

FINAL FISCAL NOTE

Nonpartisan Services for Colorado's Legislature

Drafting Number: Prime Sponsors:

LLS 19-1086

Rep. Herod; Van Winkle

Sen. Todd; Lundeen

Date: August 5, 2019

Bill Status: Signed into Law

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Bill Topic:

OCCASIONAL SALES BY CHARITABLE ORGANIZATIONS

Summary of **Fiscal Impact:** State Expenditure (minimal)

□ State Transfer

□ TABOR Refund

□ Statutory Public Entity

This bill increases the amount of sales by charitable organizations that are exempt from sales tax to \$45,000 per year. It also removes the requirement that occasional sales take place no more than 12 days per year. It will decrease state revenue and

increase state agency workload on an ongoing basis.

Appropriation Summary:

No appropriation is required.

Fiscal Note Status:

The final fiscal note reflects the enacted bill.

Table 1 State Fiscal Impacts Under HB 19-1323

		FY 2019-20	FY 2020-21
Revenue	General Fund	(at least \$34,800)	(at least \$35,600)
Expenditures		-	-
Transfers		-	-
TABOR Refund		-	-

Summary of Legislation

This bill increases the amount of sales by a charitable organization that can be exempted from sales tax from \$25,000 to \$45,000 per year. The bill removes the requirement that these occasional sales take place no more than 12 days per year, and also changes the requirement regarding when charitable organizations begin collecting taxes to when they have sold over \$45,000 in tangible goods, commodities, or services.

Assumptions

Comprehensive data do not exist on charitable organizations that have taxable sales or occasional sales. It is assumed that at least 60 charitable organizations will be impacted by this bill, representing organizations with up to \$45,000 in sales. These organizations are assumed to collect sales tax under current law. If more information becomes available, this fiscal note will be updated accordingly.

State Revenue

This bill is estimated to decrease state General Fund revenue by at least \$34,800 in FY 2019-20 and by at least \$35,600 in FY 2020-21, with similar impacts in future years. This revenue is subject to TABOR. The state is not expected to collect a TABOR surplus in FY 2019-20 or FY 2020-21.

State Expenditures

This bill will have a workload impact on the Department of Revenue to update instructions and documentation, which can be achieved with existing resources. The Department of Personnel and Administration may have a workload reduction for document management if the number of sales tax filings decreases in line with the increased exemption.

Local Government

This bill will have a minimal fiscal impact for those local taxing jurisdictions that have adopted the state's sales tax base and include this exemption.

Effective Date

The bill was signed into law by the Governor on May 23, 2019, and took effect August 2, 2019. The bill applies to sales that occur beginning January 1, 2020.

State and Local Government Contacts

Counties Municipalities Personnel Regional Transportation District Revenue