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**Evaluations Continue to Provide Lawmakers with Important Information
About the State’s Tax Expenditures**

DENVER—The Office of the State Auditor (OSA) has released its fourth annual compilation report of tax expenditure evaluations, an effort that began when Senate Bill 16-203 directed the OSA to, beginning in 2018, examine every tax expenditure on the books within 5 years and report back to the General Assembly annually on a variety of factors, including their use, impact to the state and taxpayers, and effectiveness.

The individual evaluations are released periodically throughout the year; however, this 2021 compilation report released today pulls together all of the OSA’s work over the past 12 months into a single report and includes three new evaluations that had not previously been available—Child Care Contribution Credit, Exemption for Donations by Manufacturers to Government and Charitable Organizations, and Sales by Charitable Organizations Exemption.

The 2021 compilation report covers 31 tax expenditures that are grouped into 26 separate evaluations. The subjects are wide ranging, from income tax credits and deductions for pensions and annuities and child care contributions, to sales and use tax exemptions for construction and building materials and prefabricated homes, to severance tax exemptions and credits related to metallic minerals.

“These evaluation reports are a valuable resource for lawmakers and the public about whether tax expenditures established in state law are meeting their purpose, how they impact the state and taxpayers, and what policy actions might be needed,” said Trey Standley, Audit Manager.

Recently, House Bill 21-1077 permanently established the Legislative Oversight Committee Concerning Tax Policy and designated it as the legislative committee with responsibility for reviewing the OSA's tax expenditure evaluation reports.

The OSA's tax expenditure evaluations have drawn national attention and recognition from organizations such as the PEW Charitable Trusts and the Colorado Fiscal Institute. The OSA's 2018 Tax Expenditure Compilation Report won the National State Auditors Association Excellence in Accountability Award for Special Projects.

State statute defines a tax expenditure as "a tax provision that provides a gross or taxable income definition, deduction, exemption, credit, or rate for certain persons, types of income, transactions, or property that results in reduced tax revenue." Tax expenditures are typically not subject to any state agency's oversight or the State's annual budget and appropriations process, but are called expenditures because they decrease available state funds by reducing the amount of state revenue collected.

The full 2021 compilation report, as well as evaluation reports for individual tax expenditures are available on the OSA's website at <https://bit.ly/3ifOoH3>.

About the Office of the State Auditor (OSA)

Under the direction of the State Auditor, the OSA's nonpartisan, professional staff promote government accountability by conducting independent performance, financial, and IT audits and evaluations of state agencies, departments, and institutions of higher education, conducting independent evaluations of the State's tax expenditures (e.g., credits, exemptions, deductions), tracking about 4,000 Colorado local governments for compliance with the Local Government Audit Law, and operating a statewide fraud reporting hotline.

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