

TAX AND FINANCE

Cash Fund Transfers to the General Fund

SB 09-208 (Enacted)

Augment FY 2008-09 General Fund Revenues

SB 09-210 (Enacted)

Tobacco Settlement Health Programs

SB 09-269 (Enacted)

Adjust Tobacco Settlement Moneys Allocation

SB 09-270 (Enacted)

Tobacco Tax Investment Income Transfers

SB 09-279 (Enacted)

Cash Fund Transfers Augment General Fund

2009 Legislation Affecting General Fund Revenue

HB 09-1001 (Enacted)

Income Tax Credit for Colorado Job Growth

HB 09-1035 (Enacted)

Clean Technology Medical Device Tax Refund

HB 09-1067 (Enacted)

Instream Flow Tax Incentives

HB 09-1093 (Enacted)

Corporate Taxpayer Reporting Requirements

HB 09-1101 (Enacted)

State Sales Tax Collection Requirements

HB 09-1105 (Enacted)

Colorado Innovation Investment Tax Credit

HB 09-1126 (Enacted)

Encourage Solar Thermal Installations

HB 09-1219 (Enacted)

Interest on Tax Overpayments

HB 09-1298 (Enacted)

Economic Development for Trucking Industry in Colorado

HB 09-1331 (Enacted)

Incentives for Efficient Motor Vehicles

HB 09-1342 (Enacted)

Eliminate Cigarette Sales Tax Exemptions

HB 09-1366 (Enacted)

Eliminate Colorado Capital Gains Income Tax Modification

SB 09-121 (Enacted)

Taxation of Restaurant Employee Meals

SB 09-174 (Enacted)

Horse and Greyhound Racing Regulation

SB 09-212 (Enacted)

State Sales Tax Vendor Fee Cap

SB 09-275 (Enacted)

Eliminate Sales Tax Vendor Fee

2009 Fee Legislation

HB 09-1014 (Enacted)

Conservation Easement Oversight

HB 09-1026 (Enacted)

Low-power Self-propelled Vehicles

HB 09-1036 (Enacted)

Registration Fee for Peace Officers Standards and Training Board Cash Fund

HB 09-1085 (Enacted)

Mortgage Loan Originator Licensing Act

HB 09-1086 (Enacted)

Continuing Competency Mental Health Professionals

HB 09-1100 (Enacted)

Alive at 25 Special License Plates

HB 09-1111 (Enacted)

Health Resources for Underserved Areas

HB 09-1119 (Enacted)

Rural Substance Abuse Grant Program

HB 09-1129 (Enacted)

Precipitation Harvesting Pilot Projects

HB 09-1133 (Enacted)

Setting Fees for License Plates

HB 09-1136 (Enacted)

Electrical Education License Requirements

HB 09-1137 (Enacted)

Gambling and Refund Intercepts

HB 09-1149 (Enacted)

Solar Home Prewire and Consultation

HB 09-1164 (Enacted)

Surcharge Breast Cancer Special Plates

HB 09-1188 (Enacted)

Modify Michael Skolnik Medical Transparency

HB 09-1202 (Enacted)

Mortuary Science Registration

HB 09-1244 (Enacted)

Public Utilities Commission Deregulate Trucking Motor Carriers

HB 09-1246 (Enacted)

Court-ordered Defensive Driving Schools

HB 09-1275 (Enacted)
Emergency Medical Technician
Provisional Certification

HB 09-1310 (Enacted)
Employee Misclassification

HB 09-1330 (Enacted)
DPHE Fees Feeding Operations
Dischargers

SB 09-003 (Enacted)
Motor Vehicle Emissions Programs

SB 09-068 (Enacted)
Funding for Domestic Abuse Services

SB 09-099 (Enacted)
State Procurement Supplier Databases

SB 09-118 (Enacted)
Sunset Pet Animal Care Facilities Act
and Pet Animal Advisory Committee

