Colorado Legislative Council Staff F iscal Note

STATE FISCAL IMPACT

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TITLE: CONCERNING THE DEVELOPMENT OF RECOMMENDATIONS TO THE GENERAL

ASSEMBLY TO ESTABLISH A UNIFORM SALES AND USE TAX BASE

THROUGHOUT THE STATE.

Fiscal Impact Summary	FY 2013-2014	FY 2014-2015	
State Revenue			
State Expenditures General Fund	\$80,089		
Effective Date: Upon signature of the Governor, or upon becoming law without his signature.			
Appropriation Summary for FY 2013-2014: See State Appropriations section.			

Summary of Legislation

This bill requires the Department of Revenue (DOR), with collaboration from organizations that represent counties and municipalities, to prepare a report by December 31, 2013 that:

- identifies the sales tax exemptions for each jurisdiction across the state,
- estimates the revenue associated with each exemption,

Local Government Impact: See Local Government Impact section.

- determines how a uniform sales tax base can be revenue neutral for the state and local taxing jurisdictions, and
- makes recommendations to the General Assembly to establish a uniform sales tax base.

State Revenue

The bill requires a report that may include recommendations to change the state sales and use tax base, but those changes would require separate legislation. This bill does not change the tax base, so there is no state revenue impact.

State Expenditures

To prepare the report, DOR will need to identify and estimate the value of sales and use tax exemptions for 294 taxing jurisdictions in the state. Some of this information can be taken from existing publications, but estimating the exemptions for home rule cities will require independent

research and analysis. Based on the *Colorado Tax Profile & Expenditure Report*, which is published every two years, conducting the research for this report will take 1,900 hours of staff time to prepare. The fiscal note assumes DOR will hire temporary employees in FY 2013-14 to accomplish this task.

The department will incur computer programing costs to capture additional information on the sales tax base of state-administered local jurisdictions. This will take 38 hours of programing and cost \$7,600.

DOR will hire a professional technical writer to prepare and publish the recommendations required in the bill. The technical writer that prepared and published the Amendment 64 Task Force recommendations cost \$25,000, and a similar cost is anticipated in FY 2013-14 for the report required by this bill.

Table 1. Expenditures Under HB13-1288		
Cost Components	FY 2013-14	FY 2014-15
Personal Services Temporary Staff	\$47,489	\$0
Operating Expenses and Capital Outlay Computer Programing Technical Writer	\$7,600 \$25,000	\$0 \$0
TOTAL	\$80,089	\$0

Local Government Impact

The bill requires a report that may include recommendations to change the sales and use tax base for local taxing jurisdictions. However, enacting those changes requires a separate action by each affected local government. This bill does not change the tax base, so there is no local revenue impact.

State Appropriations

The Department of Revenue requires a General Fund appropriation of \$80,089 in FY 2013-14.

Departments Contacted

Revenue Counties Municipalities