

**JBC STAFF FISCAL ANALYSIS
SENATE APPROPRIATIONS COMMITTEE**

CONCERNING CONSERVATION EASEMENTS, AND, IN CONNECTION THEREWITH, ALLOWING TAXPAYERS WHO WERE PREVIOUSLY DENIED A STATE INCOME TAX CREDIT FOR DONATING CONSERVATION EASEMENTS TO CLAIM AN INCOME TAX CREDIT FOR THOSE DONATIONS IF SPECIFIED REQUIREMENTS ARE SATISFIED.

Prime Sponsors: Sens. Simpson and Winter

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Date Prepared: May 8, 2022

Appropriation Items of Note

Appropriation Required, Amendment in Packet

General Fund/TABOR Impact

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 03/09/22.

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

The Senate Finance Committee Report (03/16/22) includes amendments to the bill, however, Legislative Council Staff and JBC Staff agree that the committee amendments do not change the fiscal impact of the bill.

Amendments in This Packet for Consideration by Appropriations Committee

Amendment	Description
J.001	Staff-prepared appropriation amendment
L.002	Bill Sponsor amendment - does not change fiscal impact <i>or</i> appropriation

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 \$5,185,543 General Fund to the Department of Revenue for FY 2022-23. This provision also states that the appropriation is based on the assumption that the Department will require an additional 1.6 FTE. Of that amount, \$46,136 is reappropriated to the Department of Personnel and \$2,022,656 is reappropriated to the Department of Law, based on the assumption that the Department of Law will require an additional 11.4 FTE. A further \$543,675 General Fund is appropriated to the Department of Regulatory Agencies, based on the assumption that the Department will require an additional 2.7 FTE. Of that amount, \$344,995 is reappropriated to the Department of Law, based on the assumption that the Department of Law will require an additional 1.7 FTE.

L.002 Bill Sponsor amendment **L.002** (attached) adds a provision that allows the Division of Conservation in the Department of Regulatory Agencies to issue up to \$15.0 million in certificates for credits allowed pursuant to section 39-22-522.7, C.R.S. for calendar years 2023 and 2024. Legislative Council Staff and JBC Staff agree that this provision may have a fiscal impact, but that it is not known what this impact may be.

The Committee should adopt amendment J.001 regardless of if it adopts amendment L.002.

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 an ongoing obligation and requires a General Fund appropriation of \$5,729,218 for FY 2022-23, reducing the \$40.0 million set aside by the same amount.

TABOR/ Excess State Revenues Impact

The March 2022 Legislative Council Staff (LCS) revenue forecast projects a TABOR surplus liability of \$1.6 billion for FY 2022-23 and \$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

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revenues by \$66.6 million in FY 2022-23 and by \$88.8 million in FY 2023-24, which will result in a decrease in the TABOR surplus liability of an equal amount.