

First Regular Session  
Seventieth General Assembly  
STATE OF COLORADO

INTRODUCED

LLS NO. 15-0161.01 Esther van Mourik x4215

HOUSE BILL 15-1205

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HOUSE SPONSORSHIP

Becker K. and Saine,

SENATE SPONSORSHIP

(None),

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House Committees  
Finance

Senate Committees

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A BILL FOR AN ACT

101 CONCERNING THE CREATION OF THE TAX EXPENDITURE EVALUATION  
102 COMMITTEE OF THE SENATE AND HOUSE OF REPRESENTATIVES.

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Bill Summary

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)*

The bill creates a joint committee of the senate and house of representatives, known as the tax expenditure evaluation committee. The committee is made up of 7 legislative members and 3 nonvoting, nonlegislative members from the office of state planning and budgeting, the department of revenue, and the Colorado office of economic development. The committee is to function during both the legislative

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
*Capital letters indicate new material to be added to existing statute.*  
*Dashes through the words indicate deletions from existing statute.*

sessions and the interims between. The committee is responsible for reviewing evaluations of the state's tax expenditures made by the state auditor, or an evaluation contractor hired by the state auditor, as required in the bill. The committee may recommend legislation for the continuation, repeal, or modification of the evaluated tax expenditures for the following legislative session. The bill further specifies that the committee may make recommendations, or may recommend legislation, to the department of revenue, the office of state planning and budgeting, the Colorado office of economic development, or any other appropriate state agency, regarding improvements of tax expenditure administration.

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1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, **add** part 18 to article  
3 3 of title 2 as follows:

4 **PART 18**

5 **TAX EXPENDITURE EVALUATION COMMITTEE**

6 **2-3-1801. Definitions.** AS USED IN THIS PART 18:

7 (1) "COMMITTEE" MEANS THE TAX EXPENDITURE EVALUATION  
8 COMMITTEE CREATED IN SECTION 2-3-1802.

9 (2) "EVALUATION CONTRACTOR" MEANS THE CONTRACTOR WHO  
10 MAY BE HIRED PURSUANT TO SECTION 2-3-1804 (1) TO PERFORM THE  
11 EVALUATIONS OF TAX EXPENDITURES.

12 (3) "STATE AUDITOR" MEANS THE STATE AUDITOR DESCRIBED IN  
13 SECTION 2-3-102.

14 (4) "TAX EXPENDITURE" HAS THE SAME MEANING AS IN SECTION  
15 39-21-302 (2), C.R.S.; EXCEPT THAT IT DOES NOT INCLUDE THE SALES AND  
16 USE TAX EXEMPTIONS FOUND IN SECTIONS 39-26-102 (20) AND (21),  
17 39-26-704 (1) AND (4), 39-26-706 (3), 39-26-707 (1) AND (2), 39-26-708,  
18 39-26-709, 39-26-713 (1) (d) AND (2) (e), AND 39-26-724, C.R.S.

19 (5) "TAX PROFILE AND EXPENDITURE REPORT" MEANS THE TAX  
20 PROFILE AND EXPENDITURE REPORT DESCRIBED IN SECTION 39-21-303,

1 C.R.S.

2 **2-3-1802. Tax expenditure evaluation committee established.**

3 (1) THERE IS HEREBY ESTABLISHED A JOINT COMMITTEE OF THE SENATE  
4 AND HOUSE OF REPRESENTATIVES KNOWN AS THE TAX EXPENDITURE  
5 EVALUATION COMMITTEE, CONSISTING OF:

6 (a) THE FOLLOWING VOTING MEMBERS OF THE COMMITTEE:

7 (I) TWO MEMBERS OF THE FINANCE COMMITTEE OF THE SENATE, OR  
8 SUCH SUCCESSOR COMMITTEE, ONE OF WHOM IS APPOINTED BY THE  
9 PRESIDENT OF THE SENATE AND ONE OF WHOM IS APPOINTED BY THE  
10 MINORITY LEADER OF THE SENATE;

