

**First Regular Session
Seventieth General Assembly
STATE OF COLORADO**

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

LLS NO. 15-0161.01 Esther van Mourik x4215

HOUSE BILL 15-1205

HOUSE SPONSORSHIP

Becker K. and Saine,

SENATE SPONSORSHIP

(None),

House Committees

Finance
Appropriations

Senate Committees

A BILL FOR AN ACT

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

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.*

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

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

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

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

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

24 (IV) TWO MEMBERS FROM THE LEGISLATIVE AUDIT COMMITTEE
25 CREATED IN SECTION 2-3-101, ONE OF WHOM IS APPOINTED BY THE
26 MINORITY LEADER OF THE HOUSE OF REPRESENTATIVES AND ONE OF WHOM
27 IS APPOINTED BY THE MINORITY LEADER OF THE SENATE.

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

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

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

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

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

12 (3) THE COMMITTEE FUNCTIONS DURING THE LEGISLATIVE
13 SESSIONS AND DURING THE INTERIMS BETWEEN SESSIONS.

14 (4) INITIAL APPOINTMENTS TO THE COMMITTEE MUST BE MADE NO
15 LATER THAN JULY 1, 2017. TO EXPEDITE THE WORK OF THE COMMITTEE,
16 SUBSEQUENT APPOINTEES MAY BE DESIGNATED AFTER THE GENERAL
17 ELECTION AND PRIOR TO THE CONVENING OF THE GENERAL ASSEMBLY AT
18 WHICH SUCH COMMITTEE IS TO SERVE, WHETHER SUCH APPOINTEES ARE
19 MEMBERS OF THE THEN-CURRENT GENERAL ASSEMBLY OR
20 MEMBERS-ELECT OF THE NEXT GENERAL ASSEMBLY, OR BOTH; AND SUCH
21 APPOINTEES HAVE ALL THE POWERS AND DUTIES AND ARE ENTITLED TO
22 THE SAME COMPENSATION AND EXPENSE ALLOWANCE AS MEMBERS DULY
23 APPOINTED UNDER THE PROVISIONS OF SUBSECTION (1) OF THIS SECTION.

24 (5) THE COMMITTEE SHALL ELECT A CHAIR AND A VICE-CHAIR, ONE
25 FROM THE SENATE MEMBERSHIP OF THE COMMITTEE AND ONE FROM THE
26 HOUSE MEMBERSHIP OF THE COMMITTEE. THE CHAIR SO ELECTED SHALL
27 SERVE AS CHAIR FOR THE FIRST REGULAR SESSION OF THE GENERAL

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

5 **2-3-1803. Organization, procedures, and meetings.** THE
6 COMMITTEE MAY PRESCRIBE ITS OWN RULES OF PROCEDURE AND MAY
7 MEET AS OFTEN AS NECESSARY TO PERFORM ITS FUNCTIONS.

8 **2-3-1804. Powers and duties of the tax expenditure evaluation**
9 **committee.** (1) THE COMMITTEE IS RESPONSIBLE FOR REVIEWING
10 EVALUATIONS OF THE STATE'S TAX EXPENDITURES MADE BY THE STATE
11 AUDITOR PURSUANT TO THE REQUIREMENTS SPECIFIED IN SUBSECTION (2)
12 OF THIS SECTION AND PURSUANT TO THE SCHEDULE SET FORTH IN
13 SUBSECTION (3) OF THIS SECTION. THE STATE AUDITOR MAY PERFORM
14 SUCH EVALUATIONS BY ENTERING INTO A CONTRACT OR CONTRACTS WITH
15 AN EVALUATION CONTRACTOR. SUCH CONTRACT OR CONTRACTS SHALL BE
16 BID BY EMPLOYING STANDARD BIDDING PRACTICES INCLUDING, BUT NOT
17 LIMITED TO, THE USE OF REQUESTS FOR INFORMATION, REQUESTS FOR
18 PROPOSALS, OR ANY OTHER STANDARD VENDOR SELECTION PRACTICES
19 DETERMINED BY THE COMMITTEE TO BE BEST SUITED TO SELECTING AN
20 APPROPRIATE EVALUATION CONTRACTOR.

21 (2) (a) THE TAX EXPENDITURE EVALUATION MUST INCLUDE THE
22 FOLLOWING:

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

1 INCLUDING PAST AND ESTIMATED FUTURE IMPACTS;

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

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

11 
12 (VII) IF THE EVALUATION OF A PARTICULAR TAX EXPENDITURE'S
13 ECONOMIC IMPACT IS MADE DIFFICULT BECAUSE OF DATA CONSTRAINTS,
14 ANY SUGGESTIONS FOR CHANGES IN ADMINISTRATION OR LAW THAT
15 WOULD FACILITATE SUCH DATA COLLECTION; AND

16 (VIII) AN EXPLANATION OF THE PERFORMANCE MEASURES USED
17 TO DETERMINE THE EXTENT TO WHICH THE TAX EXPENDITURE IS
18 ACCOMPLISHING ITS PURPOSE, INTENT, OR GOAL. THE PERFORMANCE
19 MEASURES MUST BE CLEAR AND RELEVANT TO THE SPECIFIC TAX
20 EXPENDITURE BEING EVALUATED. THE STATE AUDITOR OR THE
21 EVALUATION CONTRACTOR SHALL CONSIDER THE ORIGINAL LEGISLATIVE
22 INTENT AS WELL AS SUBSEQUENT DEVELOPMENTS IN THE STATE'S
23 ECONOMY, THE NATIONAL ECONOMY, AND ANY CHANGES IN NATIONAL,
24 STATE, OR LOCAL FISCAL POLICIES AND CONDITIONS.

