

**JBC STAFF FISCAL ANALYSIS
SENATE APPROPRIATIONS COMMITTEE**

CONCERNING THE EXPANSION OF THE ADVANCED INDUSTRY INVESTMENT TAX CREDIT, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

Prime Sponsors: Reps. Lynch and Bird
Sens. Rankin and Hansen

JBC Analyst: Scott Thompson
Phone: 303-866-4957
Date Prepared: May 5, 2022

Appropriation Items of Note

Appropriation Required, Amendment in Packet

General Fund/TABOR Impact

Fiscal Impact of Bill as Amended to Date

The most recent Legislative Council Staff Revised Fiscal Note (attached) reflects the fiscal impact of the bill as of 05/05/22.

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

Amendments in This Packet for Consideration by Appropriations Committee

Amendment	Description
J.004	Staff-prepared appropriation amendment

Current Appropriations Clause in Bill

The bill includes an appropriation clause that provides \$90,000 General Fund to the Office of Economic Development and International Trade in the Office of the Governor for FY 2022-23. The provision also states that the appropriation is based on the assumption that the Department will require an additional 0.8 FTE. The House Sponsor indicated this amount is for a half-year, and thus the funding will increase to \$180,000 annually beginning FY 2023-24. This amount differs from the cost estimates identified in the Legislative Council Staff Revised Fiscal Note, which state appropriations required for FY 2022-23 is \$72,080.

Description of Amendments in This Packet

J.004 Staff has prepared amendment **J.004** (attached) to modify the current appropriation clause to include an appropriation of \$72,080 General Fund and 0.8 FTE.

Points to Consider

General Fund Impact

The Joint Budget Committee has proposed a budget package for FY 2022-23 based on the March 2022 Legislative Council Staff revenue forecast. The budget package includes two set-asides:

- \$40.0 million General Fund for bills that create ongoing obligations; and
- \$900.0 million General Fund for bills that create one-time obligations in FY 2022-23.

The \$40.0 million *appropriations* set-aside includes an additional \$6.0 million General Fund to provide a 15.0 percent General Fund reserve for those appropriations. The \$900.0 million *obligations* set-aside does not include an additional amount for a General Fund reserve and, assumes, but does not require, that obligations be addressed through statutory transfers rather than appropriations. Therefore *appropriations* from the \$900.0 million set-aside require an additional 15.0 percent to maintain the statutory General Fund reserve.

This bill creates an ongoing obligation and requires a General Fund appropriation of \$72,080 for FY 2022-23, reducing the \$40.0 million set aside by the same amount.

TABOR/ Excess State Revenues Impact

The March 2022 Legislative Council Staff (LCS) revenue forecast projects a TABOR surplus liability of \$1.6 billion for FY 2022-23 and \$622.6 million for FY 2023-24. These sums must be refunded to taxpayers out of the General Fund. This bill is estimated to decrease General Fund revenues by \$1.1 million in FY 2022-23 and by \$2.9 million in FY 2023-24, which will result in a decrease in the TABOR surplus liability of an equal amount.