

Second Regular Session  
Sixty-eighth General Assembly  
STATE OF COLORADO

INTRODUCED

LLS NO. 12-0412.01 Bob Lackner x4350

HOUSE BILL 12-1039

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HOUSE SPONSORSHIP

Hullinghorst, Ferrandino, Ryden, Kerr A.

SENATE SPONSORSHIP

(None),

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House Committees  
Finance

Senate Committees

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A BILL FOR AN ACT

101 CONCERNING THE ADOPTION OF PAY-AS-YOU-GO REQUIREMENTS FOR  
102 CERTAIN BILLS WITH SPECIFIED IMPACTS ON THE STATE  
103 BUDGET.

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Bill Summary

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)*

For each regular or special session of the general assembly, prior to the passage of the long appropriation bill, the bill prohibits the appropriations committee in either house from favorably passing out a bill that requires a tax expenditure or that results in either a decrease in

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
*Capital letters indicate new material to be added to existing statute.*  
*Dashes through the words indicate deletions from existing statute.*

revenue to the state or an increase in general fund spending unless the bill either specifically identifies equivalent decreases in such expenditures or offsets to the general fund or specifically identifies sufficient increases in revenue for the next state fiscal year and for any other fiscal year that new tax expenditures or changes in tax expenditures would be implemented. The bill defines "tax expenditure" to mean a deduction from taxable income, tax credit, tax exemption, the lowering of a tax rate, the elimination of a tax, or the elimination or reduction of a fee.

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1 *Be it enacted by the General Assembly of the State of Colorado:*

2           **SECTION 1.** In Colorado Revised Statutes, **add** 24-75-114 as  
3 follows:

4           **24-75-114. Pay-as-you-go requirements - restrictions on bill**  
5 **passage by appropriations committees - specified bills with impact on**  
6 **state budget - regular or special legislative sessions - declaration -**

7 **definitions.** (1) THE GENERAL ASSEMBLY HEREBY FINDS, DETERMINES,  
8 AND DECLARES THAT:

9           (a) THE GENERAL ASSEMBLY MUST BE EVER MINDFUL THAT THE  
10 PEOPLE OF THE STATE REGULARLY FACE SIGNIFICANT FINANCIAL  
11 BURDENS, PARTICULARLY IN CHALLENGING ECONOMIC TIMES. WITH THIS  
12 IN MIND, AND WITH A FIRM HOLD ON ITS CONSTITUTIONAL  
13 RESPONSIBILITIES, THE GENERAL ASSEMBLY MUST ENSURE THAT THE  
14 PEOPLE'S MONEY IS SPENT WISELY.

15           (b) IN ORDER TO LIVE UP TO ITS CONSTITUTIONAL  
16 RESPONSIBILITIES, THE GENERAL ASSEMBLY INTENDS TO ADOPT  
17 "PAY-AS-YOU-GO" RULES. THESE RULES WILL GUARANTEE THAT,  
18 WHENEVER A NEW TAX EXPENDITURE IS MADE, A SOURCE OF FUNDING FOR  
19 THAT TAX EXPENDITURE WILL BE IDENTIFIED. AS THE PEOPLE OF THE  
20 STATE BALANCE THEIR OWN CHECKBOOKS IN THIS MANNER, SO TOO  
21 SHOULD THE STATE FOLLOW THESE SAME PRINCIPLES IN BALANCING ITS

1 OWN BOOKS.

2 (c) THE PEOPLE OF THE STATE DEMAND AND DESERVE FULL  
3 TRANSPARENCY FROM THEIR GOVERNMENT. ULTIMATELY, IT IS THE  
4 PEOPLE'S MONEY THAT IS AT STAKE. THE PEOPLE OF THE STATE NEED AND  
5 DESERVE THE OPPORTUNITY TO PROVIDE INPUT ON STATE TAX  
6 EXPENDITURES BASED UPON THEIR OWN NEEDS AND PRIORITIES.

7 (2) FOR EACH REGULAR OR SPECIAL SESSION OF THE GENERAL  
8 ASSEMBLY, PRIOR TO THE PASSAGE OF THE ANNUAL GENERAL  
9 APPROPRIATION ACT, NO BILL THAT REQUIRES A TAX EXPENDITURE OR  
10 THAT RESULTS IN EITHER A DECREASE IN REVENUE TO THE STATE OR AN  
11 INCREASE IN GENERAL FUND SPENDING MAY BE FAVORABLY PASSED BY  
12 THE APPROPRIATIONS COMMITTEE OF EITHER HOUSE TO THE FULL  
13 CHAMBER OF SUCH HOUSE FOR CONSIDERATION ON SECOND READING  
14 UNLESS THE BILL EITHER SPECIFICALLY IDENTIFIES EQUIVALENT  
15 DECREASES IN SUCH EXPENDITURES OR OFFSETS TO THE GENERAL FUND OR  
16 SPECIFICALLY IDENTIFIES EQUIVALENT INCREASES IN REVENUE FOR THE  
17 NEXT STATE FISCAL YEAR AND FOR ANY OTHER FISCAL YEAR THAT NEW  
18 TAX EXPENDITURES OR CHANGES IN TAX EXPENDITURES WOULD BE  
19 IMPLEMENTED SO THAT THE BILL DOES NOT IMPACT THE STATE BUDGET.  
20 FOR PURPOSES OF THIS SECTION, "TAX EXPENDITURE" MEANS, WITHOUT  
21 LIMITATION, A DEDUCTION FROM TAXABLE INCOME, TAX CREDIT, TAX  
22 EXEMPTION, THE LOWERING OF A TAX RATE, THE ELIMINATION OF A TAX,  
23 OR THE ELIMINATION OR REDUCTION OF A FEE.

24 **SECTION 2. Safety clause.** The general assembly hereby finds,  
25 determines, and declares that this act is necessary for the immediate  
26 preservation of the public peace, health, and safety.