

**JBC STAFF FISCAL ANALYSIS  
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING THE EXPANSION OF THE ADVANCED INDUSTRY INVESTMENT TAX CREDIT.

Prime Sponsors: Reps. Lynch and Bird  
Sens. Rankin and Hansen

JBC Analyst: Scott Thompson  
Phone: 303-866-4957  
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**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 Fiscal Note (attached) reflects the fiscal impact of the bill as of 02/25/22.

<b>XXX</b>	<b>No Change:</b> Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill
	<b>Update:</b> Fiscal impact has changed due to <i>new information or technical issues</i>
	<b>Update:</b> Fiscal impact has changed due to <i>amendment adopted</i> after LCS Fiscal Note was prepared
	<b>Non-Concurrence:</b> JBC Staff and Legislative Council Staff disagree about the fiscal impact of the bill

The House Finance Committee Report (02/28/22) includes amendments to the bill, however, Legislative Council Staff and JBC Staff agree that the committee amendments do not change the fiscal impact of the bill.

**Amendments in This Packet for Consideration by Appropriations Committee**

<b>Amendment</b>	<b>Description</b>
J.001	Staff-prepared appropriation amendment
L.004	Bill Sponsor amendment - does not change fiscal impact
J.002	Bill Sponsor amendment - changes fiscal impact <i>and</i> 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 \$72,080 General Fund to the Office of Economic Development and International Trade for FY 2022-23. This provision also states that the appropriation is based on the assumption that the Office will require an additional 0.8 FTE.

**L.004** Bill Sponsor amendment **L.004** (attached) changes the effective period for which the tax credits are available from FY 2028-29 to FY 2022-23. This eliminates the estimated fiscal impact of the tax credits from FY 2023-24 through FY 2028-29. The Legislative Council Staff Fiscal Note projected a cumulative revenue reduction of \$15.5 million General Fund between FY 2023-24 and FY 2028-29 as a result of the tax credits.

**J.002** Bill Sponsor amendment **J.002** (attached) is identical to J.001 but appropriates \$90,000 General Fund to the Office of Economic Development and International Trade for FY 2022-23. This provision also states that the appropriation is based on the assumption that the Office will require an additional 0.8 FTE. The sponsor has indicated this represents a half-year of funding and will thus increase to \$180,000 General Fund annually starting FY 2023-24.

**The Committee can adopt amendment J.001 or amendment J.002, regardless of whether it adopts amendment L.004. It should not adopt amendment J.001 and amendment J.002.**

**Points to Consider***General Fund Impact*

The Joint Budget Committee has proposed a budget package for FY 2022-23 based on the March 2022 Legislative Council Staff revenue forecast. The budget package includes two set-asides:

- \$40.0 million General Fund for bills that create ongoing obligations; and
- \$900.0 million General Fund for bills that create one-time obligations in FY 2022-23.

The \$40.0 million *appropriations* set-aside includes an additional \$6.0 million General Fund to provide a 15.0 percent General Fund reserve for those appropriations. The \$900.0 million *obligations* set-aside does not include an additional amount for a General Fund reserve and, assumes, but does not require, that obligations be addressed through statutory transfers rather than appropriations. Therefore *appropriations* from the \$900.0 million set-aside require an additional 15.0 percent to maintain the statutory General Fund reserve.

This bill creates an ongoing obligation and requires a General Fund appropriation of \$72,080 for FY 2022-23, reducing the \$40.0 million set aside by the same amount.

*TABOR/ Excess State Revenues Impact*

The March 2022 Legislative Council Staff (LCS) revenue forecast projects a TABOR surplus

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liability of \$1.6 billion for FY 2022-23 and \$622.6 million for FY 2023-24. These sums must be refunded to taxpayers out of the General Fund. This bill is estimated to decrease General Fund revenues by \$700,000 in FY 2022-23 and by \$2.0 million in FY 2023-24, which will result in a decrease in the TABOR surplus liability of an equal amount.