



COLORADO
Department of Revenue

Executive Director's Office

Physical Address:
1375 Sherman Street
Denver, CO 80203

Mailing Address:
P.O. Box 17087
Denver, CO 80217-0087

September 24, 2014

The Honorable Morgan Carroll
President of the Senate
Colorado General Assembly

The Honorable Mark Ferrandino
Speaker of the House
Colorado General Assembly

The Honorable Rollie Heath
Senate Majority Leader
Colorado General Assembly

The Honorable Dickey Lee Hullinghorst
House Majority Leader
Colorado General Assembly

The Honorable Bill Cadman
Senate Minority Leader
Colorado General Assembly

The Honorable Brian DelGrosso
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 2013-14, 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 2012 and calendar year 2013 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 2014. Using total income tax revenues from the September 2014 Legislative Council Staff revenue forecast, it was estimated that income tax revenues for income tax year 2014 would have been \$185.5 million less if the state had a temporary rate reduction.

Sincerely,

Barbara J. 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 Adjustment for		TABOR Surplus Thresholds for Refunds Distributed in FY2013-14 (\$'s in millions)	Growth in Colorado Personal Income 2013/2012 ^{1/}	TABOR Surplus Thresholds for Refunds Distributed in FY2014-15 (\$'s in millions)	Estimated TABOR Refunds Distributed in FY2014-15 (\$'s in millions)
		TABOR Surplus Thresholds for Refunds Distributed in FY2013-14 (\$'s in millions)	TABOR Surplus Adjustment for Growth in Colorado Personal Income 2013/2012 ^{1/}				
39-22-123	Earned Income Tax Credit	\$94.5	1.03414	\$97.7	NA ^{2/}		

^{1/} Personal Income Estimates September, 2014

^{2/} Not available as a refund mechanism of FY 2013-14 surplus revenues.