SB 09-138 (Enacted)
Sunset Certified Nurse Aides

SB 09-154 (Enacted)
Funding Livestock Health Act Personnel

SB 09-223 (Enacted)
Retail Food Establishment Inspection

SB 09-254 (Enacted)
Common Licensed Premises
Manufacturing Beer

SB 09-294 (Enacted)
PUC Taxicab Application Requirements

HB 09-1285 (Enacted)
Government Data Sharing

HB 09-1318 (Enacted)
Overweight Vehicle Permits

HB 09-1347 (Enacted)
Donate Life Special License Plate

SB 09-025 (Enacted)
Identification Document Security Fee

SB 09-075 (Enacted)
Low-speed Electric Self-propelled
Vehicles

SB 09-108 (Enacted)
Transportation System Planning and
Funding

SB 09-128 (Enacted)
Sunset Unlicensed Administration of
Medications

SB 09-144 (Enacted)
Accessibility Deaf and Hard of Hearing

SB 09-161 (Enacted)
Ski Country Special License Plates

SB 09-235 (Enacted)
Wildlife Habitat Stamps and Passports

SB 09-263 (Enacted)
Medicaid Nursing Facility Payments

HB 09-1293 (Enacted)
Medicaid Hospital Provider Fee

HB 09-1320 (Enacted)
Dairy Product Licensing Fee
Increases

SB 09-002 (Enacted)
Increase Motor Vehicle Fee
Emergency Services

SB 09-026 (Enacted)
Regulation of Athletic Trainers

SB 09-080 (Enacted)
Precipitation Collect Limited
Exemption

SB 09-114 (Enacted)
Sunset Farm Products Commodity
Warehouse

SB 09-133 (Enacted)
Surcharge Colorado Traumatic Brain
Injury Fund

SB 09-151 (Enacted)
Sunset Licensing Livestock
Slaughterers

SB 09-167 (Enacted)
Sunset Board of Chiropractic
Examiners

SB 09-239 (Enacted)
Sunset State Board Nursing

SB 09-289 (Enacted)
Collect and Allocate Waste Tire
Revenues

Rainy Day Fund

HB 09-1269 (Deemed Lost)
Create New Rainy Day Account

HCR 09-1002 (Postponed Indefinitely)
Create State Savings and Trust Fund

General Fund Appropriations Limit (The Arveschoug-Bird Limit)

SB 09-228 (Enacted)
Flexibility to Use State Revenues

State Income Taxes

HB 09-1001 (Enacted)
Income Tax Credit for Colorado Job
Growth

HB 09-1067 (Enacted)
Instream Flow Tax Incentives

HB 09-1043 (Enacted)
Make-A-Wish Foundation of Colorado
Checkoff

HB 09-1105 (Enacted)
Colorado Innovation Investment Tax
Credit

HB 09-1050 (Enacted)
Colorado Easter Seals Fund Checkoff

HB 09-1127 (Postponed Indefinitely)
Economic Development and Incentive
Act of 2009

HB 09-1212 (<i>Postponed Indefinitely</i>) <i>Temporary Income Tax Credit for New Home Buyers</i>	HB 09-1294 (<i>Enacted</i>) <i>Renew Nongame and Wildlife Checkoff</i>	HB 09-1298 (<i>Enacted</i>) <i>Economic Development for Trucking Industry in Colorado</i>
HB 09-1331 (<i>Enacted</i>) <i>Incentives for Efficient Motor Vehicles</i>	HB 09-1366 (<i>Enacted</i>) <i>Eliminate Colorado Capital Gains Income Tax Modification</i>	SB 09-126 (<i>Enacted</i>) <i>Renew Multiple Sclerosis Checkoff</i>
SB 09-287 (<i>Enacted</i>) <i>Renew Special Olympics Colorado Checkoff</i>		
Property Taxes		
HB 09-1013 (<i>Lost in House</i>) <i>Tax Increment Financing Exception Emergency Services</i>	HB 09-1034 (<i>Enacted</i>) <i>Allow Regional Transportation Authority Property Taxes</i>	HB 09-1068 (<i>Postponed Indefinitely</i>) <i>Business Personal Property Tax Exemption</i>
HB 09-1360 (<i>Enacted</i>) <i>Residential Valuation Ratio</i>	HB 09-1365 (<i>Enacted</i>) <i>Property Tax Exemption for Government Leases</i>	SB 09-016 (<i>Postponed Indefinitely</i>) <i>Incentives to Harvest Bark Beetle Timber</i>
SB 09-042 (<i>Enacted</i>) <i>Administration of Property Tax Exemptions</i>	SB 09-085 (<i>Enacted</i>) <i>Phase Out Business Personal Property Tax</i>	SB 09-105 (<i>Enacted</i>) <i>Remove Limit on Property Tax to Fight Fires</i>
SB 09-177 (<i>Enacted</i>) <i>New Solar Facility Property Tax Valuation</i>	SB 09-221 (<i>Postponed Indefinitely</i>) <i>Property Tax Credit to Support Education</i>	SB 09-233 (<i>Postponed Indefinitely</i>) <i>Mixed Use Properties and Property Tax</i>
SB 09-276 (<i>Enacted</i>) <i>Suspend Property Tax Exemptions</i>		
State Sales Taxes		
HB 09-1035 (<i>Enacted</i>) <i>Clean Technology Medical Device Tax Refund</i>	HB 09-1126 (<i>Enacted</i>) <i>Encourage Solar Thermal Installations</i>	HB 09-1298 (<i>Enacted</i>) <i>Economic Development for Trucking Industry in Colorado</i>
HB 09-1342 (<i>Enacted</i>) <i>Eliminate Cigarette Sales Tax Exemption</i>	SB 09-212 (<i>Enacted</i>) <i>State Sales Tax Vendor Fee Cap</i>	SB 09-275 (<i>Enacted</i>) <i>Eliminate State Sales Tax Vendor Fee</i>

2009 Tax and Finance Legislation

Much of the public finance legislation enacted during the 2009 session was influenced by a continuing decline in state revenue that began in 2008. The decline was triggered by the national recession that started in December 2007. In response, the General Assembly adopted bills that:

- transferred money from cash funds to the General Fund;
- reduced General Fund expenditures; and
- imposed fees to generate revenue.

