



**REPORT OF**  
**THE**  
**STATE AUDITOR**

**SCHEDULE OF COMPUTATIONS REQUIRED  
UNDER ARTICLE X, SECTION 20 OF THE  
STATE CONSTITUTION (TABOR)**

**OCTOBER 1998**

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**STATE OF COLORADO**

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Legislative Services Building  
200 East 14th Avenue  
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October 30, 1998

Members of the Legislative Audit Committee:

This report contains the results of the financial audits of the *Schedule of Computations Required Under Article X, Section 20, of the State Constitution (TABOR)* dated October 30, 1998, and the *Schedule of TABOR Revenue* as of June 30, 1998, dated September 3, 1998. These audits were conducted pursuant to Section 24-77-106.5, C.R.S., which requires the State Auditor to examine the *Schedule of Computations Required Under Article X, Section 20, of the State Constitution (TABOR)*.

*J. David Barba*

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STATE OF COLORADO  
OFFICE OF THE STATE AUDITOR

REPORT SUMMARY

J. DAVID BARBA, CPA  
State Auditor

**SCHEDULE OF COMPUTATIONS  
REQUIRED UNDER ARTICLE X, SECTION 20  
OF THE STATE CONSTITUTION (TABOR)**

**Authority, Purpose, and Scope**

These audits were conducted under the authority of Section 24-77-106.5, C.R.S., which authorizes the Office of the State Auditor to examine the *Schedule of Computations Required Under Article X, Section 20* of the State Constitution (TABOR). We conducted these audits according to generally accepted auditing standards. We performed our audit work during the period August 1998 through October 1998.

The purpose and scope of these audits were to:

- Express an opinion on the *Schedule of Computations Required Under Article X, Section 20* of the State Constitution (TABOR) as of June 30, 1998.
- Express an opinion on the *Schedule of TABOR Revenue* as of June 30, 1998.
- Evaluate compliance with applicable state laws, rules, and regulations.

We noted no instances of noncompliance for the fiscal year ended June 30, 1998.

*For further information on this report, contact the State Auditor's Office at (303) 866-2051.*

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# TABOR

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## Description and Background

The Taxpayer's Bill of Rights (TABOR) was added as Article X, Section 20, of the Colorado Constitution in the November 1992 general election. TABOR limits increases in the State's revenue to the annual inflation rate plus the percentage change in the State's population. The State Controller annually prepares a *Schedule of TABOR Revenue* and a *Schedule of Computations Required Under Article X, Section 20 of the State Constitution (TABOR)*. These reports are audited as part of the annual financial audit.

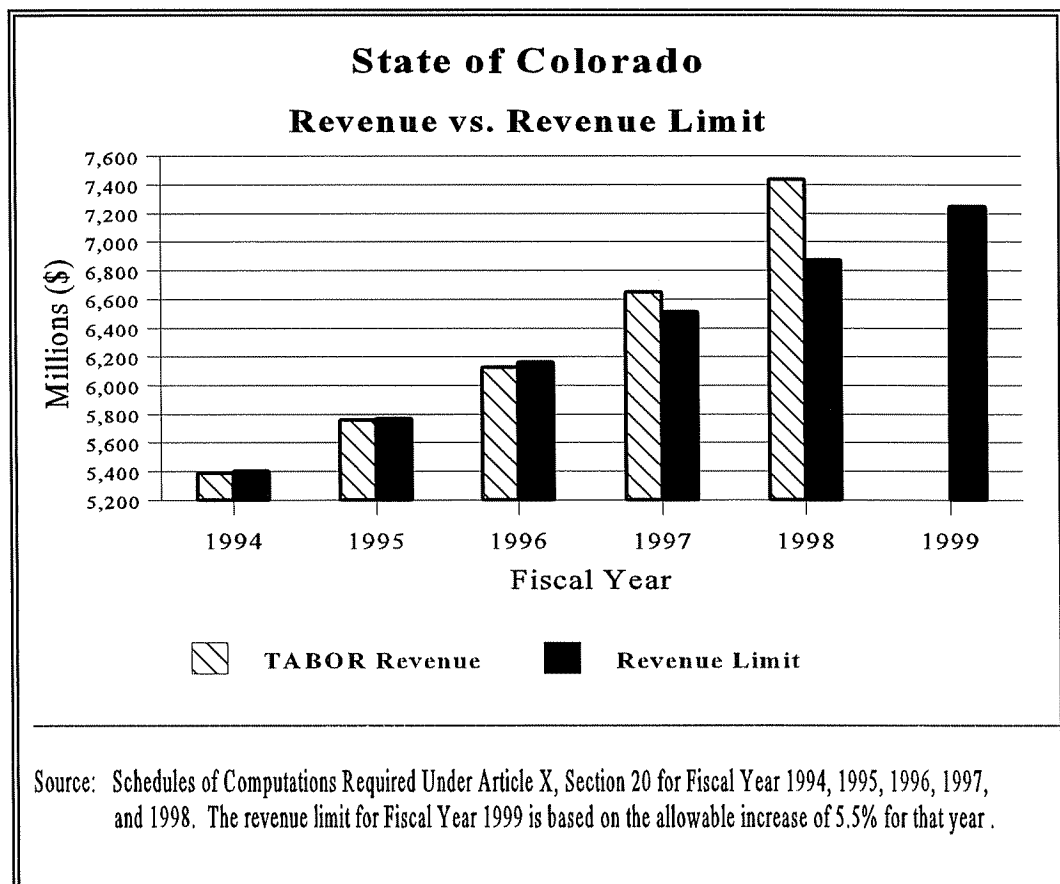
## Revenue Limit

The TABOR revenue limit was exceeded for the first time during the fiscal year ended June 30, 1997. While TABOR allowed the State to retain about \$6.509 billion in revenue, actual revenue was \$6.648 billion which resulted in an excess of \$139 million. The Legislature met in special session to decide how to refund this excess.

