



Legislative
Council Staff

Nonpartisan Services for Colorado's Legislature

FISCAL NOTE

Drafting Number:	LLS 20-0241	Date:	January 13, 2020
Prime Sponsors:	Sen. Court; Tate Rep. Benavidez; Bockenfeld	Bill Status:	Senate Finance
		Fiscal Analyst:	Katie Ruedebusch 303-866-3001 Katie.Ruedebusch@state.co.us

Bill Topic: LEGISLATIVE OVERSIGHT COMMITTEE CONCERNING TAX POLICY

Summary of Fiscal Impact:

<input checked="" type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input checked="" type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill creates the Legislative Oversight Committee Concerning Tax Policy and an associated Task Force Concerning Tax Policy. The bill potentially increases state revenue and increases state and local expenditures beginning in FY 2020-21

Appropriation Summary: In FY 2020-21, the bill requires an appropriation of \$105,096 to the Legislative Department.

Fiscal Note Status: The fiscal note reflects the introduced bill, which was recommended by the Tax Expenditure Evaluation Interim Study Committee.

Table 1
State Fiscal Impacts Under SB 20-019

		FY 2020-21	FY 2021-22
Revenue		-	-
Expenditures	General Fund	\$105,096	\$107,361
	Centrally Appropriated	\$20,821	\$22,520
	Total	\$125,917	\$129,881
	Total FTE	1.3 FTE	1.4 FTE
Transfers		-	-
TABOR Refund		-	-

Summary of Legislation

The bill creates the Legislative Oversight Committee Concerning Tax Policy and the associated Task Force Concerning Tax Policy.

Legislative Oversight Committee Concerning Tax Policy. The bill creates a six-member Legislative Oversight Committee Concerning Tax Policy (committee). The committee must meet at least four times a year to consider the policy recommendations contained in the tax expenditure evaluations prepared by the Office of the State Auditor (OSA). The bill sets compensation and appointing authorities for the committee. Legislative Council Staff (LCS), the Office of Legislative Legal Services (OLLS), and the OSA will provide staff support for the committee.

Task Force Concerning Tax Policy. The bill also creates a 21-member Task Force Concerning Tax Policy (task force). The task force must meet at least six times a year to study tax policy and develop and propose to the committee any modification to the current system of state and local taxation. Each committee member must attend or call into at least one task force meeting. The chair and the vice-chair of the committee will appoint the task force's voting members. Task force members are not entitled to compensation and reimbursement. Any state department or agency that is represented on the task force may receive and expend gifts, grants, and donations for any direct or indirect costs associated with participation on the task force. LCS and the Department of Revenue (DOR) will provide staff support for the task force.

At the request of a committee member, the task force must provide evidence-based feedback on the potential benefits or consequences of a legislative or other policy proposal not directly affiliated with or generated by the task force. Responses must be provided within two weeks of the request.

Reporting. On or before October 1 each year, the task force must submit to the committee a report that contains the issues studied; legislative or policy proposals; a summary of monthly task force meeting activities and discussions; any evidence-based feedback; and a summary of communication efforts. In addition, on or before January 15 of each year, the committee must submit a report to the General Assembly summarizing the issues studied, recommendations considered, and actions taken by the committee and the task force during the previous year.

The committee and the task force repeal on July 1, 2025.

Background

In 2000, the General Assembly created the Colorado Commission of Fair Taxation (commission). Commission duties included review of the current system of taxation, communication with people or groups affected by the current tax system, and development of proposals for modifications to the current system of state and local taxation. The commission expired in 2002. Currently, the General Assembly's Sales and Use Tax Simplification Task Force is a 15-member task force that has met 13 times since 2017. The Sales and Use Tax Simplification Task Force is charged with studying several policy issues, may recommend interim legislation, and reports annually to the General Assembly by November 1 each year.

State Revenue

The bill may increase state revenue from private gifts, grants, or donations received by any state department or agency for the direct or indirect costs associated with the task force. At this time, no source of funds has been identified. Any gifts, grants, or donations received are exempt from TABOR.

State Expenditures

The bill increases General Fund expenditures by \$125,917 and 1.3 FTE in FY 2020-21 and by \$129,880 and 1.4 FTE in FY 2021-22 for the Legislative Department. The bill requires LCS and OLLS to provide staff within existing appropriations; however there are no existing appropriations available to implement the bill. New costs are shown in Table 2 and explained below.

Table 2
Expenditures Under SB 20-019

	FY 2020-21	FY 2021-22
Legislative Department		
Personal Services	\$91,627	\$99,957
Operating Expenses	\$1,755	\$1,890
Capital Outlay Costs	\$6,200	-
Committee Reimbursement	\$5,514	\$5,514
Centrally Appropriated Costs*	\$20,821	\$22,520
Total Cost	\$125,917	\$129,881
Total FTE	1.3 FTE	1.4 FTE

* Centrally appropriated costs are not included in the bill's appropriation.

Legislative Department. Due to the complex nature of tax policy and the associated workload, LCS and OLLS require 0.3 FTE of committee staff, 0.5 FTE of staff attorney, and 0.1 FTE of a legal editor to staff the committee. In addition, providing staff support to the task force is expected to require 0.5 FTE of a researcher to staff possible monthly meetings, conduct research, and prepare reports, at a cost of approximately \$20,000 per year.

Reimbursement for oversight committee members assumes four meetings with per diem of \$110.73 and \$119.00 travel for six members for a total of \$5,514.

Department of Revenue. Workload will increase for the DOR to provide staff assistance to the task force. If workload exceeds existing appropriations, additional resources will be requested through the annual budget process.

Other participating agencies. A number of agencies are required to participate in the task force. These agencies can accomplish this increased workload within existing appropriations.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are estimated to be \$20,821 in FY 2020-21 and \$22,520 in FY 2021-22.

Local Government

The bill will increase workload for the local governments that have members on the task force.

Technical Note

The bill states that the task force may, upon request of a committee member, provide evidence-based feedback on the potential benefits or consequences of legislative or other policy proposal not directly affiliated with or generated by the task force, within two weeks of the request. It is unclear who is responsible for providing this evidence-based feedback. The fiscal notes assumes that LCS is responsible for this feedback. If it is determined that LCS is not responsible for providing feedback, the fiscal note will be updated to reflect the new impacts.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2020-21, the bill requires a General Fund appropriation of \$105,096 to the Legislative Department, including:

- \$53,773 and 0.7 FTE to Legislative Council Staff;
- \$45,809 and 0.6 FTE to the Office of Legislative Legal Services; and
- \$5,514 to the General Assembly.

State and Local Government Contacts

All Service Agencies

Information Technology

Revenue