11 (II) TWO MEMBERS OF THE FINANCE COMMITTEE OF THE HOUSE OF  
12 REPRESENTATIVES, OR SUCH SUCCESSOR COMMITTEE, ONE OF WHOM IS  
13 APPOINTED BY THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND ONE  
14 OF WHOM IS APPOINTED BY THE MINORITY LEADER OF THE HOUSE OF  
15 REPRESENTATIVES;

16 (III) ONE MEMBER FROM THE JOINT APPROPRIATIONS COMMITTEE  
17 OF THE SENATE AND THE HOUSE OF REPRESENTATIVES. THE SPEAKER OF  
18 THE HOUSE OF REPRESENTATIVES SHALL APPOINT THE FIRST MEMBER FROM  
19 THE JOINT APPROPRIATIONS COMMITTEE TO SERVE A TWO-YEAR TERM.  
20 UPON THE EXPIRATION OF THAT MEMBER'S TERM, THE PRESIDENT OF THE  
21 SENATE SHALL APPOINT THE NEXT MEMBER FROM THE JOINT  
22 APPROPRIATIONS COMMITTEE TO SERVE A TWO-YEAR TERM. THE  
23 APPOINTMENT OF A MEMBER FROM THE JOINT APPROPRIATIONS  
24 COMMITTEE MUST CONTINUE TO ALTERNATE BETWEEN THE SPEAKER AND  
25 THE PRESIDENT AS SPECIFIED IN THIS SUBPARAGRAPH (III).

26 (IV) TWO MEMBERS FROM THE LEGISLATIVE AUDIT COMMITTEE  
27 CREATED IN SECTION 2-3-101, ONE OF WHOM IS APPOINTED BY THE

1 MINORITY LEADER OF THE HOUSE OF REPRESENTATIVES AND ONE OF WHOM  
2 IS APPOINTED BY THE MINORITY LEADER OF THE SENATE.

3 (b) THE FOLLOWING NONVOTING MEMBERS OF THE COMMITTEE:

4 (I) A REPRESENTATIVE OF THE OFFICE OF STATE PLANNING AND  
5 BUDGETING CREATED IN SECTION 24-37-102, C.R.S., APPOINTED BY THE  
6 OFFICE'S DIRECTOR;

7 (II) A REPRESENTATIVE OF THE DEPARTMENT OF REVENUE,  
8 APPOINTED BY THE DEPARTMENT'S EXECUTIVE DIRECTOR; AND

9 (III) A REPRESENTATIVE OF THE COLORADO OFFICE OF ECONOMIC  
10 DEVELOPMENT CREATED IN SECTION 24-48.5-101, C.R.S., APPOINTED BY  
11 THE OFFICE'S DIRECTOR.

12 (2) THE TERMS OF THE VOTING AND NONVOTING MEMBERS OF THE  
13 COMMITTEE ARE TWO YEARS FROM THE DATE OF APPOINTMENT.

14 (3) THE COMMITTEE FUNCTIONS DURING THE LEGISLATIVE  
15 SESSIONS AND DURING THE INTERIMS BETWEEN SESSIONS.

16 (4) INITIAL APPOINTMENTS TO THE COMMITTEE MUST BE MADE NO  
17 LATER THAN JULY 1, 2015. TO EXPEDITE THE WORK OF THE COMMITTEE,  
18 SUBSEQUENT APPOINTEES MAY BE DESIGNATED AFTER THE GENERAL  
19 ELECTION AND PRIOR TO THE CONVENING OF THE GENERAL ASSEMBLY AT  
20 WHICH SUCH COMMITTEE IS TO SERVE, WHETHER SUCH APPOINTEES ARE  
21 MEMBERS OF THE THEN-CURRENT GENERAL ASSEMBLY OR  
22 MEMBERS-ELECT OF THE NEXT GENERAL ASSEMBLY, OR BOTH; AND SUCH  
23 APPOINTEES HAVE ALL THE POWERS AND DUTIES AND ARE ENTITLED TO  
24 THE SAME COMPENSATION AND EXPENSE ALLOWANCE AS MEMBERS DULY  
25 APPOINTED UNDER THE PROVISIONS OF SUBSECTION (1) OF THIS SECTION.