With regard to excess revenue, Article X, Section 20 (7) (d) of the State's Constitution states that "if revenue from sources not excluded from fiscal year spending exceeds these limits in dollars for that fiscal year, the excess shall be refunded in the next fiscal year unless voters approve a revenue change as an offset." The State is not limited to refunding solely from general funds or ratably from those revenue sources in excess of the limit. Article X, Section 20 (1) says that "...districts may use any reasonable method for refunds under this section, including temporary tax credits or rate reductions. Refunds need not be proportional when prior payments are impractical to identify or return." The Legislature decided to distribute the excess as a sales tax credit on each full-year resident's individual income tax return for the 1997 calendar year. On the basis of the estimated 2,435,000 full-year taxpayers who would be filing for the credit on their 1997 income tax returns and the number of those filers in each of the income categories defined in the legislation, the actual amount to be refunded through the income tax credit was expected to be approximately \$142 million. The actual amount refunded through June 30, 1998, was \$129.4 million, and about \$4.9 million remained as of October 30, 1998.

We reviewed the State Controller's computation of the TABOR revenue limit. For 1998, the limit was \$6,872,038,600 and revenue was \$7,435,201,924. This resulted in excess TABOR revenue of \$563,163,324. House Bill 98-1256 referred a question regarding retention of excess TABOR revenue to the voters for approval in the November 1998 election. This bill would allow the State to retain \$200 million of the revenue in excess of the State's limit each year for the next five years (Fiscal Year 1998 through Fiscal Year 2002) to be spent for transportation needs and the construction of school districts and higher education facilities. However, this measure was defeated in the November 1998 general election.

The following graph compares the revenue limit computed each year to the TABOR revenue from Fiscal Year 1994 through Fiscal Year 1998. The preliminary Fiscal Year 1999 revenue limit is included to highlight the fact that current year revenue exceeds next year's limit.



## Sources of TABOR Revenue Growth

There are two types of revenues subject to the growth limitations set forth in TABOR—general funds and cash funds. General funds primarily include revenue from the general taxing authority of the State, such as individual and corporate income taxes. Cash funds generally include revenue from fees and other sources that are to be used for specific programs, such as education service fees and fuel/transportation taxes. In general, cash funds increases come from two sources—either a change in the rate charged or an increase in the usage of services.

General funds grew at a rate of fifteen percent in Fiscal Year 1998 as compared to ten percent in Fiscal Year 1997, while cash funds grew at a rate of four percent compared to seven percent in the prior year. Those categories that increased more than the 5.5 percent limitation for 1998 were made up of about 94 percent general funded and 6 percent cash funded sources. This compares with about 63 percent general funded and 37 percent cash funded sources for 1997. The following chart shows the major sources of revenue where growth exceeded the 5.5 percent TABOR limitation in Fiscal Year 1998 with comparative figures for 1997 and 1996. Those sources not exceeding the 5.5 percent limit are detailed in Appendix B. The chart and Appendix B are further organized by general funded and cash funded revenue. For those revenue sources used for both general and cash funded purposes, addition of amounts in the chart below and/or Appendix B is required to arrive at the totals of the individual revenue categories shown in the *Schedule of TABOR Revenue* on page 17.

### State of Colorado Sources of TABOR Revenue Growth

	<u>Fiscal Year 1998</u>	<u>Fiscal Year 1997</u>	<u>1997 to 1998 % Change</u>	<u>Fiscal Year 1996</u>	<u>1996 to 1997 % Change</u>
<b>GENERAL FUNDED REVENUE:</b>					
Individual Income Tax, Net	\$3,025,546,645	\$2,558,742,880	18.24%	\$2,305,874,847	10.96%
Sales Tax, Net	1,426,013,503	1,310,036,200	8.85%	1,218,742,405	7.49%
Corporate Income Tax, Net	263,108,747	237,104,867	10.96%	205,706,716	15.26%
Estate & Inheritance Tax	109,563,256	34,587,711	216.76%	31,815,578	8.71%
Interest & Investment Income	52,180,496	41,159,043	26.77%	37,235,442	10.53%
Court & Other Fines	28,588,457	25,918,654	10.30%	24,135,805	7.38%
Fiduciary Income Tax, Net	26,076,479	13,818,804	88.70%	10,407,394	32.77%
Business Licenses & Permits	6,307,032	4,355,790	44.79%	5,830,986	-25.29%
Miscellaneous Revenue	1,086,688	856,149	26.92%	2,054,031	-58.31%
Total Other General Funded Revenue *	409,557,879	413,344,686	-0.92%	386,847,579	6.85%
<b>TOTAL GENERAL FUNDED REVENUE</b>					
	<u>5,348,029,182</u>	<u>4,639,924,784</u>	<u>15.26%</u>	<u>4,228,650,783</u>	<u>9.73%</u>



