

**JBC STAFF FISCAL ANALYSIS
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING THE EXTENSION OF THE PERIOD FOR WHICH UNUSED AND EXPIRING COLORADO JOB GROWTH INCENTIVE AND ENTERPRISE ZONE INCOME TAX CREDITS MAY BE CARRIED FORWARD TO SUBSEQUENT YEARS.

Prime Sponsors: Reps. Herod and McCluskie
Sens. Hansen and Zenzinger

JBC Analyst: Scott Thompson
Phone: 303-866-4957
Date Prepared: May 6, 2022

Appropriation Items of Note

Appropriation Required, Amendment in Packet

Significant Cost Increase in Second and Third Year

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 05/06/22.

	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>
XXX	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

The House Finance Committee Report (05/06/22) includes amendments to the bill. Legislative Council Staff and JBC Staff agree that the committee amendments delay the fiscal impacts identified in the Fiscal Note. This results in no revenue change for FY 2021-22 and FY 2022-23. For FY 2023-24, up to \$10 million of tax credit extensions may be awarded. For FYs 2024-25 and 2025-26, the limit increases to \$15 million annually.

Amendments in This Packet for Consideration by Appropriations Committee

Amendment	Description
J.001	Staff-prepared appropriation amendment

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 \$18,412 General Fund to the Office of the Governor for 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 Department will require an additional 0.2 FTE.

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 a one-time obligation and requires a General Fund appropriation of \$18,412 for FY 2022-23, reducing the \$900.0 million set aside by \$21,174 in order to maintain a 15.0 percent statutory General Fund reserve.

TABOR/ Excess State Revenues Impact

The March 2022 Legislative Council Staff (LCS) revenue forecast projects a TABOR surplus liability of \$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 \$10.0 million in FY 2023-24, which will result in a decrease in the TABOR surplus liability of an equal amount.