In addition to measures that address the revenue shortfall, the legislature also adopted bills to stimulate job growth, grow Colorado's traditional and green energy industries, and boost an economy still in a recession. The first section of this *Tax and Finance* summary looks at measures that address the revenue shortfall. It is followed by sections that look at other public finance-related measures that affect specific state taxes.

Legislation Addressing the Revenue Shortfall

During the 2009 legislative session, Colorado was in a deep recession that saw consumer and business optimism at record-low levels. In response to the state's deteriorating revenue shortfall, the legislature passed a number of bills that were aimed at shoring up cash and General Fund revenue. Many of these bills transferred cash funds to the General Fund. In addition, the legislature also adopted a number of bills that reduced General Fund expenditures and bills that were meant to boost the economy and create jobs. In addition, some bills were passed that increased General Fund revenue and cash fund money through fee increases. Table 1 provides total estimated revenue impacts for these bills. The following sections provide more detail on these measures by bill category.

**Table 1: Summary of Budget Shortfall Measures
Estimated Revenue Impact (In Millions)**

Budget Shortfall Measures	FY 2008-09	FY 2009-10
Cash Fund Transfers to General Fund	\$355.6	\$280.7
General Fund Expenditure Reduction	(\$43.5)	(\$602.8)
General Fund Revenue Increase	\$109.4	\$121.2
Fees Generating Revenue for Cash Funds	\$3.7	\$556.1

Cash fund transfers to the General Fund. The General Assembly adopted 5 bills that transferred cash fund money to the General Fund. Table 2 shows transfers authorized by 2009 legislation to be transferred in Fiscal Year 2008-09 through Fiscal Year 2009-10. A total of \$355.6 million was authorized to be transferred in FY 2008-09 and \$280.7 million in FY 2009-10.

**Table 2: Net Cash Fund Transfers to the General Fund
FY 2008-09 and FY 2009-10**

Cash Fund and Bill Number(s)	Net Transfer to the General Fund		
	FY 2008-09	FY 2009-10	Total
Alcohol and Drug Abuse Community Prevention and Treatment Fund SB 09-208 (Section 24-75-1104.5 (1.5) (VII), C.R.S.)	\$61,186	\$0	\$61,186
Building Regulation Fund SB 09-279 (Section 24-32-3309 (1) (b), C.R.S.)	1,101,349	0	1,101,349
Capital Construction Fund SB 09-279 (Section 24-75-302 (10), C.R.S.)	0	28,054,476	28,054,476
Capitol Complex Facilities Fund SB 09-208 (Section 24-30-1108 (5), C.R.S.)	2,300,000	0	2,300,000
Cathode Ray Tube Recycling Fund SB 09-208 (Section 25-17-105.5 (5), C.R.S.)	2,332	0	2,332
Colorado College Invest SB 09-279 (Section 23-3.1-206.9 (2) (b), C.R.S.)	0	15,000,000	15,000,000

**Table 2: Net Cash Fund Transfers to the General Fund
FY 2008-09 and FY 2009-10 (continued)**

Cash Fund and Bill Number(s)	Net Transfer to the General Fund		
	FY 2008-09	FY 2009-10	Total
Colorado Health Care Services Fund SB 09-208 (Section 25.5-3-112 (1) (a), C.R.S.)	500,000	0	500,000
Colorado High Cost Administration Fund ¹ SB 09-272, SB 09-279 (Section 45-15-208 (3) (b), C.R.S.)	0	15,000,000	15,000,000
Colorado Water Conservation Board Construction Fund SB 09-208 (Section 37-60-119, C.R.S.)	10,250,000	0	10,250,000
Contingency Reserve Fund SB 09-208 (Section 22-54-117 (1) (f), C.R.S.)	3,082,452	0	3,082,452
Controlled Maintenance Trust Fund SB 09-279 (Section 24-75-302.5 (7), C.R.S.)	0	803,610	803,610
Court Security Cash Fund SB 09-208, SB 09-279 (Section 13-1-204 (1) (c) (II) and (III), C.R.S.)	1,500,000	500,000	2,000,000
Department of Human Services Low-Income Energy Assistance (LEAP) Fund SB 09-279 (Section 40.8.7-112 (1) (b), C.R.S.)	3,000,000	0	3,000,000
Dispute Resolution Fund SB 09-208 (Section 13-22-310 (2) (b), C.R.S.)	32,500	0	32,500
Department of State Cash Fund SB 09-208 (Section 24-21-104 (3) (d), C.R.S.)	2,175,000	0	2,175,000
Drug Offender Surcharge Fund SB 09-208, SB 09-279 (Section 18-19-103 (4) (b) and (c), C.R.S.)	151,341	1,360,000	1,511,341
Drug Offender Treatment Fund SB 09-208 (Section 18-19-103 (5.5) (b), C.R.S.)	350,000	0	350,000
Employment Support Fund SB 09-208 (Section 8-77-109 (2), C.R.S.)	5,000,000	0	5,000,000
Family-Friendly Court Program Cash Fund SB 09-208 (Section 13-3-113 (6.5), C.R.S.)	200,000	0	200,000
Guardian Ad Litem Fund SB 09-208 (Section 13-91-106 (1) (b), C.R.S.)	8,000	0	8,000
Hazardous Substance Response Fund SB 09-208, SB 09-279 (Section 25-16-104.6 (1) (c) and (d), C.R.S.)	29,968,517	2,500,000	32,468,517
Health Care Expansion Fund* SB 09-270 (Section 24-22-117, C.R.S.)	4,545,000	2,923,166	7,468,166
Health Disparities Grant Program Fund* SB 09-270 (Section 24-22-117, C.R.S.)	146,000	98,000	244,000