Schedule of Computations Required Under Article X, Section 20  
of the State Constitution (TABOR)

	<u>Fiscal Year 1998</u>	<u>Fiscal Year 1997</u>	<u>1997 to 1998 % Change</u>	<u>Fiscal Year 1996</u>	<u>1996 to 1997 % Change</u>
<b>CASH FUNDED REVENUE:</b>					
Motor Vehicle	130,635,252	120,583,502	8.33%	117,773,697	2.38%
Gaming & Other Taxes	62,917,270	55,316,127	13.74%	52,322,102	5.72%
Hunting & Fishing Licenses	57,616,238	53,841,297	7.01%	55,305,914	-2.64%
Court & Other Fines	46,675,095	41,124,271	13.49%	38,316,921	7.32%
Insurance Taxes	39,728,699	37,399,925	6.22%	44,846,218	-16.60%
Health Service Fees	32,326,192	28,127,362	14.92%	30,726,104	-8.45%
General Government Service Fees	25,394,587	20,289,112	25.16%	17,455,694	16.23%
Local Governments & Authorities	22,819,279	17,309,044	31.83%	19,544,785	-11.43%
Drivers Licenses	20,377,384	15,621,684	30.44%	13,273,236	17.69%
Unclaimed Money, Net	9,867,482	7,432,919	32.75%	6,379,177	16.51%
Public Safety Service Fees	3,317,080	2,682,932	23.63%	2,274,156	17.97%
Employee Benefits Fees	1,929,323	1,744,813	10.57%	1,765,853	-1.19%
Other Excise Taxes, Net	200,084	4,249	4609.00%	36,697	-88.42%
Welfare Service Fees	192,875	171,988	12.14%	137,437	25.14%
Total Other Cash Funded Revenue *	<u>1,633,175,902</u>	<u>1,606,044,171</u>	1.69%	<u>1,475,321,061</u>	8.86%
<b>TOTAL CASH FUNDED REVENUE</b>	<u>2,087,172,742</u>	<u>2,007,693,396</u>	3.95%	<u>1,875,479,052</u>	7.04%
<b>TOTAL TABOR REVENUE</b>	<u>\$7,435,201,924</u>	<u>\$6,647,618,180</u>	11.85%	<u>\$6,104,129,835</u>	8.90%

\* See Appendix B for detail included in the Total Other General Funded Revenue and Total Other Cash Funded Revenue.

Source: State Controller's Office, Reporting and Analysis Section.

# Financial Information



## STATE OF COLORADO

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October 30, 1998

### Independent Auditor's Report

Members of the Legislative Audit Committee:

We have audited, in accordance with generally accepted auditing standards, the financial statements of the State of Colorado for the year ended June 30, 1998, and issued our report thereon dated October 30, 1998. We have also audited the *Schedule of Computations Required Under Article X, Section 20*, as of June 30, 1998. This schedule is the responsibility of the State Controller's Office. Our responsibility is to express an opinion on this schedule based on our audit.

We conducted our audit of the schedule in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the *Schedule of Computations Required Under Article X, Section 20* is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the schedule. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall schedule presentation. We believe that our audit provides a reasonable basis for our opinion.

Our auditing procedures also included reconciling amounts contained in this report to the State's Comprehensive Annual Financial Report for the year ended June 30, 1998, and testing for irreconcilable conflicts between the State's financial statements and the provisions of TABOR. Additional procedures consisted of evaluating the State of Colorado's compliance with constitutional and statutory provisions of TABOR. Our audit does not provide a legal determination of the State's compliance with specified requirements.

The accompanying *Schedule of Computations Required Under Article X, Section 20* was prepared by the State Controller's Office, pursuant to Section 24-77-106.5, C.R.S., which requires a financial report ascertaining compliance with state fiscal policies relating to Article X, Section 20 of the State Constitution (TABOR). Article 77 further requires the financial report to be prepared in conformity with generally accepted accounting principles unless an irreconcilable conflict exists between generally accepted accounting principles and TABOR, in which case the provisions of said constitutional provision shall control.

In our opinion, the accompanying *Schedule of Computations Required Under Article X, Section 20* presents fairly, in all material respects, the revenues, expenditures, changes in reserves, and spending limitation as determined under Article X, Section 20 of the State Constitution for the year ended June 30, 1998, in conformity with generally accepted accounting principles.

