



COLORADO
Department of Revenue
Executive Director's Office

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September 21, 2017

The Honorable Kevin Grantham
President of the Senate
Colorado General Assembly

The Honorable Crisanta Duran
Speaker of the House
Colorado General Assembly

The Honorable Chris Holbert
Senate Majority Leader
Colorado General Assembly

The Honorable KC Becker
House Majority Leader
Colorado General Assembly

The Honorable Lucia Guzman
Senate Minority Leader
Colorado General Assembly

The Honorable Patrick Neville
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 1, 2017, the State Controller certified that the FY 2016-17 unaudited State revenues subject to TABOR as of August 31, 2017 were \$12,891.9 million. Revenues are less than the TABOR ESRC threshold by \$435.9 million. Therefore, no refund is required for FY 2016-17. Although the surplus revenues did not meet the TABOR threshold to temporarily reduce the income tax rate from 4.63 percent to 4.50 percent for income tax year 2017, we are still required to provide an estimate of what the reduction in income taxes would have been per Section 39-22-627(5)(a), C.R.S. Using total estimated income tax revenues from the June 2017 Legislative Council Staff revenue forecast, the calculated reduction in income taxes for income tax year 2017 is \$214.0 million.

Sincerely,

Michael Hartman
Executive Director
Colorado Department of Revenue