



COLORADO
Department of Revenue

Executive Director's Office

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September 24, 2018

The Honorable Kevin J. 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 Leroy M. Garcia, Jr.
Senate Minority Leader
Colorado General Assembly

The Honorable Patrick Neville
House Minority Leader
Colorado General Assembly

Dear Senators and Representatives:

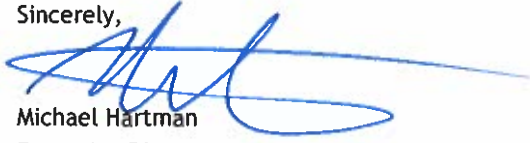
Section 39-22-627(5)(a) of the Colorado Revised Statutes requires the Colorado Department of Revenue (CDOR) to report the estimated decrease in state revenues if a temporary reduction in the state income tax rate had been warranted for income tax year 2017. A temporary reduction in the state income tax rate would be required if Fiscal Year (FY) 2016-17 state revenues subject to TABOR were more than the Excess State Revenue Cap (ESRC) by at least this estimated decrease in state revenues due to a reduction in the state income tax rate. Subsection (5)(b) states that the Executive Committee of the Legislative Council should approve or disapprove the estimate within 20 days of receiving it. The following is the calculation for FY 2017-18:

On September 1, 2018, the State Controller certified that the FY 2017-18 unaudited state revenues subject to TABOR as of August 30, 2018, were \$13,718.6 million. Revenues are more than the TABOR ESRC threshold by \$16.2 million. Additionally, the State is required to refund any remaining TABOR surplus not refunded in prior fiscal years that have not yet been claimed by taxpayers. Remaining FY 2014-15 TABOR surpluses of \$21.3 million have not yet been claimed. Therefore, the total amount to be refunded for FY 2017-18 is \$37.5 million.

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 2018, CDOR is 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 2018 Legislative Council Staff revenue forecast, the calculated reduction in income taxes for income tax year 2018 is \$238.6 million.

Section 39-3-209, C.R.S., requires the State to provide TABOR refunds to taxpayers by funding the property tax exemptions for qualifying seniors and disabled veterans. The State will reimburse local governments for their property tax revenue lost as a result of the exemptions. Reimbursements will be paid in the spring of 2019 for property tax exemptions granted during the 2018 property tax year.

Sincerely,



Michael Hartman
Executive Director
Colorado Department of Revenue