

Colorado Legislative Council Staff Fiscal Note

**STATE
FISCAL IMPACT**

Drafting Number: LLS 15-0275
Prime Sponsor(s): Rep. Singer

Date: February 11, 2015
Bill Status: House Business, Affairs & Labor
Fiscal Analyst: Larson Silbaugh (303-866-4720)

BILL TOPIC: SALES & USE TAX REFUND FOR RECYCLING EQUIPMENT

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017
State Revenue	(\$58,000)	(\$58,000)
General Fund	(\$58,000)	(\$58,000)
State Expenditures		
FTE Position Change		
TABOR Set-Aside	(\$58,000)	(\$58,000)
Appropriation Required: None.		

** This summary shows changes from current law under the bill for each fiscal year. Parentheses indicate a decrease in funds.*

Summary of Legislation

This bill creates a refund for sales and use taxes paid on machinery and equipment used for recycling or reprocessing of waste products. The refund is available for sales and use taxes paid between January 1, 2015, and December 31, 2019. Taxpayers must claim the refund between January 1 and April 1 in the year following the year when the sales taxes were paid.

State Revenue

This bill **reduces General Fund revenue by \$58,000 in FY 2015-16 and \$58,000 in FY 2016-17**. Based on estimates provided by the recycling industry, less than \$2,000,000 in machinery and equipment is sold in a typical year that would be eligible for the sales and use tax refund. Several companies were identified through an internet search that provide recycling equipment in Colorado. The Department of Revenue was able to confirm that the sales taxes paid by these companies is consistent with the information provided by the industry. Applying the sales tax rate to \$2,000,000 in equipment, this bill will reduce General Fund revenue by \$58,000 in FY 2015-16 and \$58,000 in FY 2016-17.

TABOR Impact

This bill reduces state revenue from sales taxes, which will reduce the amount required to be refunded under TABOR.

State Expenditures

This bill will the increase workload for the DOR by a marginal amount beginning in FY 2015-16. The DOR will process an increased number of sales and use refund claims, but this can be done within existing appropriations. The increased workload is anticipated to be marginal based on 30 firms identified as material recovery facilities by the Bureau of Labor Statistics.

Effective Date

The bill takes effect August 5, 2015, if the General Assembly adjourns on May 6, 2015, as scheduled, and no referendum petition is filed. A sales and use tax refund can be claimed for taxes paid in 2015.

State and Local Government Contacts

Revenue

Personnel & Administration

Cities

Counties