



Colorado Legislative Council Staff Fiscal Note

**STATE and LOCAL
CONDITIONAL FISCAL IMPACT**

Drafting Number: LLS 11-0118
Prime Sponsor(s): Rep. Liston
 Sen. Giron

Date: February 3, 2011
Bill Status: House Local Government
Fiscal Analyst: Fiona Sigalla (303-866-3556)

TITLE: CONCERNING THE AUTHORITY FOR A LOCAL GOVERNMENT TO CREATE AN EXEMPTION FROM LOCAL SALES TAX FOR THE SALE OF EQUIPMENT USED DIRECTLY IN THE PROVISION OF TELECOMMUNICATIONS SERVICES.

Fiscal Impact Summary	FY 2011-2012	FY 2012-2013
State Revenue		
State Expenditures General Fund	See State Expenditures Section	
FTE Position Change		
Effective Date: August 10, 2011, if the General Assembly adjourns on May 11, 2011, as scheduled, and no referendum petition is filed.		
Appropriation Summary for FY 2011-2012: None.		
Local Government Impact: See Local Government Impact section.		

Summary of Legislation

This bill grants a town, city, or county the authority to exempt from local sales tax the sales of machinery and equipment used directly in the provision of telephone and telegraph service or mobile telecommunications service. Such machinery and equipment would remain subject to the state sales tax. This bill does not affect special districts.

State Expenditures

There will be a conditional impact on state expenditures. If local jurisdictions enact this exemption, the Department of Revenue would incur increased costs for processing claims for refunds. There are 201 jurisdictions that have state collected sales taxes (151 city and 50 county). The department expects it would take approximately 1 hour to process each sales tax refund by a Tax Examiner I who earns \$42,908 with benefits.

Any costs resulting from this new tax would be addressed through the annual budget process.

Local Government Impact

This bill will have a conditional fiscal impact resulting in an undetermined decrease in revenue for local governments that choose to exempt telecommunications equipment.

State Appropriations

No state appropriation is required.

Departments Contacted

Colorado Counties, Inc.
Revenue
Regional Transportation District

Local Affairs
Law
Regulatory Affairs