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M E M O R A N D U M

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TO: Interested Persons

FROM: Ron Kirk, Economist, (303) 866-4785

SUBJECT: Tax Policies Dependent On Sufficient General Fund Revenue

Summary

Certain tax policies are only available when the Legislative Council Staff forecast indicates that General Fund revenue will be sufficient to allow General Fund appropriations to increase by at least 6 percent. Based on the December 2012 forecast, the following tax incentives will be available in tax year 2013:

- the child care contribution income tax credit;
- the historic property preservation income tax credit;
- the instream flow income tax credit;
- the sales and use tax exemption for clean rooms; and
- the clean technology medical device sales tax refund.

Tax Policies Dependent on General Fund Revenue Growth

During the recessions of the 2000s, the General Assembly extended and created several tax incentives, but tied their availability to the growth of Colorado General Fund revenue and the health of the economy. These tax policies are only available when the Legislative Council Staff forecast indicates that General Fund revenue will be sufficient to allow General Fund appropriations

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to increase by at least 6 percent. Based on the most recent revenue forecast released on December 20, 2012, revenue will be sufficient for 6 percent appropriations growth through at least the end of the forecast period in FY 2014-15. Table 1 illustrates the availability of these tax policies. Although revenue was sufficient in FY 2011-12, the following tax policies were not available in 2011 and 2012 because their eligibility was determined by the December 2010 and December 2011 forecasts:

- the child care contribution income tax credit;
- the historical property preservation income tax credit; and
- the clean technology medical device sales tax refund.

Table 1
Tax Policies Dependent on Sufficient General Fund Revenue to Allow General Fund Appropriations to Increase by at Least 6 Percent

Tax Policy	Forecast that Determines Availability	Tax Policy Availability
Child care contribution income tax credit	December forecast immediately before the tax year when the credit becomes available.	Available beginning tax year 2013.
Historic property preservation income tax credit		
Instream flow income tax credit	June forecast during the tax year the credit will become available.	Available in tax years 2012, 2013, and 2014.
Sales and use tax exemption for clean rooms	If the June forecast indicates sufficient revenue for the fiscal year that is about to end, the exemption will become available in July.	Available beginning July 2012.
Clean technology medical device sales tax refund	December forecast immediately before the calendar year when the credit becomes available.	Available beginning January 2013.