¹ Senate Bill 09-272 transfers \$15 million from the High Cost Support Mechanism account (currently maintained at a private bank) to the Colorado High Cost Administration Fund (a state cash fund.) Because the High Cost Support Mechanism account is maintained at a private bank outside the state treasury, the funds cannot be transferred directly from that account to the General Fund. Senate Bill 09-279 transferred the money from the Colorado High Cost Administration Fund to the General Fund.

**Table 2: Net Cash Fund Transfers to the General Fund
FY 2008-09 and FY 2009-10 (continued)**

Cash Fund and Bill Number(s)	Net Transfer to the General Fund		
	FY 2008-09	FY 2009-10	Total
Higher Education Maintenance and Reserve Fund ² SB 09-208 (Section 23.19.9-102 (2) (b) (III), C.R.S.)	31,248,350	0	31,248,350
Home Investment Trust Fund SB 09-279 (Section 24-32-717(1)(b), C.R.S.)	1,284,000	0	1,284,000
Licensing Services Cash Fund SB 09-279 (Section 42-2-114.5(2), C.R.S.)	0	2,589,894	2,589,894
Local Government Limited Gaming Impact Fund SB 09-208, SB 09-279 (Sections 12-47.1-1601 (6) (a) (II) and 12.47.1-1601 (7), C.R.S.)	1,050,000	0	1,050,000
Local Government Mineral Impact Fund SB 09-279 (Section 34-63-102 (5) (a) (V) and (5.4) (b.5), C.R.S.)	1,000,000	22,600,000	23,600,000
Local Government Severance Tax Fund SB 09-279 (Section 39-29-110 (5), C.R.S.)	7,500,000	0	7,500,000
Major Medical Insurance Fund SB 09-208, SB 09-279 (Section 8-46-202 (1.6) and (1.7), C.R.S.)	69,500,000	26,500,000	96,000,000
Medical Marijuana Program Cash Fund SB 09-208 (Section 25-1.5-106 (3) (b), C.R.S.)	258,735	0	258,735
Moffat Tunnel Cash Fund SB 09-279 (Section 32-8-126 (2), C.R.S.)	86,758	0	86,758
Motor Fleet Management Fund SB 09-208 (Section 24-30-1115 (3), C.R.S.)	1,000,000	0	1,000,000
Notary Administration Cash Fund SB 09-208 (Section 12-55-102.5 (4), C.R.S.)	575,000	0	575,000
Offender Mental Health Care Services Fund SB 09-208 (Section 27-1-204 (5.5) (b), C.R.S.)	246,350	0	246,350
Offender Services Fund SB 09-208 (Section 16-11-214 (1) (c), C.R.S.)	250,000	2,498,439	2,748,439
Performance-Based Collaborative Management Incentive Cash Fund SB 09-279 (Section 24.1.9-104, C.R.S.)	300,000	0	300,000
Prevention, Early Detection, and Treatment Fund ** SB 09-270, SB 09-271 (Section 24-22-117, C.R.S.)	994,000	572,000	1,566,000
Primary Care Fund** SB 09-270, SB 09-271 (Section 24-22-117, C.R.S.)	232,000	147,000	379,000
Public Health Services Support Fund SB 09-210 (Section 25-1-512 (2), C.R.S.)	149,070	0	149,070

² Senate Bill 09-208 authorizes the transfer of up to \$33.7 million from the Higher Education Maintenance and Reserve Fund to the General Fund in FY 2008-09. However, the source of revenue is federal mineral lease dollars, and the full \$33.7 million was not available to be transferred. Senate Bill 09-208 provided that the remaining balance would be transferred, which was \$31.2 million.

