

# COMMON SENSE

*Policy Roundtable*

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## DYNAMIC MODEL

*Did you know?*

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- ❖ A dynamic model is a tool that is able to measure the economic impact of policy changes beyond simple revenue changes to government budgets. A dynamic model allows for a deeper analysis of economic impacts to businesses as well as government by measuring the multiplier effect that results from changes in public policy.
- ❖ All legislation that has a potential fiscal impact to the state is assigned a fiscal note from the Office of Legislative Council. Currently, these fiscal notes are generated using a static model that fails to accurately reflect the full impact of the proposed bill.
- ❖ Twice in the past six years lawmakers have passed legislation directing the Office of Legislative Council to begin the process of creating a dynamic model in order to gain a more complete assessment of the fiscal impact a piece of legislation would have.

*Common Sense Policy Roundtable is a non-profit free-enterprise think tank dedicated to the protection and promotion of Colorado's economy. CSPR actively follows tax and budget related legislation and initiatives.*

## COMMON SENSE

### Solutions for Colorado: Dynamic Model

- ❖ **Lawmakers should explore the various options for housing a dynamic model and develop a protocol to determine which measures are ran each year.**
- ❖ **One possible option would be to require the Office of Legislative Council to follow through on the effort to design and implement a dynamic model tailored for Colorado.**
- ❖ **A second option would be to partner with an academic institution to craft a model that would be made available to policymakers to measure the impact of major policy changes.**