

**JBC STAFF FISCAL ANALYSIS
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING THE INCOME TAX CREDIT FOR A QUALIFYING CONTRIBUTION TO PROMOTE CHILD CARE IN THE STATE, AND, IN CONNECTION THEREWITH, CONTINUING THE CREDIT FOR THREE YEARS AND EXPANDING THE TYPES OF CONTRIBUTIONS THAT QUALIFY FOR THE CREDIT.

Prime Sponsors: Reps. Pugliese and Kipp
Sens. Marchman and Rich

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Phone: 303-866-4386
Date Prepared: April 11, 2023

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 04/07/23.

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.001	Staff-prepared appropriation amendment
L.007/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 \$176,332 General Fund to the Department of Revenue for FY 2023-24, of which \$10,881 is reappropriated to the Department of Personnel. This provision also states that the

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appropriation is based on the assumption that the Department of Revenue will require an additional 1.5 FTE.

L.007 and J.002

Bill Sponsor amendment **L.007** (attached) makes adjustments to the House Finance Committee Report, removing in-kind contributions from the bill. This amendment changes the fiscal impact to require an appropriation of \$78,254 General Fund and 0.5 FTE. Legislative Council Staff and JBC Staff agree on the fiscal impact of this amendment. Staff has prepared amendment **J.002** (attached) to add a provision appropriating a total of \$78,254 General Fund to the Department of Revenue for FY 2023-24, of which \$10,881 is reappropriated to the Department of Personnel. This provision also states that the appropriation is based on the assumption that the Department of Revenue will require an additional 0.5 FTE.

If L.007 is adopted, then J.002 should also be adopted but not J.001.

Points to Consider

General Fund Impact

The Joint Budget Committee has proposed a budget package for FY 2023-24 based on the March 2023 Office of State Planning and Budgeting (OSP) revenue forecast. The budget package includes two set-asides for legislation outside of the package: (1) \$30.0 million General Fund for bills that create ongoing obligations; and (2) \$469.0 million for bills that create one-time obligations for FY 2023-24 (see table below).

General Fund Appropriation Placeholders for Other 2023 Legislation	
Description	FY 2023-24
Legislation with Ongoing Fiscal Impacts	\$30,000,000
Legislation with One-time Fiscal Impacts	
Workforce-related legislation, including free credentials, math scholarships, adult education, and concurrent enrollment	103,000,000
Housing-related legislation, including property tax relief, land use, and public-private partnerships	221,000,000
Legislation related to topics other than workforce and housing, including rural opportunity, line of duty loss, and Proposition 122 implementation	145,000,000
Subtotal	\$469,000,000
TOTAL Placeholders for Other 2023 Legislation	\$499,000,000

The budget package accounts for the 15.0 percent reserve associated with the above placeholders (a total of \$74.9 million).

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This bill creates an ongoing obligation and requires a General Fund appropriation of \$176,332 for FY 2023-24, reducing the \$30.0 million set aside by the same amount.

TABOR/ Excess State Revenues Impact

The March 2023 Office of State Planning and Budgeting (OSPB) revenue forecast projects a TABOR surplus liability of \$720.9 million for FY 2023-24 and \$1.2 billion for FY 2024-25. These sums must be refunded to taxpayers out of the General Fund. This bill is estimated to decrease General Fund revenues by \$18.6 million in FY 2024-25 and by \$38.4 million in FY 2025-26, which will result in a decrease in the TABOR surplus liability of equal amounts.