**Table 2: Net Cash Fund Transfers to the General Fund
FY 2008-09 and FY 2009-10 (continued)**

Cash Fund and Bill Number(s)	Net Transfer to the General Fund		
	FY 2008-09	FY 2009-10	Total
Recycling Resources Economic Opportunity Fund SB 09-208 (Section 25-16.5-106.5 (4.5), C.R.S.)	1,500,000	0	1,500,000
Risk Management Fund SB 09-279 (Section 24-30-1510 (1) (b), C.R.S.)	10,010,599	0	10,010,599
Self-Insured Property Fund SB 09-279 (Section 24-30-1510.5 (1) (b), C.R.S.)	1,295,055	0	1,295,055
Severance Tax Trust Fund, Perpetual Base Account ³ SB 09-208, SB 09-279 (Sections 37-60-119 and 39-29-109, C.R.S.)	35,000,000	62,000,000	97,000,000
Short-Term Innovative Health Program Grant Fund SB 09-208 (Section 25-36-101 (2) (b), C.R.S.)	4,352,319	0	4,352,319
State Commission on Judicial Performance Cash Fund SB 09-208 (Section 13.5-5-107 (2), C.R.S.)	900,000	0	900,000
State Employees Workers' Compensation Account SB 09-279 (Section 24-30-1510.7 (1)(b), C.R.S.)	10,316,060	0	10,316,060
State Rail Bank Fund SB 09-208 (Section 43-1-1309 (3), C.R.S.)	1,543,937	0	1,543,937
Streptococcus Cash Fund SB 09-208 (Section 25-4-1202 (2) (b), C.R.S.)	9	0	9
Subsequent Injury Fund SB 09-208 (Section 8-46-101 (1.7), C.R.S.)	26,500,000	0	26,500,000
Student Dropout Prevention and Intervention Fund SB 09-208 (Section 25-20.5-204 (6) (b) (II), C.R.S.)	11,129	0	11,129
Stroke Prevention and Treatment Cash Fund SB 09-208 (Section 25-34.1-101 (1), C.R.S.)	4,045	0	4,045
Tobacco Education Programs Fund ** SB 09-270, SB 09-271 (Section 24-22-117, C.R.S.)	290,000	122,000	412,000
Tobacco Litigation Settlement Cash Fund SB 09-210, SB 09-269 (Section 24-75-1104.5, C.R.S.)	13,495,534	67,400,000	80,895,534
Tobacco Programs Cash Fund SB 09-208 (Section 25-3.5-807.5 (1), C.R.S.)	240,619	0	240,619
Tobacco Tax Cash Fund * SB 09-270 (Section 24-22-117, C.R.S.)	64,000	49,000	113,000
Transportation Infrastructure Revolving Fund SB 09-208 (Section 43-1-113.5 (1.5), C.R.S.)	3,000,000	0	3,000,000
Unclaimed Property Tourism Promotion Fund SB 09-279 (Section 38-13-116.7 (5), C.R.S.)	0	5,000,000	5,000,000

³ Senate Bill 09-279 authorizes a transfer of \$43 million from the perpetual base account of the Severance Tax Cash fund to the General Fund at the beginning of the FY 2009-10 (on July 1, 2009) and up to \$19 million in unencumbered and unexpended money at the end of the fiscal year (on June 30, 2010, for a total of \$62 million). However, if there is less than \$19 million in unencumbered and unexpended money in the fund on June 30, 2010, the transfer will be whatever unencumbered funds are available.

**Table 2: Net Cash Fund Transfers to the General Fund
FY 2008-09 and FY 2009-10 (continued)**

Cash Fund and Bill Number(s)	Net Transfer to the General Fund		
	FY 2008-09	FY 2009-10	Total
Unclaimed Property Trust Fund SB 09-279 (Section 38-13-116.5 (2.6) (a) and (b), C.R.S.)	50,000,000	25,000,000	75,000,000
Waste Tire Cleanup Fund SB 09-279 (Section 24-32-114 (1.6), C.R.S.)	500,000	0	500,000
Waste Tire Recycling Development Fee Cash Fund SB 09-279 (Section 25-17-202 (3) (e), C.R.S.)	150,000	0	150,000
Water Quality Improvement Fund SB 09-208 (Section 25-8-608-(1.8), C.R.S.)	700,000	0	700,000
Workers' Compensation Cash Fund SB 09-208 (Section 8-44-112 (7) (c), C.R.S.)	15,700,000	0	15,700,000
Youth Mentoring Services Cash Fund SB 09-208 (Section 25-20.5-203 (6) (b), C.R.S.)	11,818	0	11,818
Totals	\$355,633,064	\$280,717,585	\$636,350,649

Source: Legislative Council Staff, Joint Budget Committee.

*For these three cash funds, Senate Bill 09-270 transfers moneys from interest earned on tobacco taxes collected as a result of Amendment 35 of the State Constitution, not principal revenue, and amounts reflect the net estimated interest. Note that final values for interest earnings for FY 2008-09 will not be available until after July 1, 2009, and for FY 2009-10, after July 1, 2010.