26 (5) THE COMMITTEE SHALL ELECT A CHAIR AND A VICE-CHAIR, ONE  
27 FROM THE SENATE MEMBERSHIP OF THE COMMITTEE AND ONE FROM THE

1 HOUSE MEMBERSHIP OF THE COMMITTEE. THE CHAIR SO ELECTED SHALL  
2 SERVE AS CHAIR FOR THE FIRST REGULAR SESSION OF THE GENERAL  
3 ASSEMBLY AT WHICH THE COMMITTEE IS TO SERVE, AND AS VICE-CHAIR  
4 FOR THE SECOND REGULAR SESSION; THE VICE-CHAIR SO ELECTED SHALL  
5 SERVE AS CHAIR FOR THE SECOND REGULAR SESSION OF SAID GENERAL  
6 ASSEMBLY.

7 **2-3-1803. Organization, procedures, and meetings.** THE  
8 COMMITTEE MAY PRESCRIBE ITS OWN RULES OF PROCEDURE AND MAY  
9 MEET AS OFTEN AS NECESSARY TO PERFORM ITS FUNCTIONS.

10 **2-3-1804. Powers and duties of the tax expenditure evaluation**  
11 **committee.** (1) THE COMMITTEE IS RESPONSIBLE FOR REVIEWING  
12 EVALUATIONS OF THE STATE'S TAX EXPENDITURES MADE BY THE STATE  
13 AUDITOR PURSUANT TO THE REQUIREMENTS SPECIFIED IN SUBSECTION (2)  
14 OF THIS SECTION AND PURSUANT TO THE SCHEDULE SET FORTH IN  
15 SUBSECTION (3) OF THIS SECTION. THE STATE AUDITOR MAY PERFORM  
16 SUCH EVALUATIONS BY ENTERING INTO A CONTRACT OR CONTRACTS WITH  
17 AN EVALUATION CONTRACTOR. SUCH CONTRACT OR CONTRACTS SHALL BE  
18 BID BY EMPLOYING STANDARD BIDDING PRACTICES INCLUDING, BUT NOT  
19 LIMITED TO, THE USE OF REQUESTS FOR INFORMATION, REQUESTS FOR  
20 PROPOSALS, OR ANY OTHER STANDARD VENDOR SELECTION PRACTICES  
21 DETERMINED BY THE COMMITTEE TO BE BEST SUITED TO SELECTING AN  
22 APPROPRIATE EVALUATION CONTRACTOR.

23 (2) (a) THE TAX EXPENDITURE EVALUATION MUST INCLUDE THE  
24 FOLLOWING:

- 25 (I) THE PURPOSE, INTENT, OR GOAL OF THE TAX EXPENDITURE;
- 26 (II) THE INTENDED BENEFICIARIES OF THE TAX EXPENDITURE;
- 27 (III) WHETHER THE TAX EXPENDITURE IS ACCOMPLISHING ITS

1 PURPOSE, INTENT, OR GOAL;

2 (IV) THE ECONOMIC IMPACT OF THE TAX EXPENDITURE, INCLUDING  
3 PAST AND ESTIMATED FUTURE IMPACTS;

4 (V) THE EXTENT TO WHICH THE DESIGN OF THE TAX EXPENDITURE  
5 IS EFFECTIVE TO ACCOMPLISH ITS PURPOSE, INTENT, OR GOAL AND  
6 WHETHER THE DESIGN OF THE TAX EXPENDITURE IS CONSISTENT WITH BEST  
7 PRACTICES;

8 (VI) WHETHER THERE ARE OTHER TAX EXPENDITURES, STATE  
9 SPENDING, OR OTHER GOVERNMENT PROGRAMS THAT HAVE THE SAME  
10 PURPOSE, INTENT, OR GOAL AS THE TAX EXPENDITURE, WHETHER THOSE  
11 ALL ARE APPROPRIATELY COORDINATED, AND, IF NOT, HOW COORDINATION  
12 COULD BE IMPROVED;

13 (VII) WHETHER THERE ARE ANY OPPORTUNITIES TO IMPROVE THE  
14 EFFECTIVENESS OF THE TAX EXPENDITURE IN MEETING ITS PURPOSE,  
15 INTENT, OR GOAL;