STATE OF COLORADO  
SCHEDULE OF COMPUTATIONS REQUIRED  
UNDER ARTICLE X, SECTION 20  
AS OF JUNE, 1998

	FISCAL YEAR 1996-97	FISCAL YEAR 1997-98
<b>COMPUTATION OF NON-EXEMPT REVENUES</b>		
Total State Expenditures	\$ 12,293,402,030	\$ 13,291,565,127
Less Exempt Enterprises Expenses:		
Higher Education Enterprises	433,294,458	462,518,295
State Lottery	362,597,701	375,884,144
Student Loan Program	66,526,044	70,540,767
Correctional Industries	25,607,242	27,090,906
State Fair Authority	-	7,075,939
State Nursing Homes	16,353,762	17,068,187
Subtotal Enterprise Expenses	<u>904,379,207</u>	<u>960,178,238</u>
Total District Expenditures	11,389,022,823	12,331,386,889
Less Exempt District Revenues:		
Transfers	1,873,029,207	1,896,315,120
Federal Funds	2,758,486,790	2,899,356,521
Gifts	129,174,406	163,419,238
Property Sales	19,354,464	12,400,103
Damage Awards	1,896,077	70,793,010
Exempt Investment Income	33,890,585	149,409,305
Other Sources and Additions (Note 6)	325,200,877	654,018,738
Subtotal Exempt District Revenues	<u>5,141,032,406</u>	<u>5,845,712,035</u>
Non-Exempt District Expenditures	6,247,990,417	6,485,674,854
District Reserve/Fund Balance Increase	399,627,763	386,363,746
Excess TABOR Revenues		<u>563,163,324</u>
Total Non-Exempt District Revenues	<u>6,647,618,180</u>	<u>7,435,201,924</u>
<b>COMPUTATION OF FUND BALANCE CHANGES</b>		
Beginning District Fund Balance	\$ 5,275,759,380	\$ 5,669,435,521
Prior Period District Fund Balance Adjustments (Note 7)	(3,447,093)	826,513,581
(Qualification)/Disqualification of Enterprises (Note 7)	(2,504,529)	(6,128,889)
District Reserve/Fund Balance Increase	399,627,763	386,363,746
Ending District Fund Balance	<u>\$ 5,669,435,521</u>	<u>\$ 6,876,183,959</u>
<b>COMPUTATION OF SPENDING LIMITATION</b>		
FY 1996-97 Adjusted Fiscal Year Spending Limitation	\$ 6,508,592,042	
Inflation Change (Note 8)		3.5%
Population Change (Note 8)		<u>2.0%</u>
Total Percent Change		5.5%
<b>FY 1997-98 Unadjusted Fiscal Year Spending Limit</b>		6,866,564,604
(Qualification)/Disqualification of Enterprises (Note 9)		(3,375,468)
Non-exempt revenues of Northeastern Junior College (Note 10)		3,306,161
Fiscal Year 1995-96 and 1996-97 Adjustments (Note 11)		<u>5,543,303</u>
<b>FY 1997-98 Adjusted Fiscal Year Spending Limit</b>		6,872,038,600
Less Fiscal Year 1997-98 Non-Exempt District Revenues		<u>(7,435,201,924)</u>
<b>Amount (Over)Under Adjusted Fiscal Year Spending Limit</b>		<u>\$ (563,163,324)</u>

## NOTES TO THE TABOR REPORT

### NOTE 1. BASIS OF ACCOUNTING

Pursuant to Article 77 of Title 24, Colorado Revised Statutes, this report is prepared in accordance with generally accepted accounting principles (GAAP) except where an irreconcilable difference exists between GAAP, and state statute or the provisions of Section 20, Article X of the state constitution (TABOR).

The accounting principles used by the state are more fully described in the state's Comprehensive Annual Financial Report available from the State Controller's Office.

### NOTE 2. DEFINITION OF THE DISTRICT

TABOR defines the district as "the state or any local government, excluding enterprises." It further defines enterprise as "a government-owned business authorized to issue its own revenue bonds and receiving under 10% of annual revenue in grants from all Colorado state and local governments combined."

The General Assembly, for the purpose of implementing TABOR, stated in CRS 24-77-102(16)(a) that "state" means the central civil government of the State of Colorado, which consists of the following:

- (I) the legislative, executive, and judicial branches of government established by Article III of the state constitution;
- (II) all organs of the branches of government specified in subparagraph (I) of paragraph (a) of this subsection (16), including the departments of the executive branch; the legislative houses and agencies; and the appellate and trial courts and court personnel; and
- (III) state institutions of higher education.

(b) "state" does not include:

- (I) any enterprise;
- (II) any special purpose authority.

The General Assembly has designated the State Lottery, the Guaranteed Student Loan Program, the Division of Correctional Industries, the State Fair Authority, and the State Nursing Homes as enterprises excluded from the district. It further set up a mechanism in statute by which the governing boards of the institutions of higher education could designate certain auxiliary operations as enterprises, also exempt from TABOR.

### NOTE 3. DEBT AND VOTER APPROVED TAX INCREASES

During FY 1996-97 and FY 1997-98, there were no voter approved revenue increases.

Certificates of Participation, which are used by the State for long-term lease purchases, are not considered debt of the State for purposes of this report as provided by CRS 24-30-202(5.5).

### NOTE 4. EMERGENCY RESERVES

TABOR requires the reservation, for declared emergencies, of 3 percent or more of the Fiscal Year Spending, excluding debt service payments.

The state has designated \$206,161,158 of the fund balance of the Controlled Maintenance Trust Fund as reserved for emergencies for FY 1997-98. That amount satisfies the TABOR 3 percent requirement.

**NOTE 5. STATUS OF REFUNDING**

At June 30, 1998, \$9.7 million of the Fiscal Year 1996-97 excess revenues had not been refunded. It is anticipated that this amount will be refunded by October 15, 1998 to those taxpayers who have timely filed extensions for their 1997 income tax returns.

**NOTE 6. OTHER SOURCES AND ADDITIONS**

This line item consists primarily of \$323.4 million of fund additions in the higher education funds. The fund additions are transfers from other higher education funds to the loan funds, endowment funds, and higher education plant funds, or recording of fixed assets. They do not represent transactions with entities or individuals outside the District.