** Senate Bill 09-270 transfers moneys from interest earned on tobacco taxes collected as a result of Amendment 35 to the State Constitution, not principal revenue. Senate Bill 09-271 reduces the income-earning balance of several cash funds, thus reducing the net transfer in FY 2009-10 from the Tobacco Education Programs Fund, the Prevention, Early Detection, and Treatment Fund, and the Primary Care Fund. Thus, the amount for these three cash funds reflects the estimated interest with the reduction authorized in Senate Bill 09-271 subtracted. Note that final values for interest earnings for FY 2008-09 will not be available until after July 1, 2009, and for FY 2009-10, after July 1, 2010.

After the staff March Revenue Forecast was released, the legislature responded to the ongoing revenue shortfall by taking the preemptive action of adopting two bills to address any future ongoing shortfalls. **Senate Bill 09-219** and **Senate Bill 09-279** authorized the Governor to address this shortfall by reducing the reserve, transferring money from cash funds to the General Fund for a single day at the close of the fiscal year, or doing a combination of the two. Because both of these actions borrow from FY 2009-10, any combination of the two shifts the entire shortfall from FY 2008-09 to FY 2009-10.

Although it is not reflected in **Table 2**, **Senate Bill 09-279** authorized the Governor to transfer \$565.9 million in cash fund revenue over a one-day period on June 30, 2009, to make up for a potential revenue shortfall at the end of the fiscal year. Legislative Council Staff's June 2009 Revenue and Economic Forecast stated that revenue available for spending in the General Fund is \$249 million below the amount budgeted for expenditures in FY 2008-09. On June 29, the Governor signed Executive Order D 013 09, which authorized the State Controller and the State Treasurer to transfer \$458 million from the cash funds listed in **Senate Bill 09-279** to the General Fund over a one-day period on June 30, 2009.

Table 3: June 30th, 2009 One-Day Cash Fund Transfers

Cash Fund	Authorized by SB 09-279	Amount Actually Transferred
Employment Support Fund	\$25,000,000	\$25,000,000
Unclaimed Property Trust Fund	100,000,000	68,275,348
Tobacco Litigation Settlement Cash Fund	84,600,000	84,600,000
Operational Account of the Severance Tax Trust Fund	21,300,000	21,300,000
Local Government Mineral Impact Fund	72,000,000	14,248,358
Local Government Severance Tax Fund	128,000,000	109,633,992
Perpetual Base Account	75,000,000	75,000,000
Colorado Water Conservation Board Account	60,000,000	60,000,000
Total	\$565,900,000	\$458,057,698

Source: Joint Budget Committee, Executive Order D 013 09

General Fund reduction measures. The General Assembly enacted a number of General Fund reduction measures that reduced state appropriations for programs and services. Many of these bills were sponsored by members of the Joint Budget Committee as a package to address the budget shortfall. Most of these bills reduce appropriations to state agencies by cutting programs and services or by moving expenditures into future years. For FY 2008-09, a preliminary estimate of these revenue reduction bills shows that \$43.5 in reduced appropriations were approved. For FY 2009-10, the Joint Budget Committee preliminary estimates show that \$602.8 million in net General Fund reduction resulted from these bills.¹

General Fund revenue enhancements. The General Assembly also enacted measures that have a positive revenue impact on the General Fund. For example, one bill affecting state income taxes, **House Bill 09-1366**, modifies and narrows the Colorado-source capital gains deduction and is estimated to increase General Fund revenue by \$8 million in FY 2009-10. Another measure, affecting state sales and use taxes, **House Bill 09-1342**, repeals the sales tax exemption on cigarettes for two years and is estimated to increase General Fund revenue by \$30.3 million in FY 2009-10.

Other measures that affect income and sales taxes and *reduce* General Fund revenue were enacted as ways to create jobs and jump-start the economy. One bill, **House Bill 09-1001**, provides a temporary income tax credit to firms that create jobs in Colorado. Another bill **House Bill 09-1126**, provides a sales and use tax exemption for components used or sold in the solar thermal industry. In addition, some bills affect the administration of taxes and increase General Fund revenue.

¹A summary of prepared by the Joint Budget Committee of each bill and its impact can be found at http://www.state.co.us/gov_dir/leg_dir/jbc/actions060109.pdf

Table 4 provides a brief summary of the bills that affect revenue to the General Fund. The impact of these bills is estimated at a net increase of \$109.4 million for FY 2009-10. For FY 2010-11, these bills are expected to generate \$120.9 million.