16 (VIII) IF THE EVALUATION OF A PARTICULAR TAX EXPENDITURE'S  
17 ECONOMIC IMPACT IS MADE DIFFICULT BECAUSE OF DATA CONSTRAINTS,  
18 ANY SUGGESTIONS FOR CHANGES IN ADMINISTRATION OR LAW THAT  
19 WOULD FACILITATE SUCH DATA COLLECTION; AND

20 (IX) AN EXPLANATION OF THE PERFORMANCE MEASURES USED TO  
21 DETERMINE THE EXTENT TO WHICH THE TAX EXPENDITURE IS  
22 ACCOMPLISHING ITS PURPOSE, INTENT, OR GOAL. THE PERFORMANCE  
23 MEASURES MUST BE CLEAR AND RELEVANT TO THE SPECIFIC TAX  
24 EXPENDITURE BEING EVALUATED. THE STATE AUDITOR OR THE  
25 EVALUATION CONTRACTOR MAY CONSIDER THE ORIGINAL LEGISLATIVE  
26 INTENT AS WELL AS SUBSEQUENT DEVELOPMENTS IN THE STATE'S  
27 ECONOMY, THE NATIONAL ECONOMY, AND ANY CHANGES IN NATIONAL,

1 STATE, OR LOCAL FISCAL POLICIES AND CONDITIONS.

2 (b) TO THE EXTENT IT CAN BE DETERMINED BY THE AUDITOR OR  
3 THE EVALUATION CONTRACTOR, THE TAX EXPENDITURE EVALUATION  
4 SHOULD ALSO INCLUDE THE FOLLOWING:

5 (I) THE EXTENT TO WHICH IT IS LIKELY THAT THE DESIRED  
6 BEHAVIOR MIGHT HAVE OCCURRED WITHOUT THE TAX EXPENDITURE; AND

7 (II) THE EXTENT TO WHICH THE TAX EXPENDITURE IS A  
8 COST-EFFECTIVE USE OF RESOURCES COMPARED TO OTHER OPTIONS FOR  
9 USING THE SAME RESOURCES OR ADDRESSING THE SAME PURPOSE, INTENT,  
10 OR GOAL.

11 (3) (a) TAX EXPENDITURES MUST BE EVALUATED BY THE STATE  
12 AUDITOR OR THE EVALUATION CONTRACTOR BASED ON THE DATE OF  
13 ENACTMENT OF THE TAX EXPENDITURE SO THAT THE OLDEST TAX  
14 EXPENDITURE IS REVIEWED FIRST; EXCEPT THAT THE STATE AUDITOR OR  
15 THE EVALUATION CONTRACTOR MAY GROUP TOGETHER ANY TAX  
16 EXPENDITURES WITH SIMILAR PURPOSES. THE STATE AUDITOR OR THE  
17 EVALUATION CONTRACTOR MUST CREATE AN EVALUATION SCHEDULE SO  
18 THAT:

19 (I) THE COMMITTEE REVIEWS NO FEWER THAN FIVE TAX  
20 EXPENDITURE EVALUATIONS EVERY YEAR;

21 (II) TAX EXPENDITURES IN LAW AS OF THE EFFECTIVE DATE OF THIS  
22 PARAGRAPH (a) ARE EVALUATED NO LATER THAN FIVE YEARS AFTER THE  
23 EFFECTIVE DATE OF THIS PARAGRAPH (a);

24 (III) NEW TAX EXPENDITURES THAT BECOME LAW AFTER THE  
25 EFFECTIVE DATE OF THIS PARAGRAPH (a) ARE EVALUATED NO LATER THAN  
26 FIVE YEARS AFTER THE DATE OF ITS ENACTMENT; AND

27 (IV) TAX EXPENDITURES THAT HAVE BEEN EVALUATED BY THE

1 STATE AUDITOR OR THE EVALUATION CONTRACTOR ARE REEVALUATED NO  
2 LATER THAN TEN YEARS AFTER THE FIRST EVALUATION DATE.

