



Fiscal Policy and Taxes

During the 2019 legislative session, the General Assembly considered a number of bills regarding fiscal policy, taxes, and financial services.

Changes to Sales Tax Collection

Department of Revenue. Several bills were introduced in response to new Department of Revenue rules regarding sales tax collection. While [Senate Bill 19-130](#) and [Senate Bill 19-131](#) were postponed indefinitely, [House Bill 19-1240](#) passed. It codifies the department's destination sourcing rules, exempts retailers with revenues less than \$100,000, and creates regulations regarding marketplace facilitators.

In addition, [Senate Bill 19-006](#) requires the department and the Office of Information Technology to conduct a sourcing method for an electronic sales and use tax simplification system.

Tax collection. The legislature adopted two bills that alter how some taxes are collected. [Senate Bill 19-024](#) authorizes the Department of Revenue to require that severance taxes and sales taxes be remitted electronically and to establish deadlines for taxes received by electronic funds transfers. [Senate Bill 19-035](#) extends the time period during which a tax may be assessed for taxpayers whose assets are in the control of a court or who have filed for bankruptcy.

Excess revenue. The legislature passed two related bills concerning tax revenue collected in excess of the state's constitutional limit on spending. [House Bill 19-1257](#) allows the state to retain such excess revenues, subject to voter approval of the measure at the November 2019 election. If voters approve the measure, [House Bill 19-1258](#) authorizes revenues retained in this manner to be spent for public education, higher education, and transportation infrastructure.

Clarifications

The legislature considered two bills that clarify the applicability of certain laws or court rulings with regard to tax administration. The legislature enacted [Senate Bill 19-233](#), which clarifies that holding companies are required to file combined income tax reports in Colorado unless they locate their payroll and property outside the United States. [Senate Bill 19-257](#), which would have clarified that expenses for primary and secondary education are not qualified expenses for 529 accounts and prevented deductions for such contributions, was deemed lost.

New Taxes and Enterprises

The General Assembly considered a number of bills that create new taxes, fees, or enterprises. [House Bill 19-1327](#) authorizes and taxes sports betting in Colorado, subject to voter approval

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on the 2019 ballot. [House Bill 19-1245](#) increases the vendor fee for sales tax collections but caps the allowance and dedicates extra sales tax revenue collected to the Housing Development Grant Fund. [Senate Bill 19-198](#) temporarily raises the waste tire fee and recreates a rebate program in the Department of Public Health and Environment for end users of products derived from waste tires. [Senate Bill 19-192](#) creates the Front Range Waste Diversion Enterprise, which collects a fee on waste disposed at landfills to fund a grant program designed to meet waste diversion goals within the Front Range.

New taxes or rate reductions that were not adopted. Four bills were postponed indefinitely or deemed lost that would have altered various tax rates. Two such bills, [House Bill 19-1097](#) and [Senate Bill 19-055](#), would have lowered the state income tax rate and the state alternative minimum tax. [House Bill 19-1157](#) would have increased the specific ownership tax and allocated revenue to the Highway Users Tax Fund. Finally, [House Bill 19-1333](#) would have referred a measure to voters to increase the cigarette tax and tobacco products tax and established a nicotine products tax that would treat nicotine products, like electronic cigarettes, similarly to tobacco products.

Tax Credits, Deductions, and Exemptions

A number of bills were introduced to create, expand, extend, or clarify tax credits. Of these, ten were signed into law and seven were postponed indefinitely, deemed lost, or vetoed by the Governor. The tax credits and deductions considered by the General Assembly during the 2019 legislative session are described below.

New or expanded credits. [House Bill 19-1005](#) creates a new income tax credit for credentialed early childhood professionals who work in a family childcare home. [House Bill 19-1323](#)

increases the maximum sales tax exemption allowed to charitable organizations for occasional sales. [House Bill 19-1162](#) expands the definition of tax-exempt farm equipment sales to include all tracking equipment for food animals, including animals used for food production. [House Bill 19-1329](#) expands the sales tax exemption on wholesale sales to include fertilizer used in the production of agricultural and livestock products. Finally, [House Bill 19-1228](#) increases the aggregate funding available for the Affordable Housing Tax Credit from \$5 million per year to \$10 million per year starting in 2020.

Extended tax credits and clarifications. [House Bill 19-1013](#) continues an income tax credit for child care expenses for low-income families until 2029. [House Bill 19-1264](#) continues the income tax credit for conservation easements until 2026, with some modification to the program. [House Bill 19-1159](#) continues an income tax credit for purchasing or leasing certain alternative fuel vehicles, with some modifications to the schedule of the future credits. [House Bill 19-1088](#) clarifies an income tax credit for health care preceptors working in health care professional shortage areas, and continues the credit until 2023. Finally, [House Bill 19-1135](#) clarifies the eligibility for an income tax credit for retrofitting a home to increase accessibility.

Additional new or modified tax credits that were not adopted. The seven proposed or modified tax credits or exemptions that did not become law are summarized in Table 1.

Table 1
2019 Proposed Tax Credits That Did Not Become Law

Bill Number	Tax Type	Category
SB 19-060	Income	Education
SB 19-132	Property	Medical
HB 19-1075	Income	Housing
HB 19-1123	Income	Education
HB 19-1141	Property	Medical
HB 19-1165	Property	Energy
HB 19-1317	Income	Real Estate