



Taxes

The Colorado General Assembly considered a number of bills during the 2017 legislative session regarding the administration of taxes, and state taxes and tax programs.

Changes to the Tax Preparation and Remittance Process

The General Assembly considered six tax administration bills. *House Bill 17-1216* created the Sales and Use Tax Simplification Task Force to study the components of a simplified sales and use tax system.

Three bills make changes within the Department of Revenue (DOR) in the tax remittance process. *Senate Bill 17-194* allows DOR to waive certain deadlines and associated penalties it pays for late tax refunds if it suspects identify theft or other refund-related fraud. *House Bill 17-1049* reduces the period of time that interest accrues after a petition for abatement or refund is filed when erroneous property taxes are levied. *House Bill 17-1136* authorizes DOR, by rule, to require taxpayers to file certain taxes via electronic returns or funds transfer.

Two bills, which were postponed indefinitely, would have made changes to certain tax processes, including *Senate Bill 17-149*, which would have allowed taxpayers to split their income tax refunds among up to four methods, and *Senate Bill 17-238*, which would have changed purchaser notification requirements for out-of-state retailers.

Income Taxes

The General Assembly adopted five bills that make changes to existing or create new income tax credits. *Senate Bill 17-299* allows a taxpayer that invests in an enterprise data center to use a beneficial apportionment factor when allocating federal taxable income to the state. *House Bill 17-1002* extends an existing tax credit for child care expenses paid by low-income taxpayers. *House Bill 17-1090* extends the Advanced Industry Income Tax Credit Program, which gives state income tax credits to investors who invest in Colorado businesses like bioscience or electronics. *House Bill 17-1104* creates a state income tax deduction for monetary awards received from certain groups as a result of winning a medal at the summer or winter Olympics or at the Paralympic games. *House Bill 17-1356* authorizes the Colorado Economic Development Commission to allow certain businesses to treat four specific tax credits as transferable.

The General Assembly considered eight additional income tax bills that were postponed indefinitely or deemed lost. These bills concerned enrollment in home-based or private schools (*Senate Bill 17-039*), benefits for military retirees under age 55 (*Senate Bill 17-075*), innovative motor vehicles and trucks (*Senate Bill 17-188*), endowments to Colorado charitable organizations (*Senate Bill 17-287*), employer contributions to college savings plans (*House Bill 17-1007*), conservation easements (*House Bill 17-1066*), employer-assisted housing in rural areas

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(*House Bill 17-1091*), and teachers in rural school districts (*House Bill 17-1324*).

Income Tax Checkoff Programs

In Colorado, taxpayers may voluntarily contribute to designated organizations on their income tax form by donating a portion of their income tax refund or increasing the amount owed on their tax return. During the 2017 legislative session, the General Assembly created two and continued one voluntary contribution designations (tax checkoff). *House Bill 17-1055* created a tax checkoff benefitting the Urban Peak Housing and Support Services for Youth Experiencing Homelessness Fund. *House Bill 17-1222* created a tax checkoff benefitting the Family Caregiver Support Fund. The fund is used to provide support to Easter Seals of Colorado. *House Bill 17-1250* continues and renames the Nongame Wildlife tax checkoff as the Colorado Nongame Conservation and Wildlife Restoration checkoff.

Additionally, the General Assembly considered a bill that would have changed when approved tax checkoff programs appeared on tax forms. Only 15 checkoff programs can appear on a tax form in any given year, and continued or renewed checkoffs take precedence over newly created checkoffs. *Senate Bill 17-054*, which was postponed indefinitely, would have created a rotation schedule so that each tax checkoff is allowed to appear on the income tax form for five consecutive years, after which the program is removed for a minimum of five income tax years.

Sales and Use Taxes

The General Assembly considered 10 bills concerning exemptions from or the distribution of certain state sales and use taxes. Of the 10 bills, 2 were adopted, including *House Bill 17-1093*, which increases the amount of an existing tax exemption for the cash surrender value of a life insurance policy, and *House Bill 17-1103*, which creates a state sales and use tax exemption for a historic aircraft that is on loan to a museum for public display. Eight additional bills were

postponed indefinitely, vetoed, or deemed lost. Five of these bills would have affected sales and use tax exemptions, including exemptions related to non-cigarette tobacco products (*Senate Bill 17-139*), machinery and machine tools for certain mining operations (*Senate Bill 17-208*), nonessential food and beverage articles and containers (*House Bill 17-1009*), feminine hygiene products (*House Bill 17-1127*), and disposable diapers (*House Bill 17-1195*). The remaining three bills concerned transfers to the Highway Users Tax Fund and Capital Construction Fund (*House Bill 17-1171*), increasing the state sales and use tax rate (*House Bill 17-1242*), and retail marijuana (*House Bill 17-1345*).

Property Taxes

The General Assembly considered seven bills concerning property taxes. *House Bill 17-1349* establishes the residential assessment rate at 7.20 percent for tax years 2017 and 2018, the first change in the rate since 2003. *Senate Bill 17-302* clarifies that silvicultural equipment used for the planting, growing, maintenance, or harvesting of trees is exempt from property taxes.

Senate Bill 17-267 creates a refundable income tax credit equal to business personal property tax that a taxpayer pays on the first \$18,000 in actual business personal property value. Two other bills, *Senate Bill 17-009* and *House Bill 17-1063*, which were postponed indefinitely, would have changed the business personal property tax exemption.

Senate Bill 17-078, which was postponed indefinitely, would have treated storage units as residential property for property tax purposes under certain circumstances. *House Bill 17-1311*, which was also postponed indefinitely, would have required sellers to use an online property tax calculator to estimate the value of their residential property and the mill levy for the property in order to disclose the estimated property taxes prior to sale.