3 (b) NOTWITHSTANDING THE REQUIREMENTS IN SECTION 2-3-103  
4 (2), BY NOVEMBER 15, 2016, AND BY NOVEMBER 15 OF EACH YEAR  
5 THEREAFTER, THE STATE AUDITOR OR THE EVALUATION CONTRACTOR  
6 SHALL SUBMIT TO THE COMMITTEE THE RESULTS OF ITS EVALUATIONS FOR  
7 THAT YEAR. BY DECEMBER 15, 2016, AND BY DECEMBER 15 OF EACH  
8 YEAR THEREAFTER, THE COMMITTEE SHALL MEET TO CONSIDER THE  
9 RESULTS OF THE EVALUATIONS SUBMITTED BY THE STATE AUDITOR OR THE  
10 EVALUATION CONTRACTOR THAT YEAR. THE COMMITTEE MUST HOLD A  
11 PUBLIC HEARING, TAKING TESTIMONY FROM THE STATE AUDITOR OR THE  
12 EVALUATION CONTRACTOR AND ANY INTERESTED MEMBERS OF THE PUBLIC  
13 REGARDING THE RESULTS OF THE EVALUATIONS FOR THAT YEAR. THE  
14 COMMITTEE MAY RECOMMEND LEGISLATION FOR THE CONTINUATION,  
15 REPEAL, OR MODIFICATION OF THE EVALUATED TAX EXPENDITURES FOR  
16 THE FOLLOWING LEGISLATIVE SESSION.

17 (4) THE COMMITTEE MAY MAKE RECOMMENDATIONS TO THE  
18 DEPARTMENT OF REVENUE, THE OFFICE OF STATE PLANNING AND  
19 BUDGETING, THE COLORADO OFFICE OF ECONOMIC DEVELOPMENT, OR ANY  
20 OTHER APPROPRIATE STATE AGENCY, OR MAY RECOMMEND LEGISLATION,  
21 REGARDING IMPROVEMENTS OF TAX EXPENDITURE ADMINISTRATION OR  
22 REGARDING ANY DUTIES THE COMMITTEE HAS UNDER THIS PART 18.

23 (5) LEGISLATION RECOMMENDED BY THE COMMITTEE THAT  
24 ADDRESSES ANY OF THE COMMITTEE'S DUTIES PURSUANT TO THIS PART 18  
25 IS EXEMPT FROM THE FIVE-BILL LIMITATION SPECIFIED IN RULE 24 OF THE  
26 JOINT RULES OF THE SENATE AND THE HOUSE OF REPRESENTATIVES, OR  
27 SUCH SUCCESSOR RULE.



1           (6) THE DEPARTMENT OF REVENUE, THE OFFICE OF STATE  
2 PLANNING AND BUDGETING, THE COLORADO OFFICE OF ECONOMIC  
3 DEVELOPMENT, AND ANY OTHER AGENCIES, IF NEEDED, MUST PROVIDE  
4 ANY REQUESTED INFORMATION, ANALYSIS, OR DATA AS REQUESTED BY  
5 THE COMMITTEE, THE STATE AUDITOR, OR THE EVALUATION CONTRACTOR;  
6 EXCEPT THAT, IF THE REQUEST INCLUDES CONFIDENTIAL INFORMATION,  
7 SUCH INFORMATION MUST REMAIN CONFIDENTIAL IN THE HANDS OF THE  
8 COMMITTEE, THE STATE AUDITOR, OR THE EVALUATION CONTRACTOR, AND  
9 THE COMMITTEE, STATE AUDITOR, OR EVALUATION CONTRACTOR IS  
10 SUBJECT TO THE SAME LIMITATIONS SPECIFIED IN SECTION 39-21-113,  
11 C.R.S.

12           **2-3-1805. Staff assistance.** THE LEGISLATIVE COUNCIL STAFF AND  
13 THE OFFICE OF LEGISLATIVE LEGAL SERVICES SHALL ASSIST THE TAX  
14 EXPENDITURE EVALUATION COMMITTEE IN CARRYING OUT ITS DUTIES.

15           **2-3-1806. Repeal of part.** THIS PART 18 IS REPEALED, EFFECTIVE  
16 JULY 1, 2025.

17           **SECTION 2. Safety clause.** The general assembly hereby finds,  
18 determines, and declares that this act is necessary for the immediate  
19 preservation of the public peace, health, and safety.