

# STATE OF COLORADO

## DEPARTMENT OF REVENUE

State Capitol Annex  
1375 Sherman Street, Room 409  
Denver, Colorado 80261  
Phone (303) 866-3091  
FAX (303) 866-2400



John W. Hickenlooper  
Governor

Barbara J. Brohl  
Executive Director

September 30, 2011

The Honorable Brandon Shaffer  
President of the Senate  
Colorado General Assembly

The Honorable Frank McNulty  
Speaker of the House  
Colorado General Assembly

The Honorable John Morse  
Senate Majority Leader  
Colorado General Assembly

The Honorable Amy Stephens  
House Majority Leader  
Colorado General Assembly

The Honorable Mike Kopp  
Senate Minority Leader  
Colorado General Assembly

The Honorable Sal Pace  
House Minority Leader  
Colorado General Assembly

Dear Senators and Representatives:

With the enactment of SB10-212, only one mechanism for refunding state surplus revenues *with a threshold amount* remains, the earned income tax credit.

Although the State Controller has certified that there were no state surplus revenues for FY 2010-11, statutes require me to advise you of the new surplus threshold amount that, given the existence of a refundable surplus, would trigger the distribution of surplus revenues through the earned income tax credit.

As required by statutes, the threshold amount is adjusted "to reflect the rate of growth of Colorado personal income for the calendar year immediately preceding the calendar year in which such adjustment is made." Attachment A reports the estimated rate of growth in Colorado personal income between calendar year 2009 and calendar year 2010 and the resulting adjusted threshold amount for the earned income tax credit.

Additionally, 39-22-627(2) C.R.S. which was enacted from the passage of HB10-1002 requires me to determine, based on the State Controller's certification of surplus revenues, whether the income tax rate should be temporarily reduced from 4.63 percent to 4.5 percent. Given that there were no state surplus revenues to be refunded, the temporary reduction will not go into effect for income tax year 2011. However, had a rate reduction gone into effect, it is estimated that income tax revenues, on a cash basis, would have been reduced by \$146.2 million. The estimate was provided by Legislative Council staff and is based on the September 2011 Legislative Council Staff revenue forecast.

Sincerely,

A handwritten signature in blue ink, appearing to read "Barbara Brohl", is written over a horizontal line.

Barbara Brohl  
Executive Director  
Colorado Department of Revenue  
Attachment

ATTACHMENT A:

TABOR Refund Mechanisms and TABOR Surplus Threshold Amounts

Colorado Revised Statute	TABOR Surplus Refund Mechanism	TABOR Surplus Thresholds for Refunds Distributed in FY2010-11 (\$'s in millions)	Adjustment for Growth in Colorado Personal Income 2009/2008 <sup>11</sup>	TABOR Surplus Thresholds for Refunds Distributed in FY2011-12 (\$'s in millions)	Estimated TABOR Refunds Distributed in FY2011-12 (\$'s in millions)	Other Notes
39-22-123	Earned Income Tax Credit	\$83.0	1.03780	\$86.1	NA <sup>21</sup>	

<sup>11</sup> Personal Income Estimates September, 2011

<sup>21</sup> Not available as a refund mechanism of FY 2010-11 surplus revenues.