



Colorado
Legislative
Council
Staff

Room 029 State Capitol, Denver, CO 80203-1784
(303) 866-3521 FAX: 866-3855 TDD: 866-3472

MEMORANDUM

April 15, 2011

TO: State Title Board
FROM: Natalie Mullis, Chief Economist, (303) 866-4778
SUBJECT: Revenue Impact of Proposed Initiatives 2011-2012 #22 and #25

This memorandum provides a state revenue impact estimate for proposed initiatives 2011-2012 #22 and #25. Both initiatives have identical impacts on state revenue, except proposed initiative #22 is a permanent tax policy change and proposed initiative #25 is temporary.

For both initiatives, the estimated state revenue impact for FY 2012-13, the first full fiscal year for which the initiatives will be effective, is **\$536.1 million**.

The proposed initiatives increase the state sales and use tax rate from 2.9 percent to 3.0 percent and the state income tax rate from 4.63 percent to 5.0 percent beginning January 1, 2012. Proposed initiative #22 would change these rates permanently. Proposed initiative #25 would change these rates for five years from 2012 through 2016.

Table 1 shows the estimated increase in individual income tax, corporate income tax, and sales and use tax collections for FY 2011-12 and FY 2012-13. Estimates are based on the March 2011 Legislative Council Staff revenue forecast.

Table 1
Estimated Revenue Impact of Proposed Initiatives #22 and #25
FY 2011-12 and FY 2012-13

Fiscal Year	Individual Income Tax	Corporate Income Tax	Sales and Use Tax	Total
FY 2011-12 /a	\$196.3	\$14.8	\$38.6	\$249.8
FY 2012-13 /b	\$420.3	\$35.7	\$80.1	\$536.1

/a A half-year impact will occur in FY 2011-12.

/b FY 2012-13 is the first full fiscal year during which the proposed initiative would be effective. Proposed Initiative #22 would change tax rates permanently. Proposed Initiative #25 would change tax rates temporarily from 2012 through 2016.