

**JBC STAFF FISCAL ANALYSIS
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING TAX POLICIES RELATED TO THE ACCESSIBILITY OF FOOD, AND, IN CONNECTION THEREWITH, REQUIRING ADDITIONS TO COLORADO TAXABLE INCOME IN AMOUNTS EQUAL TO THE BUSINESS MEALS FEDERAL ITEMIZED DEDUCTION, PROVIDING FUNDING FOR THE SMALL BUSINESS RECOVERY AND RESILIENCE GRANT PROGRAM, CREATING A TAX CREDIT FOR CERTAIN PURCHASES ELIGIBLE FOR THAT GRANT PROGRAM, AND PROVIDING FUNDING FOR HEALTHY EATING PROGRAM INCENTIVES.

Prime Sponsors: Representative Weissman
Senator Fields

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Appropriation Items of Note

Appropriation Required, Amendment in Packet

General Fund/TABOR Impact

Significant Cost Increase in Second Year

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 02/10/23.

	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>
XXX	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 House Finance Committee Report (02/13/23) amended Section 6 of the bill which specifies the appropriation for the small business recovery and resilience grant program administered by the Department of Agriculture.

The Committee Report increases the required appropriations for that program for FY 2023-24 from \$2.5 million General Fund in the introduced bill to \$4.7 million. Similarly, the Committee Report increases the required appropriation for FY 2024-25 from \$5.0 million General Fund in the introduced bill to \$9.4 million in the amendment.

HB23-1008

JBC Staff Analysis

The Committee Report also increased the annual amount of tax credits for the purchase of certain systems or equipment by small food retailers and small family farms from \$6.5 million to \$11.0 million. That change would reduce annual General Fund revenues but would be partially offset by the addition of business meals to Colorado taxable income. The Committee Report also transfers responsibility for issuing these tax credits from the Department of Revenue to the Department of Agriculture.

JBC Staff and Legislative Council Staff agree that, as amended, the bill would require the following appropriations for FY 2023-24:

Expenditures Under HB 23-1008			
		FY 2023-24	FY 2024-25
Department of Revenue			
Personal Services		\$40,606	\$42,891
Operating Expenses		945	1,350
Capital Outlay Costs		6,670	6,670
GenTax Programming and Testing		114,256	0
Data Reporting		0	7,392
Document Management and Tax Form Changes		0	51,630
Centrally Appropriated Costs		0	11,729
FTE - Personal Services		0.7	1.1
DOR Subtotal		\$162,477	\$121,662
Department of Agriculture			
Personal Services		\$247,888	\$270,423
Operating Expenses		4,050	4,050
Capital Outlay Costs		20,010	0
Legal Services		44,411	22,205
Translation Services		15,050	15,050
Travel		6,469	6,469
Grant Funding		0	0
Centrally Appropriated Costs		0	58,402
FTE - Personal Services		2.8	3
CDA Subtotal		\$337,878	\$376,599
Department of Public Health and Environment (CDPHE)			
CDPHE Grant Administration		\$0	\$10,000
Grant Funding		0	990,000
CDPHE Subtotal		\$0	\$1,000,000
	Total	\$500,355	\$1,488,261
	Total FTE	3.5	4.1

Amendments in This Packet for Consideration by Appropriations Committee

Amendment	Description
J.001	Staff-prepared appropriation amendment
L.004/J.002	Bill sponsor amendment - changes fiscal impact and appropriation

Current Appropriations Clause in Bill

The bill requires but does not contain an appropriation clause.

Description of Amendments in This Packet

J.001 Staff has prepared amendment **J.001** (attached) to add a provision appropriating a total of \$5,405,626 General Fund for FY 2023-24, including: (1) \$5,243,149 to the Department of Agriculture, including an assumption that the Department will require an additional 5.4 FTE; and (2) \$162,477 to the Department of Revenue, including an assumption that the Department will require an additional 0.7 FTE. Of the appropriation to the Department of Agriculture, \$63,444 is reappropriated to the Department of Law for legal services provided to the Department of Agriculture.

L.004/J.002

Bill Sponsor amendment **L.004** (attached) amends the House Finance Committee Report to remove all of the grant funding for the small food business recovery and resilience grant program and reduce the total annual amount of tax credits available for the small food business recovery and resilience grant program equipment from \$11.0 million to \$10.0 million. This amendment eliminates the need for appropriations for the grant programs in the Department of Agriculture, reducing the necessary appropriation to that Department by \$4,905,271 and 3.2 FTE. The amendment also reduces the anticipated revenue impact of the tax credits in the bill.

Staff has prepared amendment **J.002** (attached) to add a provision appropriating \$162,477 General Fund to the Department of Revenue for FY 2023-24. This provision also states that the appropriation is based on the assumption that the Department of Revenue will require an additional 0.7 FTE. Amendment **J.002** also appropriates \$337,878 General Fund to the Department of Agriculture for FY 2023-24. This provision also states that the appropriation is based on the assumption that Department of Agriculture will require an additional 2.8 FTE.

If the Committee adopts L.004 it should also adopt J.002 and not J.001. If the Committee does not adopt L.004, it should adopt J.001.

Points to Consider*General Fund Impact*

The Joint Budget Committee (JBC) is developing a budget package for FY 2023-24. As amended by the Finance Committee, this bill requires a General Fund appropriation of \$5,405,626 for FY 2023-24, reducing the General Fund available for other FY 2023-24 appropriations by this amount. Additionally, the bill is projected to require General Fund appropriations of \$11.1 million in FY 2024-25 and future years.

If amendment **L.004** is adopted, the bill requires General Fund appropriations of \$500,355 in FY 2023-24, reducing the General Fund available for other FY 2023-24 appropriations by this amount. Additionally, the bill is projected to require General Fund appropriations of \$1.5 million in FY 2024-25 and future years.

TABOR/ Excess State Revenues Impact

The December 2022 Legislative Council Staff (LCS) revenue forecast projects a TABOR surplus liability of \$1.53 billion for FY 2023-24 and \$1.37 billion for FY 2024-25. These sums are refunded to taxpayers out of the General Fund. This bill is estimated to increase General Fund revenues by \$2.3 million in FY 2023-24 and \$1.6 million in FY 2024-25, which will result in an increase in the TABOR surplus liability of an equal amount.