

**JBC STAFF FISCAL ANALYSIS  
SENATE APPROPRIATIONS COMMITTEE**

CONCERNING INCOME TAX CREDITS TO SUPPORT WORKING FAMILIES, AND, IN CONNECTION THEREWITH, ENACTING THE "COLORADO WORKING FAMILIES ECONOMIC OPPORTUNITY ACT OF 2013".

Prime Sponsors: Sens. Kefalas and Morse  
Representative Kagan

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Date Prepared: April 10, 2013

**Fiscal Impact of Bill as Amended to Date**

	<b>No Change:</b> Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill
	<b>Update:</b> Fiscal impact has changed due to <i>new information or technical issues</i>
	<b>Update:</b> Fiscal impact has changed due to <i>amendment adopted</i> after LCS Fiscal Note was prepared
<b>XXX</b>	<b>Non-Concurrence:</b> JBC Staff and Legislative Council Staff disagree about the fiscal impact of the bill

The Legislative Council Staff Conditional Fiscal Note dated April 1, 2013 reflects the strike below amendment adopted in the Senate State, Veterans, and Military Affairs Committee Report dated April 3, 2013. The note indicates required appropriations of \$661,181 General Fund and 8.7 FTE for FY 2013-14. The only appropriation actually required by the Department of Revenue for FY 2013-14 is \$106,000 General Fund to reprogram the GenTax (CITA) system to accommodate taxpayers filing for the tax credit.

Because the earliest that the tax credits in this bill could be effective is for Tax Year 2014, FTE are not required in FY 2013-14. The first tax returns claiming the credit will not be filed until January 2015 at the earliest, which is in FY 2014-15. At that point, the Department of Revenue would be required to start processing and, if necessary, auditing tax returns that claim the tax credit and would begin to require FTE.

The revised appropriation detail required for this bill is provided in the table below:

<b>S.B. 13-001 Appropriations Required</b>			
	<b>FY 2013-14</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>
<u>Executive Director's Office</u> Health, Life, and Dental, Short-term Disability, supplemental pension payments	\$0	\$138,619	\$395,123

<b>S.B. 13-001 Appropriations Required</b>			
	<b>FY 2013-14</b>	<b>FY 2014-15</b>	<b>FY 2015-16</b>
<u>Taxation Business Group</u>			
Administration - CITA Annual Maintenance and Support	106,000	0	0
Taxation and Compliance - Personal Services and Operating Expenses	0	136,139	841,650
FTE	0.0	2.9	17.3
Taxpayer Service Group - Personal Services and Operating Expenses	0	338,181	504,697
FTE	0.0	7.4	10.6
<b>Total Appropriations</b>	<b>\$106,000</b>	<b>\$612,939</b>	<b>\$1,741,470</b>
<b>Total FTE</b>	<b>0.0</b>	<b>10.3</b>	<b>27.9</b>

**Amendments in This Packet for Consideration by Appropriations Committee**

<b>Amendment</b>	<b>Description</b>
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 \$106,000 General Fund to the Department of Revenue for FY 2013-14 to the Taxation Business Group, Administration for programming the Department's GenTax system to implement the bill.

**Points to Consider**

1. *General Fund Impact*

The Joint Budget Committee introduced a budget package for FY 2013-14 based on the March 2013 Office of State Planning and Budgeting(OSPB) revenue forecast. The budget package appropriates all but approximately \$8.0 million of General Fund revenues projected to be available, less a statutorily required five percent General Fund reserve.

This bill includes a "trigger" that determines when the tax credits in this bill will become effective. For FY 2013-14, if any of the next four OSPB revenue forecasts (June 2013, September 2013, December 2013, or March 2014) includes a General Fund increase of at

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## **JBC Staff Analysis**

least \$100 million more than the March 2013 forecast, the tax credits in this bill will become effective for the 2014 income tax year (and the credit becomes permanent).

If the trigger criteria are met, this bill requires a General Fund appropriation of \$106,000 for FY 2013-14 and decreases General Fund revenue by \$40.1 million. If this bill is enacted and the credits become effective, other General Fund appropriations for existing programs will need to be reduced by \$32.2 million in order to maintain a statutorily required five percent General Fund reserve.

### 2. *Future Fiscal Impact*

When the tax credits in this bill are fully phased in, General Fund revenues will be decreased by \$104.1 million per year and General Fund appropriations will be increased by \$1.7 million per year and 27.9 FTE.