

## CHAPTER 202

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**GENERAL ASSEMBLY**

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**HOUSE BILL 05-1046**

BY REPRESENTATIVE(S) McCluskey, Boyd, Carroll M., Carroll T., Coleman, Knoedler, Massey, May M., Merrifield, Paccione, Riesberg, Schultheis, Stengel, Vigil, Berens, Buescher, Crane, Stafford, and Sullivan;  
also SENATOR(S) Lamborn, Evans, Groff, Grossman, Hanna, Isgar, Sandoval, Tapia, Taylor, Teck, Tochtrop, and Williams.

**AN ACT**

**CONCERNING THE REQUIREMENT THAT LEGISLATIVE COUNCIL STAFF USE A DYNAMIC MODEL TO ANALYZE THE ECONOMIC IMPACT OF A BILL THAT MAKES A TAX POLICY CHANGE, AND MAKING AN APPROPRIATION IN CONNECTION THEREWITH.**

*Be it enacted by the General Assembly of the State of Colorado:*

**SECTION 1.** Part 3 of article 3 of title 2, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SECTION to read:

**2-3-304.5 Tax policy changes - dynamic model - pilot program - advisory committee - repeal.** (1) THE DIRECTOR OF RESEARCH SHALL ESTABLISH A PILOT PROGRAM FOR THE PURPOSE OF DEVELOPING OR PROCURING A DYNAMIC MODEL TO ANALYZE THE ECONOMIC IMPACT OF BILLS INTRODUCED BY THE GENERAL ASSEMBLY THAT CAN BE USED DURING THE 2008 REGULAR SESSION.

(2) THE DIRECTOR OF RESEARCH SHALL INVESTIGATE ALL OPPORTUNITIES FOR DEVELOPING OR PROCURING A DYNAMIC MODEL, INCLUDING PRIVATE, NONPROFIT, AND ACADEMIC ALTERNATIVES. ANY DYNAMIC MODEL SELECTED BY THE DIRECTOR SHALL CONSIDER THE DIRECT AND INDIRECT OR SECONDARY ECONOMIC EFFECTS RELATED TO THE BILL, INCLUDING AN ESTIMATE OF THE PROBABLE BEHAVIORAL RESPONSES OF TAXPAYERS, BUSINESSES, AND OTHER PERSONS TO THE PROPOSED TAX POLICY CHANGE. IT IS NOT NECESSARY THAT THE MODEL BE KEPT AT THE DIRECTOR'S OFFICE.

(3) (a) EXCEPT AS OTHERWISE PROVIDED IN PARAGRAPH (c) OF THIS SUBSECTION (3), AS PART OF THE PILOT PROGRAM, THERE IS HEREBY CREATED THE DYNAMIC MODELING ADVISORY COMMITTEE, WHICH SHALL ASSIST THE DIRECTOR OF RESEARCH IN SELECTING THE APPROPRIATE DYNAMIC MODEL. THE DIRECTOR SHALL CONSIDER

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*Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.*

THE RECOMMENDATIONS OF THE ADVISORY COMMITTEE. MEMBERS OF THE ADVISORY COMMITTEE SHALL BE APPOINTED BY THE DIRECTOR ON OR BEFORE JULY 1, 2005. THERE SHALL BE AT LEAST FIVE MEMBERS ON THE ADVISORY COMMITTEE, AND THE ADVISORY COMMITTEE SHALL CONSIST OF AT LEAST ONE REPRESENTATIVE FROM THE BUSINESS AND ACADEMIC COMMUNITIES AND AN ECONOMIC DEVELOPER. MEMBERS OF THE ADVISORY COMMITTEE SHALL SERVE AT THE PLEASURE OF THE DIRECTOR, AND THE DIRECTOR SHALL FILL ANY VACANCIES ON THE ADVISORY COMMITTEE.

(b) THE DYNAMIC MODELING ADVISORY COMMITTEE SHALL MEET AS OFTEN AS NECESSARY TO CARRY OUT ITS DUTIES UNDER THIS ARTICLE, BUT NOT LESS THAN TWICE A YEAR. MEMBERS OF THE ADVISORY COMMITTEE SHALL SERVE WITHOUT COMPENSATION.

(c) THE DIRECTOR OF RESEARCH MAY ELECT TO RELY ON AN EXISTING BOARD OR COMMITTEE FROM A PRIVATE, NONPROFIT, OR ACADEMIC ORGANIZATION TO ASSIST HIM OR HER IN SELECTING THE APPROPRIATE DYNAMIC MODEL INSTEAD OF THE DYNAMIC MODELING ADVISORY COMMITTEE. IF THE DIRECTOR MAKES SUCH ELECTION, THE ADVISORY COMMITTEE SHALL NOT BE CREATED.

(d) THIS SUBSECTION (3) IS REPEALED, EFFECTIVE JULY 1, 2008.

(4) (a) PRIOR TO THE 2008 REGULAR SESSION, THE DIRECTOR OF RESEARCH SHALL NOTIFY THE EXECUTIVE COMMITTEE OF THE LEGISLATIVE COUNCIL WHETHER THE DYNAMIC MODEL IS READY TO BE USED TO ANALYZE BILLS DURING THE 2008 REGULAR SESSION. IF THE MODEL IS READY, THE EXECUTIVE COMMITTEE SHALL SELECT NO MORE THAN TEN BILLS TO BE ANALYZED USING THE DYNAMIC MODEL. ONLY BILLS THAT MAKE A TAX POLICY CHANGE ARE ELIGIBLE TO BE ANALYZED. THE ANALYSIS OF THE ECONOMIC IMPACT USING A DYNAMIC MODEL SHALL BE IN ADDITION TO ANY FISCAL NOTE THAT IS PREPARED PURSUANT TO THE RULES OF THE GENERAL ASSEMBLY.

