

**UPDATED SUMMARY
SENATE BILL 15-001**

First Regular Session - Seventieth Colorado General Assembly

This summary applies to the reengrossed version of this bill as introduced in the second house. It does not reflect any amendments that may be subsequently adopted. This summary reflects only the main points of the legislation.

Current law provides 3 mechanisms for refunding state revenues in excess of the state fiscal year spending limit imposed by the taxpayer's bill of rights (TABOR) and subsequently increased by a voter-approved revenue change in 2005 (excess state revenues): An earned income tax credit; a temporary income tax rate reduction; and a state sales tax refund that is paid to taxpayers through the state income tax system in amounts based on 6 income-based tiers. For refunds of excess state revenues for fiscal year 2014-15 or any subsequent fiscal year, the bill repeals the temporary income tax rate reduction refund mechanism and replaces the 6-tier state sales tax refund mechanism with a 3-tier state sales tax refund mechanism that is similarly administered. The bill does not affect the earned income tax credit refund mechanism. The tiers of the new 3-tier state sales tax refund mechanism are annually adjusted for inflation.

Beginning with the 2015-16 fiscal year, the bill also creates a 3-tier state sales tax rebate mechanism that is generally similar to the new 3-tier state sales tax refund mechanism with respect to its conditions and administration except for timing differences. Unlike the state sales tax refund mechanism, the rebate mechanism does not refund excess state revenues during the fiscal year following the fiscal year in which they are collected but instead lowers the amount of excess state revenues for any given fiscal year by rebating the estimated amount of forecast excess state revenues for the fiscal year during the fiscal year.

Italicized words indicate new material added to the original summary; dashes through words indicate deletions from the original summary.
Prepared by the Office of Legislative Legal Services.