Other sources include additions by participants to the Individual Investment Trust Fund of \$292.2 million, reversions of accruals of Medicaid accounts payables of \$8.3 million, other accounts payable reversions of \$3.1 million, as well as a \$20.6 million reimbursement of a prior year expenditure, and \$5.0 million in advances from local governments.

**NOTE 7. DISTRICT RESERVES**

District reserves are the cumulative fund balances of the state, excluding the fund balances of the exempt enterprises and the General Fixed Assets Account Group. The majority of these fund balances are not available for appropriation due to legal and contractual restrictions.

Prior period district fund balance adjustments consist of \$14.1 million of Northeastern Junior College's net assets added to the district July 1, 1997, \$2.8 million for the addition of the employee trust of the State Board of Community Colleges which was added as a component unit, a

decrease of \$555,347 for depreciation that the Department of Transportation failed to take in Fiscal Year 1996-97, a decrease of \$2.2 million that the Department of Natural Resources recorded as exempt revenue twice in Fiscal Year 1996-97, a \$129,121 error by Pikes Peak Community College in moving a deficit fund balance from outside the district, a \$772.1 million addition for an accounting change that moves the investments of the Colorado Compensation Insurance Authority from an agency fund to an individual investment trust fund, an addition of \$39.8 million to all district funds for the prior year's effects of that same accounting change, a decrease of \$3.6 million for prior years' revenue in the Elderly Property Tax Fund that should have been deferred, and \$4.0 million for an error in the recording of realized gains in the endowment funds at the University of Colorado.

District reserves/fund balance is also adjusted for the qualification or disqualification of enterprises. During Fiscal Year 1997-98, the State Fair Authority qualified as an exempt enterprise, and Colorado State University qualified two auxiliaries as exempt enterprises.

**NOTE 8. SOURCES OF LABOR GROWTH LIMITS**

The allowable increases in state fiscal year spending equal the sum of inflation and the percentage change in state population in the prior calendar year, adjusted for voter approved revenue changes. Inflation is defined in CRS 24-77-102(8) as "the percentage change in the consumer price index for the Denver-Boulder Consolidated Metropolitan Statistical Area For All Urban Consumers, All Goods, as published by the U.S. Department of Labor."

The percentage inflation and population changes for calendar year 1996 used in this report were provided by the Office of State Planning and Budgeting.

**NOTE 9. ENTERPRISE QUALIFICATION /DISQUALIFICATION**

TABOR specifies that qualification and disqualification of enterprises shall change the district bases. For Fiscal Year 1997-98, the spending limit was adjusted by \$2.1 million for qualification of the State Fair Authority, and \$1.1 million for qualification of enterprises at Colorado State University. The combined total was increased by the 5.5 percent allowable growth to arrive at the adjusted amount.

**NOTE 10. NORTHEASTERN JUNIOR COLLEGE**

Northeastern Junior College in Sterling Colorado became part of the state's community college system on July 1, 1997. Previous to that time it was a local community college district. The assets of the college were added to the state's accounts as of July 1, 1997. The Fiscal Year 1997-98 spending limit is increased by the college's Fiscal Year 1997-98 revenues subject to TABOR in conformance with the state's policy on accounting for additions to the district.

**NOTE 11. OTHER ADJUSTMENTS TO FISCAL YEAR SPENDING LIMIT**

Errors in previous years affect the spending limit if the error dates back to a year in which the state did not have excess TABOR revenues.

An error in Fiscal Year 1995-96 was discovered in the classification of revenue from local school districts for mental health services provided by the Department of Human Services. These revenues of \$5.3 million were originally classified as exempt from TABOR. The reclassification of these revenues as non-exempt increases the Fiscal Year 1997-98 spending limit by \$6.0 million after applying the allowable growth percentages for Fiscal Years 1996-97 and 1997-98.

Also, in Fiscal Year 1995-96 there was an error in the classification of repayments of the elderly property tax credits of \$396,730. This amount was originally classified as non-exempt but should have been exempt from TABOR since it was a reimbursement of prior years' expenses. This error decreases the Fiscal Year 1997-98 spending limit by \$446,174.

Other minor corrections of classification errors resulted in a \$10,014 decrease in the Fiscal Year 1997-98 spending limit.

**NOTE 12. SUBSEQUENT EVENT**

On September 16, 1998, in special session, the General Assembly passed, and the Governor signed, a bill to provide a state sales tax credit of approximately \$565 million on 1998 income tax returns properly filed on or before October 15, 1999. The purpose of this credit is to liquidate the \$563.2 million TABOR Refund Liability booked by the state on June 30, 1998.

However, in the regular 1998 session the General Assembly placed a referendum on the ballot which would allow the state to keep \$200 million a year for five years to be spent on roads and school buildings. If passed by the voters at the general election on November 3, 1998 then only \$365 million will be refunded on the 1998 income tax returns.

If the refund amount is \$565 million, then beginning in January 1999, each adult full-year resident filing a single return will receive a credit of \$142 if their federal adjusted gross income (AGI) is less than or equal to \$20,000, or \$195 if their AGI is greater than \$20,000 but less than or equal to \$50,000, or \$276 if their AGI is greater than \$50,000 but less than or equal to \$95,000, and \$384 if their AGI is greater than \$95,000.

If the refund amount is \$365 million, then beginning in January 1999, each adult full-year resident filing a single return will receive a credit of \$92 if their federal adjusted gross income (AGI) is less than or equal to \$20,000, or \$126 if their AGI is greater than \$20,000 but less than or equal to \$50,000, or \$178 if their AGI is greater

than \$50,000 but less than or equal to \$95,000,  
and \$248 if their AGI is greater than \$95,000.

