

Colorado

Federal Policies Have Cost Colorado \$2.3 Billion over the Past Four Years

Federal Policies Affect Colorado Revenue and Spending Levels, 2002-2005

*Cost to
Colorado*

- *Federal Tax Changes:* Recently enacted federal tax cuts reduce state revenue directly. \$408 million
- *Remote Sales:* States cannot collect sales taxes on goods & services purchased over the Internet due to federal law and court decisions. \$922 million
- *Internet Access:* States are generally prohibited from applying tax to Internet access charges. \$67 million
- *Unfunded Mandates:* Federal government imposes responsibilities on states but provides insufficient funding. \$821 million
- *Medicare/Medicaid Dual Eligibles:* Increased use of prescription drugs shifts costs of health care for low-income elderly from federal Medicare program to state Medicaid programs. \$348 million
- *Federal Fiscal Relief:* Congress approved temporary grants in 2003. (\$239 million)

TOTAL COST (net of fiscal relief), 2002-2005: **\$2.3 billion**

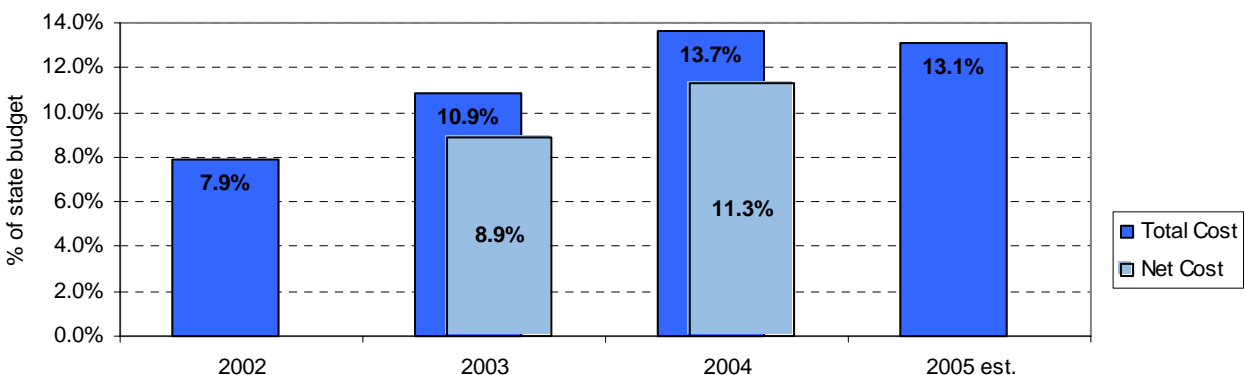
Colorado Has Been More Affected by Federal Policies than Most States

*Ranking among 50
states plus D.C.*

- Total cost as percent of General Fund budget (2002-2005): **11.4%** **11th**
- Net cost as percent of General Fund budget, including offsetting federal fiscal relief (2002-2005): **10.3%** **7th**

Colorado has been affected heavily by federal policy in part because Colorado has failed to decouple from recent federal tax changes that have reduced state tax revenue significantly.

Net Cost of Federal Policy to Colorado as a Percentage of State General Fund Budget



Source: Center on Budget and Policy Priorities, *Passing Down the Deficit: Federal Policies Contribute to the Severity of the State Fiscal Crisis*, May 12, 2004.