


Colorado Legislative Council Staff Fiscal Note
FINAL
FISCAL NOTE

Drafting Number: LLS 10-0933
Prime Sponsor(s): Sen. Penry
 Rep. Lambert

Date: May 21, 2010
Bill Status: Postponed Indefinitely
Fiscal Analyst: Janis Baron (303-866-3523)

TITLE: CONCERNING A REDUCTION IN STATE EXPENDITURES, AND, IN CONNECTION THEREWITH, ENACTING THE "TAXPAYER PROTECTION ACT OF 2010".

Fiscal Impact Summary	FY 2009-10	FY 2010-11	FY 2011-12
State Revenue General Fund	(\$21,300,000)	(\$63,400,000)	
State Transfers of Diversions Transfers from Multiple Cash Funds to the General Fund	Potential for Transfers		
State Expenditures General Fund Spending Reductions Spending Increases	(\$18,680,000) 308,000	(\$322,924,000)	
FTE Position Change	Yet to be Determined		
Effective Date: The bill was postponed indefinitely by the Senate State, Veterans and Military Affairs Committee on March 3, 2010.			
Appropriation Summary for FY 2009-10 and FY 2010-11: See State Appropriations section.			
Local Government Impact: None.			

NOTE: All agencies were canvassed for purposes of this fiscal note. The Office of State Planning and Budgeting (OSPB) in the Governor's Office served as the point agency for the executive branch. No worksheets were received from the individual state departments. In its correspondence to fiscal note staff, the OSPB indicated that the Governor's budget proposal submitted to the Joint Budget Committee on November 6, 2009, included \$708.6 million in General Fund reductions that exceed the spending reductions required in SB10-168. Thus, no additional spending reductions were identified by the executive branch under this bill. See State Expenditures section of fiscal note for further discussion.

Summary of Legislation

The bill included the following provisions:

- required state spending reductions of 0.24 percent for FY 2009-10, and 4.39 percent for FY 2010-11;
- delineated the means by which spending was to be reduced (discussed in the State Expenditures section);
- specified that if the Governor reduced personnel expenditures from a cash fund, those cash fund moneys were to be transferred to the General Fund;
- stated that the General Assembly shall not reduce the homestead property tax exemption for qualifying senior citizens for property tax years beginning on January 1, 2010; and
- raised the retail vendor fee to 3.33 percent, effective March 1, 2010.

State Revenue

State General Fund revenue would have been reduced by \$21.3 million in FY 2009-10 and \$63.4 million in FY 2010-11. Current law requires vendors to collect sales taxes for the state. Vendors are allowed to keep a portion of the taxes collected as compensation for the administrative costs of collecting sales tax. The portion the vendor is allowed to keep is called the vendor fee. Effective March 1, 2010, this bill would have increased the amount that a retail vendor may retain each month when collecting and remitting state sales tax revenue to 3.33 percent, thus reducing state revenue. Current law reinstates the vendor fee of 3.33 percent on July 1, 2011.

State Expenditures

The bill would have reduced state spending by \$18.4 million in FY 2009-10 and \$322.9 million in FY 2010-11.

Executive Branch. For FY 2009-10, the Governor was required to achieve spending reductions in personnel expenditures by: (1) eliminating any currently vacant nonessential positions; (2) reducing state employee total compensation, beginning with those employees whose total compensation is more than \$100,000 annually; and (3) reducing the number of nonessential state employees. For FY 2010-11, the Governor was to use these three means to reduce spending plus reduce nonessential state programs.

Judicial Branch and Legislative Branch. For both fiscal years, the branches were required to reduce their total operating expenses by 0.24 percent and 4.39 percent, respectively. Additionally, the per diem rate paid to legislators was to be reduced by these percentage rates, respectively.

Table 1 on page 3 identifies the General Fund reductions in the three branches of state government as required by the bill.

	FY 2009-10	FY 2010-11
Executive Branch	(\$17,800,000)	(\$306,500,000)
Judicial Branch	(808,000)	(14,986,000)
Legislative Branch	(72,000)	(1,438,000)
Total	(\$18,680,000)	(\$322,924,000)

New Costs — FY 2009-10. The Department of Revenue would have required \$308,000 General Fund to notify vendors of the fee change, and to reprint and mail coupon books to vendor account holders. New funding would have covered labor, paper, printing, and postage costs.

Effective Dates. The bill required that spending reductions for FY 2009-10 begin on or before March 1, 2010. Spending reductions for FY 2010-11 were to be identified by March 15, 2010, and were to be on top of the Governor's budget request for the executive branch. Reductions in per diem rates paid to members were to be reduced in the current fiscal year upon the bill's effective date.

Senior Citizen Property Tax Exemption. SB09-276 eliminated this tax exemption for the 2009 property tax year only. Current law requires that the tax exemption be funded in FY 2010-11. This bill affirmed current law, plus stated that the General Assembly shall not reduce the amount of the exemption for any property tax year commencing on or after January 1, 2010.

State Appropriations

None were identified at this time. As noted on page 1, the bill was postponed indefinitely in the first committee of reference; the bill did not proceed through the legislative process.

Departments Contacted

All Departments