All amounts are doubled for a surviving spouse  
or two individuals filing a joint return.



# Schedule of TABOR Revenue

(Dated September 3, 1998)



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September 3, 1998

**Independent Auditor's Report**

Members of the Legislative Audit Committee:

We are in the process of auditing, in accordance with generally accepted auditing standards, the *Schedule of Computations Required Under Article X, Section 20*, as of June 30, 1998, and have not yet issued our report. As part of that audit, we have audited the *Schedule of TABOR Revenue* of the State of Colorado for the years ended June 30, 1998 and 1997. The *Schedule of TABOR Revenue* is the responsibility of the State Controller's Office. Our responsibility is to express an opinion on this schedule based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the *Schedule of TABOR Revenue* is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts in the schedule. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall schedule presentation. We believe that our audits provide a reasonable basis for our opinion.

The accompanying *Schedule of TABOR Revenue* was prepared for the purpose of demonstrating compliance with state fiscal policies relating to Article X, Section 20 of the State Constitution (TABOR) with regard to TABOR revenue. The schedule has been prepared in conformity with generally accepted accounting principles unless an irreconcilable conflict exists between generally accepted accounting principles and TABOR, in which case the provisions of said constitutional provision shall control. The schedule is not intended to be a complete presentation of the State's revenue.

In our opinion, the accompanying *Schedule of TABOR Revenue* presents fairly, in all material respects, the revenue as determined under Article X, Section 20 of the State Constitution for the years ended June 30, 1998 and 1997, in conformity with generally accepted accounting principles.

**STATE OF COLORADO**  
**Schedule of TABOR Revenue**  
**For the Years Ended June 30, 1998 and 1997**

	<u>1998</u>	<u>1997</u>	<u>Increase (Decrease)</u>	<u>% Increase Decrease</u>
Individual Income Tax, Net	\$ 3,025,546,645	\$ 2,558,742,880	\$ 466,803,765	18.24%
Corporate Income Tax, Net	263,108,747	237,104,867	26,003,880	10.97%
Fiduciary Income Tax, Net	26,076,479	13,818,804	12,257,675	88.70%
<b>TOTAL INCOME TAX</b>	<u>3,314,731,871</u>	<u>2,809,666,551</u>	<u>505,065,320</u>	<u>17.98%</u>
Sales Tax, Net	1,434,733,068	1,318,631,176	116,101,892	8.80%
Use Tax, Net	120,272,643	115,787,878	4,484,765	3.87%
Tobacco Products Tax, Net	67,942,094	68,160,191	(218,097)	-0.32%
Alcoholic Beverages, Net	25,465,193	24,339,630	1,125,563	4.62%
Other Excise Taxes, Net	228,478	3,175,330	(2,946,852)	-92.80%
<b>TOTAL EXCISE TAX</b>	<u>1,648,641,476</u>	<u>1,530,094,205</u>	<u>118,547,271</u>	<u>7.75%</u>
Fuel & Transportation Taxes	472,812,284	452,418,261	20,394,023	4.51%
Employment Taxes	192,824,965	190,659,576	2,165,389	1.14%
Insurance Taxes	153,546,043	149,224,730	4,321,313	2.90%
Estate & Inheritance Taxes	109,563,256	34,587,711	74,975,545	216.77%
Gaming & Other Taxes	70,490,677	63,213,136	7,277,541	11.51%
Severance Tax	30,038,338	32,388,930	(2,350,592)	-7.26%
<b>TOTAL OTHER TAXES</b>	<u>1,029,275,563</u>	<u>922,492,344</u>	<u>106,783,219</u>	<u>11.58%</u>
Education Tuition & Fees	511,126,751	489,387,397	21,739,354	4.44%
Motor Vehicle Licenses	130,635,252	120,583,502	10,051,750	8.34%
Business Licenses & Permits	65,632,733	61,407,252	4,225,481	6.88%
Hunting & Fishing Licenses	57,616,238	53,841,297	3,774,941	7.01%
Nonbusiness Licenses & Permits	44,674,287	53,380,677	(8,706,390)	-16.31%
Health Service Fees	32,326,192	28,127,442	4,198,750	14.93%
Other Charges For Services	25,846,820	25,607,870	238,950	0.93%
General Government Service Fees	25,774,840	20,573,972	5,200,868	25.28%
Drivers Licenses	20,377,384	15,621,684	4,755,700	30.44%
Certifications & Inspections	15,375,137	14,913,499	461,638	3.10%
Public Safety Service Fees	3,317,080	2,682,932	634,148	23.64%
Employee Benefit Fees	1,929,323	1,744,813	184,510	10.57%
Welfare Service Fees	194,137	172,577	21,560	12.49%
<b>LICENSES, PERMITS, AND FEES</b>	<u>934,826,174</u>	<u>888,044,914</u>	<u>46,781,260</u>	<u>5.27%</u>
Interest & Investment Income	216,775,073	206,056,570	10,718,503	5.20%
Court & Other Fines	75,263,552	67,042,925	8,220,627	12.26%
Medicaid Provider Non-Exempt Donation	72,609,862	80,458,696	(7,848,834)	-9.76%
Lottery Transfer to Capital Construction	29,748,781	36,542,746	(6,793,965)	-18.59%
Higher Education Auxiliary Sales & Services	25,874,664	26,366,809	(492,145)	-1.87%
Local Government & Authorities	22,819,279	17,309,044	5,510,235	31.83%
Miscellaneous Revenue	21,700,200	20,728,425	971,775	4.69%
Rents	15,354,283	15,572,884	(218,601)	-1.40%
Sales of Products	13,985,004	13,969,614	15,390	0.11%
Unclaimed Money, Net	9,867,482	7,432,919	2,434,563	32.75%
Higher Education Fund Transfers	2,523,136	2,488,203	34,933	1.40%
Operating Transfers	968,509	983,609	(15,100)	-1.54%
Other Intergovernmental Revenue	237,015	238,833	(1,818)	-0.76%
State Fair Reserve Increase	-	2,128,889	(2,128,889)	-100.00%
<b>OTHER REVENUE</b>	<u>507,726,840</u>	<u>497,320,166</u>	<u>10,406,674</u>	<u>2.09%</u>
<b>TOTAL TABOR REVENUE</b>	<u>\$ 7,435,201,924</u>	<u>\$ 6,647,618,180</u>	<u>\$ 787,583,744</u>	<u>11.85%</u>