**Table 4
2009 Legislation Affecting General Fund Revenue**

Bill Number and Title	Description	FY 2009-10	FY 2010-11	FY 2011-12
Income Taxes				
HB 09-1001 Income Tax Credit for Job Growth	This bill provides a temporary income tax credit to firms that create jobs in Colorado. Effective for tax years 2009 through 2018, the credit is available to firms that create at least 20 jobs and retain employees for one year. The credit is relaxed for jobs created in enhanced rural enterprise zones.	(\$2,900,000)	(\$8,600,000)	(\$13,800,000)
HB 09-1067* Instream Flow Income Tax Credit	This bill establishes a state income tax credit for water rights donations for income tax years 2009 through 2014. However, the credit is only available if there is sufficient revenue to grow total state General Fund appropriations by 6 percent over the prior fiscal year and may not be effective until FY 2011-12.	*	*	(\$2,000,000.00)
HB 09-1105 Colorado Innovation Investment Tax Credit	This bill allows certain investors to receive an income tax credit for investments made during tax year 2010 in businesses involved in the research and development or manufacturing of new technologies, products, or processes. The tax credit is to be funded through gifts, grants, and donations.	Gifts, Grants, and Donations	Gifts, Grants, and Donations	Gifts, Grants, and Donations
HB 09-1298** Economic Development for the Trucking Industry	This bill expands the 3 percent investment tax credit for income tax years 2011 through 2015 to include the purchase of commercial vehicles based in an enterprise zone. The vehicle must be a 2010 or newer model weighing at least 16,000 pounds.	0	(\$337,690)	(\$675,381)
HB 09-1331 Incentives for Efficient Motor Vehicles	This bill makes changes to the types of vehicles that qualify for the alternative fuel state income tax credit. This credit was scheduled to sunset in 2011. This bill extends the credit through 2015.	\$1,800,000	\$5,200,000	\$1,900,000
HB 09-1366 Eliminate Colorado Income Tax Modification	This bill modifies and narrows the Colorado-source capital gains subtraction beginning with tax year 2010. After January 1, 2010, the bill limits the capital gains subtraction to the first \$100,000 of gains on assets held for five years or more for Colorado real and tangible property, and out-of-state tangible property. The bill also eliminates the capital gains subtraction for gains on the sale of stock and ownership interests in Colorado companies.	\$8,000,000	\$17,600,000	\$21,200,000
Impact of Bills Affecting Income Taxes		\$6,900,000	\$14,200,000	\$7,300,000

Table 4
2009 Legislation Affecting General Fund Revenue (continued)

Bill Number and Title	Description	FY 2009-10	FY 2010-11	FY 2011-12
State Sales and Use Taxes				
HB 09-1035* Clean Technology Medical Device Tax Refund	This bill allows certain clean technology and medical device firms to receive a temporary refund on sales and use taxes paid on the purchase of equipment used in research and development. The refund is available on taxes paid during the 2009 tax year through June 30, 2014. The refund is available only during years in which General Fund revenue is sufficient to allow General Fund appropriations to increase by 6 percent. However, taxpayers may carry refunds forward and claim them during the first year in which the 6 percent increase is allowed.	0	0	(\$3,024,900)
HB 09-1126 Encourage Solar Thermal Installations	This bill makes all sales, storage, and use of components used in solar thermal systems exempt from the state sales and use tax.	(\$254,652)	(\$265,857)	(\$282,351)
HB 09-1298** Economic Development for Trucking Industry	This bill refunds a portion of state sales and use taxes paid on the sale, storage, or use of Class A motor vehicles.	0	(\$38,138)	(\$137,486)
HB 09-1342 Eliminate Cigarette Sales Tax Exemption	This bill temporarily eliminates the state sales and use tax exemption on the sale of cigarettes for FY 2009-10 and FY 2010-11. The bill maintains the exemption for counties, statutory municipalities, and special districts.	\$31,000,000	\$32,000,000	0
SB 09-121 Taxation of Restaurant Employee Meals	This bill eliminates the requirement that free or reduced-price meals provided to employees of restaurants be considered part of their wages in order for the meals to be exempt from sales and use taxes.	(\$400,000)	(\$400,000)	(\$400,000)
Impact of Bills Affecting Sales Taxes		\$30,345,348	\$31,334,143	(\$3,707,251)
Administration of Taxes				
HB 09-1093 Corporate Taxpayer Reporting Requirements	This bill establishes administrative and auditing measures to allow the Colorado Department of Revenue to improve compliance with Colorado's corporate income tax reporting requirements. It also establishes penalties ranging from \$15,000 to \$50,000 for corporate taxpayers who violate certain provisions of the act.	Potential Increase	Potential Increase	Potential Increase
HB 09-1101 Administration of Sales Tax Collection	This bill imposes a penalty on vendors that are either delinquent in filing their sales tax return to the Department of Revenue or incorrectly account for the amount of sales taxes due on their return.	\$1,200,000	\$1,200,000	\$1,200,000

Table 4
2009 Legislation Affecting General Fund Revenue (continued)

