund is required for FY 2016-17. Although the surplus revenues did not meet the TABOR ESRC threshold to temporarily reduce the income tax rate from 4.63 percent to 4.50 percent for income tax year 2016, we are still required to provide an estimate of what the reduction in income taxes would have been. Using total estimated income tax revenues from the June 2016 Legislative Council Staff revenue forecast, the calculated reduction in income taxes for FY 2016-17 is \$203.6 million.

Sincerely,

Barbara J. Brohl
Executive Director
Colorado Department of Revenue