# Appendices

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# Appendix A

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## Description of Revenue Categories

<u>Category</u>	<u>Description</u>
<b>INCOME TAX</b>	
Individual Income Tax, Net	Tax paid on wages, unearned income, and other income of individuals, net of refunds on property tax credits, income tax intercepts (IRS, child support, etc.), and tax checkoffs
Corporate Income Tax, Net	Taxes based on the net profits of corporations
Fiduciary Income Tax, Net	Taxes on trust and estate income
<b>EXCISE TAX</b>	
Sales Tax, Net	Taxes collected by retailers on consumer purchases of tangible personal property
Use Tax, Net	Taxes remitted by the end consumer of tangible personal property purchased at retail prices
Tobacco Products Tax, Net	Tax on the sale, use, consumption, handling, or distribution of tobacco products
Alcoholic Beverages, Net	Taxes collected from retailers who sell alcohol products
Other Excise Taxes, Net	Tax for occupational license renewals, tourism and promotion, and certain penalties

<b><u>Category</u></b>	<b><u>Description</u></b>
<b>OTHER TAXES</b>	
Fuel and Transportation Taxes	Gross ton mileage tax on motor carriers and taxes on diesel, gasoline, gasohol, etc.
Employment Taxes	Employment insurance paid by employers throughout the State
Insurance Taxes	Taxes on insurance premiums collected by insurance companies, which are used to ensure compliance with applicable regulations
Estate and Inheritance Tax	Taxes collected on the assets of estates
Gaming and Other Taxes	Taxes on gaming facilities based on percentages of income
Severance Tax	Mineral extraction taxes, net of refunds on coal, oil and gas, molybdenum, and metallic minerals
<b>LICENSES, PERMITS AND FEES</b>	
Education Tuition and Fees	Tuition and other education-related fees collected by State colleges and universities from students
Motor Vehicle Licenses	Collection of fees for license plates and tags (renewals)
Business Licenses and Permits	Licenses and permits for special functions of a business; e.g., child care licenses, alcoholic beverage licenses, and waste management
Hunting and Fishing Licenses	Licenses issued to individuals for the privilege of hunting and fishing
Nonbusiness Licenses and Permits	Environmental response surcharge, animal licenses, distributive data processing fees, motorcycle operator safety training, waste tire recycling, etc.

<b><u>Category</u></b>	<b><u>Description</u></b>
Health Service Fees	Fees collected for health services, including laboratory test fees, and animal diagnostic lab fees
Other Charges for Services	Various fees, the majority of which are collected by the Public Utilities Commission, the Division of Banking, Universities, and the Oil and Gas Conservation Fund, which are used to ensure compliance with applicable regulations
General Government Service Fees	Service charges by various agencies to the public; e.g., fees charged by the Central Indexing System Board, filing fees with the Department of State, charges by the Motor Vehicle Division for driving record inquiries, and certain fees charged by the Department of Agriculture
Drivers Licenses	Collection of fees for drivers licenses (renewals)
Certifications and Inspections	Emission inspection stickers, emission registration, emission inspection station license, and emission inspection
Public Safety Service Fees	Fees for firefighter response, food protection programs, and background investigations
Employee Benefit Fees	Fees primarily collected for premiums paid under COBRA
Welfare Service Fees	Child abuse registry fees
<b>OTHER REVENUES</b>	
Interest and Investment Income	Interest income, finance charges, and gains/losses on investments
Court and Other Fines	Fines and forfeits levied by the courts
Medicaid Provider Non-Exempt Donation	Medicaid disproportionate share from University Hospital and Denver General Hospital, and donations from private and public sources