(b) AFTER THE 2008 REGULAR SESSION, THE DIRECTOR OF RESEARCH SHALL PREPARE A REPORT EVALUATING HOW THE DYNAMIC MODEL WORKED DURING THE 2008 REGULAR SESSION AND MAKING RECOMMENDATIONS FOR THE USE OF THE DYNAMIC MODEL IN FUTURE SESSIONS OF THE GENERAL ASSEMBLY, INCLUDING THE FEASIBILITY OF EXPANDING THE SCOPE OF THE TYPE OF BILLS FOR WHICH THE DYNAMIC MODEL MAY BE USED. THE REPORT SHALL BE PREPARED NO LATER THAN JANUARY 1, 2009.

(5) (a) IT IS THE INTENT OF THE GENERAL ASSEMBLY THAT FOR THE FISCAL YEAR COMMENCING ON JULY 1, 2005, NO GENERAL FUND MONEYS BE APPROPRIATED FOR THE PURPOSE OF IMPLEMENTING THIS SECTION. FOR A FISCAL YEAR COMMENCING ON OR AFTER JULY 1, 2006, MONEYS FROM THE CAPITAL CONSTRUCTION FUND CREATED IN SECTION 24-75-302, C.R.S., MAY BE APPROPRIATED TO IMPLEMENT THIS SECTION.

(b) THE DIRECTOR OF RESEARCH IS AUTHORIZED TO ACCEPT GIFTS, GRANTS, OR DONATIONS FROM PRIVATE OR PUBLIC SOURCES FOR THE PURPOSES OF THIS SECTION. ALL PRIVATE AND PUBLIC FUNDS RECEIVED THROUGH GIFTS, GRANTS, OR DONATIONS SHALL BE TRANSMITTED TO THE STATE TREASURER, WHO SHALL CREDIT THE SAME TO THE DYNAMIC MODELING CASH FUND, WHICH FUND IS HEREBY CREATED AND REFERRED TO IN THIS SUBSECTION (5) AS THE "FUND". THE MONEYS IN THE FUND SHALL BE SUBJECT TO APPROPRIATION BY THE GENERAL ASSEMBLY FOR THE DIRECT

AND INDIRECT COSTS ASSOCIATED WITH THE IMPLEMENTATION OF THIS SECTION. ANY MONEYS IN THE FUND NOT EXPENDED FOR THE PURPOSE OF THIS SECTION MAY BE INVESTED BY THE STATE TREASURER AS PROVIDED BY LAW. ALL INTEREST AND INCOME DERIVED FROM THE INVESTMENT AND DEPOSIT OF MONEYS IN THE FUND SHALL BE CREDITED TO THE FUND. ANY UNEXPENDED AND UNENCUMBERED MONEYS REMAINING IN THE FUND AT THE END OF A FISCAL YEAR SHALL REMAIN IN THE FUND AND SHALL NOT BE CREDITED OR TRANSFERRED TO THE GENERAL FUND OR ANOTHER FUND.

(c) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION (3) OF THIS SECTION, THE DIRECTOR OF RESEARCH SHALL NOT UNDERTAKE THE PILOT PROGRAM UNLESS THE BALANCE IN THE FUND IS ONE HUNDRED TWENTY THOUSAND DOLLARS AS OF SEPTEMBER 1, 2005. IF THE BALANCE OF THE FUND IS AT LEAST ONE HUNDRED TWENTY THOUSAND DOLLARS AS OF SEPTEMBER 1, 2005, THEN THE DIRECTOR OF RESEARCH SHALL CONTRACT WITH AN INDEPENDENT CONTRACTOR TO HELP IMPLEMENT THE PROVISIONS OF THIS SECTION. IF THE BALANCE OF THE FUND IS LESS THAN ONE HUNDRED TWENTY THOUSAND DOLLARS AS OF SEPTEMBER 1, 2005, THEN ANY GIFTS, GRANTS, OR DONATIONS THAT WERE RECEIVED PRIOR TO THAT DATE SHALL BE RETURNED TO THE RESPECTIVE DONORS.

**SECTION 2.** 2-3-1203 (3) (u), Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SUBPARAGRAPH to read:

**2-3-1203. Sunset review of advisory committees.** (3) The following dates are the dates for which the statutory authorization for the designated advisory committees is scheduled for repeal:

(u) July 1, 2008:

(III) THE DYNAMIC MODELING ADVISORY COMMITTEE CREATED IN SECTION 2-3-304.5 (3).

**SECTION 3. Appropriation.** In addition to any other appropriation, there is hereby appropriated, out of any moneys in the dynamic modeling cash fund created in section 2-3-304.5 (7) (b), Colorado Revised Statutes, not otherwise appropriated, to the legislative department, for allocation to the legislative council staff, for the fiscal year beginning July 1, 2005, the sum of one hundred twenty thousand dollars (\$120,000), or so much thereof as may be necessary, for the implementation of this act. Said sum shall be cash funds exempt received from gifts, grants, and donations.

**SECTION 4. Safety clause.** The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Approved: June 1, 2005