

**JBC STAFF FISCAL ANALYSIS
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING INCOME TAX, AND, IN CONNECTION THEREWITH, MAKING THE STATE'S CORPORATE INCOME TAX MORE UNIFORM COMPARED TO OTHER STATES BY REPLACING THE CURRENT COMBINED REPORTING STANDARD WITH THE MULTISTATE TAX COMMISSION'S STANDARD AND MODIFYING THE COMPUTATION OF THE RECEIPTS FACTOR TO MAKE IT MORE CONGRUENT WITH THE UNITARY BUSINESS PRINCIPLE; REQUIRING ADDITIONS TO COLORADO TAXABLE INCOME IN AMOUNTS RELATED TO LIMITING CERTAIN FEDERAL ITEMIZED DEDUCTIONS, EXTENDING THE LIMIT ON THE FEDERAL DEDUCTION ALLOWED UNDER SECTION 199A OF THE INTERNAL REVENUE CODE, LIMITING THE DEDUCTION FOR CONTRIBUTIONS MADE TO 529 PLANS, DISALLOWING AN ENHANCED FEDERAL DEDUCTION FOR FOOD AND BEVERAGE EXPENSES AT RESTAURANTS, AND REPEALING THE CAPITAL GAINS SUBTRACTION; ALLOWING A SUBTRACTION FROM COLORADO TAXABLE INCOME IN AMOUNTS RELATED TO REPEALING THE CAP ON THE DEDUCTION FOR CERTAIN SOCIAL SECURITY INCOME; REDUCING STATE INCOME TAX REVENUE BY INCREASING THE EARNED INCOME TAX CREDIT, FUNDING THE CHILD TAX CREDIT, AND ALLOWING A TEMPORARY INCOME TAX CREDIT FOR A BUSINESS EQUAL TO A PERCENTAGE OF THE CONVERSION COSTS TO CONVERT THE BUSINESS TO A WORKER-OWNED COOP, AN EMPLOYEE STOCK OWNERSHIP PLAN, OR AN EMPLOYEE OWNERSHIP TRUST; INCREASING STATE INCOME TAX REVENUE BY PREVENTING CORPORATIONS FROM USING TAX SHELTERS IN FOREIGN JURISDICTIONS FOR THE PURPOSE OF TAX AVOIDANCE; AND CLARIFYING THAT CERTAIN CAPTIVE INSURANCE COMPANIES ARE NOT EXEMPT FROM INCOME TAX.

Prime Sponsors: Reps. Sirota and Weissman
Sens. Hansen and Moreno

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Appropriation Items of Note

Appropriation Required, Amendment in Packet

General Fund Impact

Fiscal Impact of Bill as Amended to Date

The most recent Legislative Council Staff Revised Fiscal Note (attached) reflects the fiscal impact of the bill as of 05/17/21.

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| XXX | 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> |
| | 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 |

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 \$68,041 General Fund to the Office of the Governor for FY 2021-22. This provision also states that the appropriation is based on the assumption that the Office will require an additional 0.5 FTE.

Points to Consider

General Fund Impact

The Joint Budget Committee has proposed a budget package for FY 2021-22 based on the March 2021 Legislative Council Staff revenue forecast. The budget package includes a set aside of \$48.0 million General Fund for bills that require General Fund appropriations for FY 2021-22. This bill is anticipated to increase General Fund revenues by a net \$6.3 million, including a General Fund revenue increase of \$13.0 million, a General Fund transfer of \$6.6 million, and a General Fund appropriation of \$68,041, increasing the amount available for appropriation by the same amount.