

**JBC STAFF FISCAL ANALYSIS
SENATE APPROPRIATIONS COMMITTEE**

CONCERNING A SALES AND USE TAX EXEMPTION FOR QUALIFIED PROPERTY USED IN SPACE FLIGHT, AND, IN CONNECTION THEREWITH, MAKING AND REDUCING APPROPRIATIONS.

Prime Sponsors: Reps. Ferrandino and DelGrosso
Sens. Hodge and Grantham

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Fiscal Impact of Bill as Amended to Date

The most recent Legislative Council Staff Fiscal Note (attached) reflects the fiscal impact of the bill as of 02/10/14.

	No Change: Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill
XXX	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

The Legislative Council Staff (LCS) Fiscal Note dated February 10, 2014, contains a technical error. The LCS Fiscal Note lists \$31,930 General Fund in costs to reprogram the state’s tax administration software in FY 2014-15. The LCS Fiscal Note uses a total 155 hours of programming and testing from the software vendor at a rate of \$206 per hour.

The Department had instead listed the reprogramming costs as a FY 2013-14 expenditure in order to be able to implement the bill starting on July 1, 2014. The Department estimates costs using a total of 155 hours of programming and testing from the software vendor at a rate of \$200 per hour, for a total cost of \$31,000.

LCS Staff agrees with this JBC Staff update.

The House Appropriations Committee Report (04/08/14), adopted by the House on Second Reading, added an appropriation clause to the bill and does not change the fiscal impact of the bill. The Senate Finance Committee Report (04/22/14) includes amendments to the bill, however, Legislative Council Staff and JBC Staff agree that the committee amendments do not change the fiscal impact of the bill.

Amendments in This Packet for Consideration by Appropriations Committee

Amendment	Description
None.	

Current Appropriations Clause in Bill

The bill includes an appropriation clause that provides \$31,000 General Fund to the Department of Revenue for FY 2013-14 to implement a sales and use tax exemption for tangible personal property used in space flight. The appropriation also accesses \$82,077 General Fund of set-aside moneys for FY 2014-15.

Points to Consider*General Fund Impact*

The Joint Budget Committee (JBC) has proposed a budget package for FY 2013-14 and FY 2014-15 based on the March 2014 Office of State Planning and Budgeting revenue forecast. For FY 2013-14, the proposed budget package allocates all but approximately \$61.9 million of General Fund revenues projected to be available. Under current law:

- \$30.0 million of this amount will be transferred to the Colorado Water Conservation Board Construction Fund;
- \$20.0 million will be transferred to the State Education Fund; and
- the remaining \$11.9 million will remain available for appropriation in FY 2014-15.

This bill appropriates \$31,000 General Fund for FY 2013-14, and would thus reduce the excess General Fund reserve by \$31,000.

For FY 2014-15, this bill is expected to reduce General Fund Revenues by \$74,327.