



COLORADO
Office of the State Controller
Department of Personnel
& Administration

1525 Sherman St.
Denver, CO 80203

September 1, 2015

The Honorable John W. Hickenlooper
Governor
State of Colorado

The Honorable Bill Cadman
President of the Senate
Colorado General Assembly

The Honorable Dickey Lee Hullinghorst
Speaker of the House
Colorado General Assembly

Barbara Brohl
Executive Director
Colorado Department of Revenue

Dear Ladies and Gentlemen:

Pursuant to CRS 24-77-106.5(1)(b), I hereby certify that for Fiscal Year 2014-15, the unaudited State revenues subject to Article X, Section 20 (TABOR) of the State Constitution as of August 28, 2015 are \$12,503,661,636. Revenues are greater than the Excess State Revenues Cap (ESRC) by \$149,991,227, and a refund of State revenues is required in Fiscal Year 2015-16 related to Fiscal Year 2014-15 revenues subject to TABOR. In addition the understatement of prior year refunds of \$2,899,667 and the residual unrefunded amount from prior years of \$705,716 will be added to the Fiscal Year 2015-16 refund for a total refund of \$153,596,610. Please see the attached Preliminary Schedule of Computations Required Under Article X, Section 20.

Additionally, the Comparison of Nonexempt TABOR Revenues is attached, comparing general and program nonexempt TABOR revenues for Fiscal Year 2014-15 to Fiscal Year 2013-14. Total revenues not exempt from TABOR were more than the previous fiscal year by 6.9 percent. The \$12,503,661,636 nonexempt revenue is adjusted by:

- An increase of \$1,092,774 for corrections to the limit based on calculation errors identified by Adams State University related to its disqualification as a TABOR Enterprise in Fiscal Year 2013-14, and,
- A decrease of \$9,112,655 related to prior year transfers from TABOR enterprises to the TABOR District. With the implementation of the Colorado Operations Resource Engine (CORE) the comparable expenditures are recorded directly in the TABOR enterprise funds, which is a change



in methodology. This adjustment reflects the applicable prior year TABOR revenue in a manner consistent with the current year methodology.

The growth rate of the nonexempt TABOR revenues is 6.9% for Fiscal Year 2014-15, which is more than the allowable TABOR growth rate of 4.3% for this fiscal year. As a result, the Amount (Over) Under the Adjusted ESRC limit increased from \$160,478,110 under the limit in Fiscal Year 2013-14 to \$149,991,227 over the limit in Fiscal Year 2014-15.

The nonexempt TABOR revenues Fiscal Year Spending (FYS) limit, which, prior to Referendum C, was the trigger used for refunding to the taxpayers, is required to be reported. For Fiscal Year 2014-15, the State revenues subject to TABOR are over the FYS limit by \$2,534,077,461.

Finally, because Fiscal Year 2014-15 FYS exceeded the estimate provided to voters in the Proposition AA Blue Book, the excess must be refunded in Fiscal Year 2015-16. The refund amount is limited to the actual amount of Proposition AA marijuana taxes collected. The amount subject refund includes all of the Proposition AA taxes collected totalling \$66,096,642. House Bill 15-1367 authorized Proposition BB to obtain voter approval to retain this amount in the November 2015 general election. If the measure fails this amount will be added to the Fiscal Year 2015-16 refund.

The amounts reported in the attached schedules are based on unaudited account balances, and they are therefore subject to change. The State Auditor is required by statute to report on the audit of these amounts by September 15, 2015.

If there are questions concerning the information provided please feel free to contact me.

Sincerely yours,



Robert Jaros, CPA, MBA, JD
Colorado State Controller

cc: June Taylor, Personnel & Administration
Henry Sobanet, OSPB



**STATE OF COLORADO
PRELIMINARY SCHEDULE OF COMPUTATIONS REQUIRED
UNDER ARTICLE X, SECTION 20 -- UNAUDITED
AS OF JUNE 30, 2015**

Certification Date: September 1, 2015

	FISCAL YEAR 2013-14	FISCAL YEAR 2014-15
COMPUTATION OF NONEXEMPT REVENUES		
Total State Expenditures	\$ 38,786,499,993	\$ 39,849,054,550
Less: Exempt Activity	<u>27,769,912,731</u>	<u>27,693,215,176</u>
Nonexempt District Expenditures	11,016,587,262	12,155,839,374
District Reserve/Fund Balance Increase (Decrease)	<u>675,317,318</u>	<u>347,822,262</u>
Total Nonexempt District Revenues	<u>\$ 11,691,904,580</u>	<u>\$ 12,503,661,636</u>
COMPUTATION OF DISTRICT FUND BALANCE CHANGES		
Beginning District Fund Balance	\$ 6,122,074,058	\$ 6,844,181,851
Qualifications, Disqualifications and Other Adjustments	<u>722,107,793</u>	<u>275,608,192</u>
Ending District Fund Balance	<u>\$ 6,844,181,851</u>	<u>\$ 7,119,790,043</u>

