



Legislative Council Staff
Nonpartisan Services for Colorado's Legislature

Final Fiscal Note

Drafting Number: LLS 24-1192 Date: July 11, 2024
Prime Sponsors: Rep. Bird; Sirota Bill Status: Signed into Law
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Bill Topic: COLLECTIONS FOR ANOTHER GOVERNMENT

Summary of Fiscal Impact: [X] State Revenue [] State Transfer [] Local Government
[X] State Expenditure [X] TABOR Refund [] Statutory Public Entity

The bill specifies that certain gaming and cigarette tax revenues are considered to be collections for another government and therefore exempt from TABOR. The bill reduces the TABOR refund obligation and increases General Fund revenue available to spend or save beginning in FY 2023-24, and increases workload in FY 2024-25 only.

Appropriation Summary: No appropriation is required or included.

Fiscal Note Status: The final fiscal note reflects the enacted bill.

Table 1
State Fiscal Impacts Under HB 24-1469

Table with 4 columns: Category, Current Year FY 2023-24, Budget Year FY 2024-25, Out Year FY 2025-26. Rows include Revenue, Expenditures, Transfers, and Other Budget Impacts (TABOR Refund).

1 Under the March 2024 OSPB forecast selected by the Joint Budget Committee for balancing, the amount by which the bill reduces TABOR refunds is estimated at \$37.4 million in FY 2023-24, \$38.0 million in FY 2024-25, and \$38.5 million in FY 2025-26.

Summary of Legislation

The revenue limit in the Colorado Constitution's TABOR amendment applies to all state revenue that is not specifically excluded. One exclusion that appears in TABOR is revenue collected for another government. The bill modifies the statutory definition of "collections for another government" to remove the requirement that revenue be collected pursuant to the authority of the other government in specific cases. It specifies that revenue collected from limited gaming and cigarette taxes that is distributed to local governments meets the bill's definition of "collections for another government," and is therefore exempt from TABOR. It requires that sources of revenue that would otherwise meet the broader definition in the bill not be accounted as exempt from TABOR, unless they are later identified by the General Assembly.

The bill does not affect the TABOR status of any revenue that is accounted as collections for another government under current law.

Background

Limited gaming revenue. A portion of revenue from gaming taxes is subject to TABOR under current law. This revenue is distributed as follows:

- 50 percent to various state cash funds and the General Fund, known as the state share;
- 28 percent to the state historical fund (SHF), of which 20 percent is distributed to the city governments of Central, Black Hawk, and Cripple Creek and 80 percent is distributed to History Colorado;
- 12 percent to the county governments of Gilpin and Teller counties; and
- 10 percent to the city governments of Central, Black Hawk, and Cripple Creek.

Cigarette Tax Rebate. The state assesses three taxes on cigarettes, one of which is a statutory tax of 1 cent per cigarette. Revenue from this statutory tax is deposited in the General Fund via the Old Age Pension Fund, and 27 percent is then distributed to local governments that do not impose cigarette taxes based on the amount of revenue collected within each city or county.

State Revenue and TABOR Impacts

Reclassification of revenue subject to TABOR. The bill requires that a portion of state revenue currently accounted as subject to TABOR instead be accounted as exempt from TABOR. The amount reclassified is estimated at \$38.7 million in the current FY 2023-24, \$37.4 million in FY 2024-25, and \$37.8 million in FY 2025-26. This estimate assumes the March 2024 LCS revenue forecast.¹ Revenue from limited gaming is cash fund revenue, while revenue from the statutory cigarette tax is General Fund revenue. The amount of revenue being reclassified is shown in Table 2.

¹ Under the Office of State Planning and Budgeting's March 2024 forecast selected by the Joint Budget Committee for balancing, the amount of revenue being reclassified as TABOR-exempt is estimated at \$37,353,053 in FY 2023-24, \$37,979,603 in FY 2024-25, and \$38,498,583 in FY 2025-26.

Table 2
Revenue Reclassified as TABOR-Exempt Under HB 24-1469

| | Current Year FY 2023-24 | Budget Year FY 2024-25 | Out Year FY 2025-26 |
|---|------------------------------------|-----------------------------------|--------------------------------|
| Limited Gaming - County Distribution | \$13.9 million | \$13.8 million | \$14.0 million |
| Limited Gaming - City Distribution | \$11.6 million | \$11.5 million | \$11.7 million |
| Limited Gaming - City Distribution, via SHF | \$6.5 million | \$6.4 million | \$6.5 million |
| Cigarette Tax Rebate | \$6.7 million | \$5.7 million | \$5.6 million |
| Total | \$38.7 million | \$37.4 million | \$37.8 million |

The fiscal note assumes that the bill affects only the TABOR classification of the revenue streams shown in Table 2. However, if the bill is administered to affect the TABOR classification of other revenue streams that are collected by the state and distributed to local governments, then the bill will reduce the state TABOR refund obligation by a greater amount than estimated.

TABOR refunds. The bill is expected to decrease the amount of state revenue required to be refunded to taxpayers by the amounts shown in Table 1 above. This estimate assumes the March 2024 LCS revenue forecast. A forecast of state revenue subject to TABOR is not available beyond FY 2025-26. Because TABOR refunds are paid from the General Fund, decreasing the TABOR refund obligation, while also maintaining the same level of total revenue, increases the amount of General Fund revenue available to spend or save.

State Expenditures

The bill increases workload in the Office of the State Controller in FY 2024-25 and increases the amount of General Fund revenue available to spend or save in FY 2023-24 and ongoing.

Department of Personnel. The bill increases workload for the Office of the State Controller to make accounting changes required by the bill. This workload increase is expected to be minimal and can be accomplished within existing appropriations.

General Fund. By reclassifying revenue as exempt from TABOR, the bill increases the amount available to spend or save by the amounts outlined in the revenue section above.

Effective Date

The bill was signed into law by the Governor and took effect on June 3, 2024.

State and Local Government Contacts

Treasury

Personnel

Law

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).