

*Colorado Legislative Council Staff Fiscal Note*

**STATE and LOCAL  
REVISED FISCAL IMPACT**

(replaces fiscal note dated January 26, 2008)

**Drafting Number:** LLS 08-0587

**Date:** March 28, 2008

**Prime Sponsor(s):** Rep. Sonnenberg

**Bill Status:** House Appropriations

**Fiscal Analyst:** Harry Zeid (303-866-4753)

**TITLE:** CONCERNING A SALES TAX EXEMPTION FOR A SALE RELATED TO A SCHOOL.

<b>Fiscal Impact Summary</b>	<b>FY 2008-2009</b>	<b>FY 2009-2010</b>
<b>State Revenue</b> General Fund - reduction	(at least \$175,000)	(at least \$210,000)
<b>State Expenditures</b>	\$0	\$0
<b>FTE Position Change</b>	0.0 FTE	0.0 FTE
<b>Effective Date:</b> August 6, 2008, assuming the General Assembly adjourns as scheduled sine die on May 7, 2008, and no referendum petition is filed. The bill applies to sales occurring on or after September 1, 2008.		
<b>Appropriation Summary for FY 2008-2009:</b> None		
<b>Local Government Impact:</b> See the Local Government Impact section.		

**Summary of Legislation**

Effective September 1, 2008, this bill provides a sales tax exemption for items sold by schools, parent or teacher organizations, booster clubs, and other groups or clubs whose primary purpose is to support a school activity.

**State Revenue**

An analysis of records conducted by the Department of Revenue suggest that school PTO's and PTA's, and school booster clubs and groups paid about \$210,000 in state sales tax in FY 2006-07. The magnitude of sales from such organizations that go unreported for sales tax purposes is unknown and has not been estimated.

This fiscal note assumes a reduction to state sales tax equal to the FY 2006-07 level - \$210,000 per year. The FY 2008-09 level is prorated to match the bill's September 1, 2008, effective date.

**General Fund for Transportation.** Based on the March 2008 Legislative Council Staff revenue forecast, there is enough money to partially fund the annual diversion to the Highway Users Tax Fund (HUTF) under the provisions of SB 97-1 beginning in FY 2008-09 through FY 2010-11. This bill reduces General Fund revenue, thereby reducing the SB 97-1 diversion by \$175,000 in FY 2008-09 and by \$210,000 in FY 2009-10.

**Local Government Impact**

Statutory cities and counties for whom the Department of Revenue is the tax collector will be required to exempt school-related sales. These local governments will experience a revenue reduction as a result of the bill. The actual amount has not been quantified.

**State Appropriations**

No appropriation is required to implement the bill.

**Departments Contacted**

Revenue      Local Affairs      Education