25 (b) TO THE EXTENT IT CAN BE DETERMINED BY THE AUDITOR OR
26 THE EVALUATION CONTRACTOR, THE TAX EXPENDITURE EVALUATION
27 SHOULD ALSO INCLUDE THE FOLLOWING:

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

3 (II) THE EXTENT TO WHICH THE TAX EXPENDITURE IS A
4 COST-EFFECTIVE USE OF RESOURCES COMPARED TO OTHER OPTIONS FOR
5 USING THE SAME RESOURCES OR ADDRESSING THE SAME PURPOSE, INTENT,
6 OR GOAL; AND

7 (III) WHETHER THERE ARE ANY OPPORTUNITIES TO IMPROVE THE
8 EFFECTIVENESS OF THE TAX EXPENDITURE IN MEETING ITS PURPOSE,
9 INTENT, OR GOAL.

10 (3) (a) NOTWITHSTANDING THE REQUIREMENTS IN SECTION
11 2-3-103 (2), THE STATE AUDITOR OR THE EVALUATION CONTRACTOR
12 SHALL EVALUATE TAX EXPENDITURES AND SUBMIT THE RESULTS OF THE
13 EVALUATIONS IN AN EVALUATION REPORT TO THE COMMITTEE AS
14 FOLLOWS:

15 (I) NO LATER THAN SEPTEMBER 15, 2017, FOR ANY TAX
16 EXPENDITURES IN LAW AS OF THE EFFECTIVE DATE OF THIS PARAGRAPH (a)
17 AND ANY TAX EXPENDITURES ENACTED DURING THE FIRST REGULAR
18 SESSION OF THE SEVENTIETH GENERAL ASSEMBLY;

19 (II) NO LATER THAN SEPTEMBER 15, 2022, AND EACH SEPTEMBER
20 15 EVERY FIVE YEARS THEREAFTER, FOR A REEVALUATION OF THE TAX
21 EXPENDITURES EVALUATED IN THE PREVIOUS EVALUATION REPORT AND
22 AN EVALUATION OF ANY NEW TAX EXPENDITURES ENACTED BY THE
23 GENERAL ASSEMBLY SINCE THE PREVIOUS EVALUATION REPORT.

24 (b) BY DECEMBER 15, 2017, AND BY DECEMBER 15 EVERY FIVE
25 YEARS THEREAFTER, THE COMMITTEE SHALL MEET TO CONSIDER THE
26 EVALUATION REPORT SUBMITTED BY THE STATE AUDITOR OR THE
27 EVALUATION CONTRACTOR. THE COMMITTEE MUST HOLD A PUBLIC

1 HEARING, TAKING TESTIMONY FROM THE STATE AUDITOR OR THE
2 EVALUATION CONTRACTOR AND ANY INTERESTED MEMBERS OF THE
3 PUBLIC REGARDING THE RESULTS OF THE EVALUATION REPORT. THE
4 COMMITTEE MAY RECOMMEND LEGISLATION FOR THE CONTINUATION,
5 REPEAL, OR MODIFICATION OF THE EVALUATED TAX EXPENDITURES FOR
6 THE FOLLOWING LEGISLATIVE SESSION. THE COMMITTEE MAY MEET AS
7 NECESSARY DURING THE FIVE YEARS BETWEEN THE PRESENTATION OF THE
8 EVALUATION REPORTS.

9 (4) THE COMMITTEE MAY MAKE RECOMMENDATIONS TO THE
10 DEPARTMENT OF REVENUE, THE OFFICE OF STATE PLANNING AND
11 BUDGETING, THE COLORADO OFFICE OF ECONOMIC DEVELOPMENT, OR ANY
12 OTHER APPROPRIATE STATE AGENCY, OR MAY RECOMMEND LEGISLATION,
13 REGARDING IMPROVEMENTS OF TAX EXPENDITURE ADMINISTRATION OR
14 REGARDING ANY DUTIES THE COMMITTEE HAS UNDER THIS PART 18.

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

20 (6) THE DEPARTMENT OF REVENUE MUST PROVIDE ANY REQUESTED
21 INFORMATION, ANALYSIS, OR DATA, IF AVAILABLE AND UNDER THE
22 CONTROL OF THE DEPARTMENT, AS REQUESTED BY THE COMMITTEE, THE
23 STATE AUDITOR, OR THE EVALUATION CONTRACTOR; EXCEPT THAT, IF THE
24 REQUEST INCLUDES CONFIDENTIAL INFORMATION, SUCH INFORMATION
25 MUST REMAIN CONFIDENTIAL IN THE HANDS OF THE COMMITTEE, THE
26 STATE AUDITOR, OR THE EVALUATION CONTRACTOR, AND THE COMMITTEE,
27 STATE AUDITOR, OR EVALUATION CONTRACTOR IS SUBJECT TO THE SAME

1 LIMITATIONS SPECIFIED IN SECTION 39-21-113, C.R.S. OTHER STATE
2 AGENCIES MAY PROVIDE INFORMATION OR DATA AS REQUESTED BY THE
3 COMMITTEE, THE STATE AUDITOR, OR THE EVALUATION CONTRACTOR.

4 **2-3-1805. Staff assistance.** THE STAFF OF THE STATE AUDITOR
5 AND THE OFFICE OF LEGISLATIVE LEGAL SERVICES SHALL ASSIST THE TAX
6 EXPENDITURE EVALUATION COMMITTEE IN CARRYING OUT ITS DUTIES.

7 **2-3-1806. Repeal of part.** THIS PART 18 IS REPEALED, EFFECTIVE
8 JULY 1, 2028.

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