

**JBC STAFF FISCAL ANALYSIS  
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING CHANGES TO THE STATE INCOME TAX APPORTIONMENT STATUTE BASED ON THE MOST RECENT MULTISTATE TAX COMMISSION'S UNIFORM MODEL OF THE UNIFORM DIVISION OF INCOME FOR TAX PURPOSES ACT.

Prime Sponsors: Reps. Kraft-Tharp and Wist  
Sens. Neville T. and Moreno

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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 02/14/18.

<b>XXX</b>	<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>Non-Concurrence:</b> JBC Staff and Legislative Council Staff disagree about the fiscal impact of the bill

The House Finance Committee Report (02/28/18) 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**

<b>Amendment</b>	<b>Description</b>
L.004	Bill Sponsor amendment - changes fiscal impact

**Current Appropriations Clause in Bill**

The bill neither requires nor contains an appropriation clause for FY 2018-19.

**Description of Amendments in This Packet**

**L.004** Bill Sponsor amendment **L.004** (attached) adds a provision that will provide a transfer of up to \$2.9 million from the Colorado Economic Development Fund to the General Fund for FY 2018-19 if it is determined that a reduction of General Fund revenue has occurred in FY 2018-19 as a direct result of this tax policy change. **Legislative Council Staff and JBC Staff agree that sponsor amendment L.004 eliminates the potential General Fund revenue reduction impact of the bill for FY 2018-19.**

**Points to Consider***General Fund Impact*

The Joint Budget Committee has proposed a budget package for FY 2018-19 based on the March 2018 Office of State Planning and Budgeting revenue forecast. The budget package leaves approximately \$40.8 million General Fund unallocated. This bill is anticipated to either reduce General Fund revenues by up to \$2.9 million, reducing the excess General Fund reserve by the same amount, or increase General Fund revenues by up to \$8.6 million, increasing the excess General Fund reserve by the same amount.

The range of General Fund revenue change reflected in the LCS Fiscal Note is within the margin of error for the LCS revenue forecast of projected corporate income tax revenues for FY 2018-19 of \$658.8 million. The OSPB revenue forecast of projected corporate income tax revenues for FY 2018-19 is \$779.7 million.

Sponsor amendment **L.004** eliminates the potential General Fund revenue reduction impact for FY 2018-19.

*Future Fiscal Impact*

The bill requires an appropriation in FY 2019-20 to the Department of Revenue of \$303,167 General Fund and is based on the assumption that the Department will require an additional 3.0 FTE. The appropriation increases by \$7,891 General Fund in FY 2020-21 and future years.

This bill is anticipated to either reduce General Fund revenues by up to \$6.1 million or increase General Fund revenues by up to \$18.3 million in FY 2019-20 and subsequent years.