<b><u>Category</u></b>	<b><u>Description</u></b>
Lottery Transfer to Capital Construction	Transfer from the Lottery fund for payment of certificates of participation on correctional facilities
Higher Education Auxiliary Sales and Services	Revenue from operations such as bookstores, cafeterias, student unions, etc.
Local Governments and Authorities	Funds from counties, cities, special districts, etc. primarily in the form of grants
Miscellaneous Revenue	Other revenue not included in another category, e.g., charges by colleges and universities for services to outside entities
Rents	Income from the lease of State land to private parties
Sales of Products	Sales of publications, maps, materials, and supplies
Unclaimed Money, Net	Abandoned property, unclaimed insurance proceeds, and unclaimed interests in business associations; net of claims paid and allowance for future claims payments
Higher Education Fund Transfers	Transfers from TABOR exempt auxiliaries and other enterprises to other non-exempt college and university funds
Operating Transfers	Operating transfers from TABOR exempt enterprises and auxiliaries to other non-exempt state agencies' funds
Other Intergovernmental Revenue	Other revenue from TABOR exempt enterprises and auxiliaries
State Fair Reserve Increase	A one-time net transfer of the Fair's assets and liabilities into the State



# Appendix B

## State of Colorado Other TABOR Revenue For the Fiscal Years Ended June 30, 1998, 1997, and 1996

	<u>Fiscal Year 1998</u>	<u>Fiscal Year 1997</u>	<u>1997 to 1998 % Change</u>	<u>Fiscal Year 1996</u>	<u>1996 to 1997 % Change</u>
<b>OTHER GENERAL FUNDED REVENUE:</b>					
Use Tax, Net	\$ 120,272,643	\$ 115,787,878	3.87%	\$ 102,757,263	12.68%
Insurance Taxes	113,817,344	111,824,805	1.78%	110,390,288	1.30%
Medicaid Providers Non-Exempt Donations	72,614,873	80,414,516	-9.70%	68,973,582	16.59%
Tobacco Products Tax, Net	67,942,094	68,160,191	-0.32%	65,146,539	4.63%
Alcoholic Beverages, Net	25,121,518	23,984,283	4.74%	24,309,203	-1.34%
Gaming & Other Taxes	7,573,407	7,897,009	-4.10%	8,560,602	-7.75%
Certifications & Inspections	1,214,284	1,242,498	-2.27%	1,313,718	-5.42%
Nonbusiness Licenses & Permits	570,839	563,169	1.36%	561,186	0.35%
General Government Service Fees	380,253	284,860	33.49%	354,348	-19.61%
Other Excise Taxes, Net	28,394	3,171,081	-99.10%	4,441,686	-28.61%
Sale of Products & Other Charges	22,230	14,396	54.42%	39,164	-63.24%
<b>TOTAL OTHER GENERAL FUNDED REVENUE</b>	<u>409,557,879</u>	<u>413,344,686</u>	<u>-0.92%</u>	<u>386,847,579</u>	<u>6.85%</u>

**State of Colorado**  
**Other TABOR Revenue, Continued**  
**For the Fiscal Years Ended June 30, 1998, 1997, and 1996**

	<u>Fiscal Year 1998</u>	<u>Fiscal Year 1997</u>	<u>1997 to 1998 % Change</u>	<u>Fiscal Year 1996</u>	<u>1996 to 1997 % Change</u>
<b>OTHER CASH FUNDED REVENUE:</b>					
Education Tuition Fees	511,126,751	489,387,397	4.44%	466,869,494	4.82%
Fuel & Transportation Taxes	472,812,284	452,418,261	4.51%	440,390,453	2.73%
Employment Taxes	192,824,965	190,659,174	1.14%	190,484,049	0.09%
Interest & Investment Income	164,594,577	164,897,527	-0.18%	125,063,054	31.85%
Business Licenses & Permits	59,325,701	57,051,462	3.99%	55,235,489	3.29%
Nonbusiness Licenses & Permits	44,103,448	52,817,508	-16.50%	29,932,334	76.46%
Severance Taxes	30,038,338	32,388,930	-7.26%	12,733,049	154.37%
Lottery Transfer to Capital					
Construction	29,748,781	36,542,746	-18.59%	30,537,905	19.66%
Higher Education Auxiliary					
Sales & Service	25,874,664	26,366,809	-1.87%	31,026,473	-15.02%
Other Charges for Services	25,846,820	25,629,843	0.85%	24,628,809	4.06%
Miscellaneous Revenue	20,608,501	19,872,276	3.70%	17,297,118	14.89%
Rents	15,354,283	15,617,064	-1.68%	13,278,013	17.62%
Certifications & Inspections	14,160,853	13,671,001	3.58%	12,722,380	7.46%
Sales of Products	13,964,971	13,936,243	0.21%	14,278,310	-2.40%
Sales Tax, Net	8,719,565	8,594,976	1.45%	7,419,254	15.85%
Higher Education Fund Transfers	2,523,136	2,488,203	1.40%	2,042,579	21.82%
Operating Transfers	968,509	983,609	-1.54%	1,039,835	-5.41%
Alcoholic Beverages, Net	343,675	355,347	-3.28%	342,463	3.76%
Other Intergovernmental Revenue	236,080	236,906	-0.35%	-	0.00%
State Fair Reserve Increase	-	2,128,889	-100.00%	-	0.00%
<b>TOTAL OTHER CASH FUNDED REVENUE</b>	<u>1,633,175,902</u>	<u>1,606,044,171</u>	<u>1.69%</u>	<u>1,475,321,061</u>	<u>8.86%</u>
<b>TOTAL OTHER TABOR REVENUE</b>	<u>\$ 2,042,733,781</u>	<u>\$ 2,019,388,857</u>	<u>1.16%</u>	<u>\$ 1,862,168,640</u>	<u>8.44%</u>

Source: State Controller's Office, Reporting and Analysis Section

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