	FISCAL YEAR SPENDING	EXCESS STATE REVENUES CAP
COMPUTATION OF SPENDING LIMITATIONS		
Fiscal Year 2013-14 Limit	\$ 9,566,585,725	\$ 11,852,382,690
Other Adjustments	<u>(8,019,882)</u>	<u>(8,019,882)</u>
Fiscal Year 2013-14 Adjusted Limit	\$ 9,558,565,843	\$ 11,844,362,808
Allowable TABOR Growth Rate	4.3%	4.3%
Fiscal Year 2014-15 Unadjusted Limit	<u>\$ 9,969,584,175</u>	<u>\$ 12,353,670,409</u>
Fiscal Year 2014-15 Adjusted Limit	\$ 9,969,584,175	\$ 12,353,670,409
Less: Fiscal Year 2014-15 Nonexempt District Revenues	<u>(12,503,661,636)</u>	<u>(12,503,661,636)</u>
Amount (Over)Under Fiscal Year 2014-15 Adjusted Limit	<u>\$ (2,534,077,461)</u>	<u>\$ (149,991,227)</u>
Under(Over) Statement of Prior Years' Refunds to be refunded in FY 2015-16		\$ 2,899,667
FY2004-05 Amount in Excess of the Limit to be refunded in FY 2015-16		\$ 705,716
Total FY2015-16 Refund		\$ 153,596,610
FY2014-15 Retention of Revenues in Excess of the Limit (not refundable) CRS 24-77-103.6(1)(b)		\$ 2,384,086,234
TABOR refund contingent upon failure of Proposition BB in the November 2015 general election		\$ 66,096,642

STATE OF COLORADO
OFFICE OF THE STATE CONTROLLER
COMPARISON OF NONEXEMPT TABOR REVENUES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
UNAUDITED

	Fiscal Year 2014-15	Fiscal Year 2013-14	Increase (Decrease)	Percent Change
GENERAL REVENUES				
Individual Income Tax, Net	\$ 5,829,650,793	\$ 5,224,325,302	\$ 605,325,491	11.6%
Sales and Use Tax, Net	2,839,332,293	2,657,616,024	181,716,269	6.8%
Corporate Income Tax, Net	635,114,790	665,362,734	(30,247,944)	-4.5%
Insurance Taxes	257,592,420	239,059,118	18,533,302	7.8%
Fiduciary Income Tax, Net	58,384,780	48,323,488	10,061,292	20.8%
Tobacco Products Tax, Net	55,681,549	53,462,368	2,219,181	4.2%
Alcoholic Beverages Tax, Net	41,479,003	40,337,006	1,141,997	2.8%
Severance Tax, Net	16,226,732	-	16,226,732	N/A
Interest and Investment Income	7,770,803	14,925,038	(7,154,235)	-47.9%
Court and Other Fines	6,335,035	8,129,137	(1,794,102)	-22.1%
Business Licenses and Permits	5,198,179	7,036,456	(1,838,277)	-26.1%
Miscellaneous Revenue	1,639,657	2,333,516	(693,859)	-29.7%
Gaming and Other Taxes	669,155	617,384	51,771	8.4%
General Government Service Fees	304,363	493,620	(189,257)	-38.3%
Other General Revenue	60,665	569,714	(509,049)	-89.4%
TOTAL GENERAL REVENUES	<u>9,755,440,217</u>	<u>8,962,590,905</u>	<u>792,849,312</u>	<u>8.8%</u>
PROGRAM REVENUE				
Fuel and Transportation Taxes, Net	601,514,776	575,457,506	26,057,269	4.5%
Health Service Fees	597,944,691	633,638,515	(35,693,824)	-5.6%
Severance Taxes	271,491,579	260,821,948	10,669,631	4.1%
Motor Vehicle Registrations	250,413,569	238,192,200	12,221,369	5.1%
Court and Other Fines	165,821,461	167,329,876	(1,508,415)	-0.9%
Business Licenses and Permits	155,967,640	147,613,626	8,354,014	5.7%
Other Charges For Services	147,975,308	147,522,222	453,086	0.3%
Gaming and Other Taxes	98,862,345	95,824,618	3,037,727	3.2%
General Government Service Fees	54,842,682	50,906,419	3,936,263	7.7%
Sales and Use Tax, Net	50,741,000	48,420,449	2,320,551	4.8%
Interest and Investment Income	48,225,345	45,156,389	3,068,956	6.8%
Rents and Royalties	48,007,515	47,519,807	487,708	1.0%
Nonbusiness Licenses and Permits	34,628,610	33,442,359	1,186,251	3.5%
Driver's Licenses	33,773,790	29,484,105	4,289,685	14.5%
Public Safety Service Fees	33,234,164	33,135,910	98,254	0.3%
Local Governments and Authorities	30,731,578	44,876,434	(14,144,856)	-31.5%
Employment Taxes	29,586,133	28,634,556	951,577	3.3%
Miscellaneous Revenue	23,950,205	21,912,882	2,037,323	9.3%
Educational Fees	21,567,188	20,735,514	831,674	4.0%
Certifications and Inspections	20,051,406	21,190,611	(1,139,205)	-5.4%
Insurance Taxes	18,996,097	17,803,877	1,192,220	6.7%
Higher Education Auxiliary Sales and Services	5,402,622	7,882,546	(2,479,924)	-31.5%
Other Program Revenue	4,491,716	3,791,425	700,291	18.5%
TOTAL PROGRAM REVENUES	<u>2,748,221,419</u>	<u>2,721,293,794</u>	<u>26,927,625</u>	<u>1.0%</u>
Error Related to Prior Year Disqualification Calculation for Adams State University	-	(1,092,774)	1,092,774	N/A
CORE Methodology Adjustment	-	9,112,655	(9,112,655)	N/A
TOTAL NONEXEMPT REVENUE	<u>\$ 12,503,661,636</u>	<u>\$ 11,691,904,580</u>	<u>\$ 811,757,056</u>	<u>6.9%</u>