

**FINAL
FISCAL NOTE**

Drafting Number: LLS 12-0412
Prime Sponsor(s): Rep. Hullinghorst

Date: June 15, 2012
Bill Status: Postponed Indefinitely
Fiscal Analyst: Kirk Mlinek (303-866-4782)

TITLE: CONCERNING THE ADOPTION OF PAY-AS-YOU-GO REQUIREMENTS FOR CERTAIN BILLS WITH SPECIFIED IMPACTS ON THE STATE BUDGET.

| Fiscal Impact Summary | FY 2012-2013 | FY 2013-2014 |
|--|---|---------------------|
| State Revenue | See State Revenue and Expenditures section. | |
| State Expenditures | | |
| FTE Position Change | | |
| Effective Date: The bill was postponed indefinitely by the House Finance Committee on February 8, 2012. | | |
| Appropriation Summary for FY 2012-2013: None. | | |
| Local Government Impact: See Local Government Impact section. | | |

Summary of Legislation

The bill requires that, prior to the passage of the Long Bill, no bill that requires a tax expenditure, or that results in either a decrease in revenue to the state or an increase in General Fund spending, may be passed favorably from the House or Senate Appropriations Committees to second reading unless the bill specifically identifies an equivalent budgetary offset. Historically, bills that reduce state General Fund revenue or that increase General Fund spending have been routed through appropriations committees prior to being heard on second reading.

"Tax expenditure" is defined as a deduction from taxable income, a tax credit, a tax exemption, the lowering of a tax rate, the elimination of a tax, or the elimination or reduction of a fee.

State Revenue and Expenditures

This bill does not directly affect state revenue or expenditures, but it requires the legislature to offset the impact of certain other bills prior to passage of the Long Bill. Bills that reduce state revenue or increase General Fund expenditures must contain an offsetting revenue increase or expenditure decrease, if considered by the appropriations committees before the Long Bill is passed. This will reduce the impact of revenue reducing and expenditure increasing bills on the state budget, although the ultimate impact of the bill will depend on future actions of the General Assembly.

Therefore, the bill is assessed as having a conditional fiscal impact. In addition, the bill does not identify the manner in which the offsets will be identified nor whom is responsible for the identification of the offsets.

Local Government Impact

Local governments could be impacted to the degree that the budgetary offset is a state expenditure that provides funding for a local government program.

Departments Contacted

Legislative Council

Joint Budget Committee