

State of Colorado



John W. Hickenlooper
Governor

Kathy Nesbitt
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September 12, 2011

The Honorable John W. Hickenlooper
Governor
State of Colorado

The Honorable Brandon C. Shaffer
President of the Senate
Colorado General Assembly

The Honorable Frank McNulty
Speaker of the House
Colorado General Assembly

Barbara Brohl
Executive Director
Colorado Department of Revenue

Dear Sirs and Madam:

This letter revises my previous letter dated September 1, 2011; it reduces the Fiscal Year Spending limit from \$9,277,633,326 to \$8,654,379,068 and increases the amount over this limit from \$146,996,799 to \$770,251,057. Although the Fiscal Year Spending limit continues to be a required computation, refunds are no longer based on this limit due to the passage of Referendum C. We have also revised the presentation of Fort Lewis College requalifying as a TABOR enterprise to ensure the change in program revenue is measured based on comparable amounts between Fiscal Years 2010-11 and 2009-10. The text of the original letter follows, but has been modified to reflect these changes.

Pursuant to CRS 24-77-106.5(1)(b), I hereby certify that for Fiscal Year 2010-11, the unaudited state revenues subject to Article X, Section 20 (TABOR) of the State Constitution are \$9,424,630,125.

A schedule is attached comparing general and program nonexempt TABOR revenues for Fiscal Year 2010-11 to Fiscal Year 2009-10. Total revenues not exempt from TABOR were more than the previous fiscal year by 10.0 percent. The \$9,424,630,125 nonexempt revenue excludes revenues recorded by Fort Lewis College, which requalified as a TABOR Enterprise in Fiscal Year 2010-11. Before application of population and inflation adjustments, the Fiscal Year 2010-11 limit was reduced by \$17,552,668 which represents 17,672,887 of nonexempt revenue recorded by Fort Lewis College in Fiscal Year 2009-10 reduced by \$120,219 of revenue recorded by other state agencies which they received from Fort Lewis College in Fiscal Year 2009-10.

With the end of the Referendum C five-year excess revenue retention period that encompassed Fiscal Year 2005-06 through Fiscal Year 2009-10, the State is subject to an Excess State Revenue Cap (ESRC) starting in Fiscal Year 2010-11. Calculation of the Fiscal

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Year Spending (FYS) limit continues to apply, but the new ESRC replaces it as the limit that triggers taxpayer refunds. The basis for the ESRC is the highest nonexempt revenue during the five-year period, adjusted for qualifications/disqualifications of enterprises and population growth and inflation/deflation, which occurred in Fiscal Year 2007-08 and resulted in a Fiscal Year 2010-11 ESRC of \$10,684,856,218 . The FYS limit adjusted for errors in prior years and qualifications of enterprises was \$8,654,379,068. The nonexempt revenue was below the ESRC by \$1,260,226,093, and over the FYS limit by \$770,251,057.

The amounts reported above are based on unaudited account balances, and they are therefore subject to change. The State Auditor is required by statute to report on the audit of these amounts by September 15, 2011. If there are questions concerning the information provided please feel free to contact me.

Sincerely yours,



David J. McDermott
Colorado State Controller

cc: Kathy Nesbitt, Personnel & Administration
Henry Sobanet, OSPB
Reporting & Analysis

STATE OF COLORADO
OFFICE OF THE STATE CONTROLLER
COMPARISON OF NONEXEMPT TABOR REVENUES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Fiscal Year 2010-11	Fiscal Year 2009-10	Increase (Decrease)	Percent Change
GENERAL REVENUES				
Individual Income Tax, Net	\$ 4,133,408,992	\$ 3,768,442,515	\$ 364,966,477	9.7%
Sales and Use Tax, Net	2,233,520,637	1,979,100,583	254,420,054	12.9%
Corporate Income Tax, Net	365,558,281	350,067,551	15,490,730	4.4%
Insurance Taxes	189,648,267	186,921,799	2,726,468	1.5%
Tobacco Products Tax, Net	53,106,933	56,933,028	(3,826,095)	-6.7%
Alcoholic Beverages Tax, Net	36,437,527	35,438,490	999,037	2.8%
Fiduciary Income Tax, Net	20,501,197	8,405,928	12,095,269	143.9%
Court and Other Fines	10,104,911	27,622,410	(17,517,499)	-63.4%
Interest and Investment Income	7,334,213	9,970,623	(2,636,410)	-26.4%
Business Licenses and Permits	4,490,095	6,681,761	(2,191,666)	-32.8%
Miscellaneous Revenue	2,714,892	47,271,502	(44,556,610)	-94.3%
Gaming and Other Taxes	491,455	559,661	(68,206)	-12.2%
General Government Service Fees	269,804	662,497	(392,693)	-59.3%
Other General Revenue	94,577	441,832	(347,255)	-78.6%
TOTAL GENERAL REVENUES	7,057,681,781	6,478,520,180	579,161,601	8.9%
PROGRAM REVENUE				
Fuel and Transportation Taxes, Net	558,967,270	544,539,367	14,427,903	2.6%
Health Service Fees	488,803,338	342,478,302	146,325,036	42.7%
Motor Vehicle Registrations	218,157,499	211,202,590	6,954,909	3.3%
Court and Other Fines	181,235,606	173,894,041	7,341,565	4.2%
Severance Taxes	140,046,677	36,081,312	103,965,365	288.1%
Other Charges For Services	138,276,367	134,786,643	3,489,724	2.6%
Business Licenses and Permits	133,376,253	116,562,088	16,814,165	14.4%
Gaming and Other Taxes	96,150,672	99,712,771	(3,562,099)	-3.6%
Interest and Investment Income	71,221,680	83,088,168	(11,866,488)	-14.3%
Nonbusiness Licenses and Permits	48,370,207	45,356,585	3,013,622	6.6%
Rents and Royalties	40,941,323	45,431,434	(4,490,111)	-9.9%
General Government Service Fees	39,266,289	40,819,804	(1,553,515)	-3.8%
Miscellaneous Revenue	37,395,469	16,550,931	20,844,538	125.9%
Sales and Use Tax, Net	34,236,624	24,844,470	9,392,154	37.8%
Driver's Licenses	31,194,068	25,304,628	5,889,440	23.3%
Insurance Taxes	22,480,508	39,320,536	(16,840,028)	-42.8%
Certifications and Inspections	21,767,546	19,636,038	2,131,508	10.9%
Local Governments and Authorities	20,382,728	28,072,969	(7,690,241)	-27.4%
Employment Taxes	18,610,520	19,329,109	(718,589)	-3.7%
Public Safety Service Fees	11,943,862	11,691,373	252,489	2.2%
Educational Fees	4,872,921	4,264,568	608,353	14.3%
Higher Education Auxiliary Sales and Service	3,789,901	3,604,765	185,136	5.1%
Other Program Revenue	5,461,016	5,175,327	285,689	5.5%
TOTAL PROGRAM REVENUES	2,366,948,344	2,071,747,819	295,200,525	14.2%
Enterprise Qualified in Fiscal Year : Fort Lewis College	-	17,672,887	(17,672,887)	-100.0%
TOTAL NONEXEMPT REVENUE AND ADJUSTMENTS	\$ 9,424,630,125	\$ 8,567,940,886	\$ 856,689,239	10.0%