Bill Number and Title	Description	FY 2009-10	FY 2010-11	FY 2011-12
Administration of Taxes				
HB 09-1219 Interest on Tax Overpayments	This bill reduces the interest the Colorado Department of Revenue will pay on overpayments associated with corporate tax returns. It also conforms the calculation of interest on overpayments for corporate taxpayers with the calculation for individual income taxpayers.	\$2,300,000	\$2,300,000	\$2,300,000
SB 09-174 Horse and Greyhound Racing Regulation	Previously, an in-state simulcast facility located on the premises of a Class B racetrack may receive up to 250 days of simulcast horse races per year from an out-of-state host racetrack. SB 09-174 eliminates the cap on simulcast race days and authorizes the Colorado Racing Commission to make that determination. The bill also includes other provisions, and revenue for pari-mutuel wagers is credited to the General Fund.	\$497,614	\$580,785	\$580,785
SB 09-212 Sales Tax Vendor Fee	This bill temporarily reduces the amount that vendors can retain (vendor fee) to compensate for sales tax collection expenses from 3.33 percent to 1.35 percent. This includes returns made on or after March 1, 2009, through December 31, 2011.	\$37,600,000	\$39,600,000	0
SB 09-275 Sales Tax Vendor Fee	The bill temporarily eliminates the ability of vendors to retain a fee for compensation of sales tax collection expenses from July 1, 2009, through June 30, 2011.	\$30,600,000	\$31,700,000	0
Impact of Bills Affecting the Administration of Taxes		\$72,197,614	\$75,380,785	\$4,080,785
Total Net Impact to General Fund		\$109,442,962	\$120,914,928	\$7,673,534

*When applicable, amounts reflect estimated impact as of June 21, 2009, and reflect Legislative Council Staff's June 2009 Revenue and Economic Forecast. *These bills are effective only during years in which General Fund revenue is sufficient to allow General Fund appropriations to increase 6%. This is not expected to occur until FY 2011-12.*

***The revenue impacts in the above table for House Bill 09-1298 are only in effect when the revisor of statutes receives a written notice from the Executive Director of the Department of Revenue that a sustainable source of revenue has been identified to implement the sales tax refund and the expanded 3 percent investment tax credit referenced in the bill. To date, the revisor of statutes has not received such notice.*

Fee Increase Bills. The General Assembly passed 52 bills in the 2009 session that either increased an existing fee, created a new fee, expanded the population required to pay an existing fee, or eliminated a fee. These bills reflect the effort by the legislature to provide additional funding for programs and services affected by the recession and balance the state budget.

Table 5
Fee Bills Passed in the 2009 Session

Change to Fee Structure	Number of Bills	FY 2009-10	FY 2010-11
Creates a New Fee	25	\$540,558,258	\$618,370,432
Increases an Existing Fee	26	\$15,545,209	\$18,198,291
Expands an Existing Fee	4	\$186,597	\$216,820
Eliminates a Fee	2	(\$114,711)	(\$124,780)
Total Net Cash Fund Revenue Increase		\$556,075,353	\$636,660,763

Note: Three bills, HB 09-1318, SB 09-108, and SB 09-223, fall into two of the categories in Table 1 and are counted twice in the bill totals. One bill, SB 09-235, falls into three categories and is counted three times in the bill totals. They also appear multiple times in Table 2. Their revenue impact is counted only once.

Of the 52 fee bills adopted by the General Assembly in the 2009 session, two bills, **House Bill 09-1293** and **SB 09-108**, that created new fees, make up nearly 97 percent of the total net cash fund revenue increases in Table 5 for FY 2009-10. For example, **House Bill 09-1293** creates a fee on hospitals to obtain additional federal financial participation for the state's medical assistance programs and is estimated to generate \$336.5 million in FY 2009-10. **Senate Bill 09-108** creates new fees on vehicle registrations and rentals to pay for transportation improvements and is estimated to raise \$200 million.

Other fee bills were enacted to fund specific department operations. For example, **Senate Bill 09-099** requires the Department of Personnel and Administration (DPA) to implement a centralized electronic procurement system for use by state agencies, local governments, and vendors. The bill authorizes DPA to set and collect fees from vendors and local governments to cover the costs of the system. Another bill, **House Bill 09-1149**, authorizes the Governor's Energy Office to charge homebuilders a fee for training on solar electric and solar thermal pre-plumbing. Table 6 provides detailed information about each of these fee bills.

Table 6
Bills Passed In the 2009 Session That Established New Fees or Changed Existing Fees

Bill Number and Title	New Fee or Change in Existing Fee	Cash Fund(s) Impacted	FY 2009-10	FY 2010-11
Creates New Fee				
HB 09-1026 Low-Power Self-Propelled Vehicles	The bill requires low-powered scooters to register and carry insurance. Scooter dealers must register as powersport dealers for \$335 and scooter sales staff must carry salesperson licenses at \$80 each. The bill also imposes new speeding penalties for low-power scooter operators who exceed 40 miles per hour, and this revenue is credited to the Highway Users Tax Fund (HUTF). Surcharge revenue is credited to several other cash funds.	Auto Dealers License Fund HUTF Other Cash Funds	\$12,450	\$15,714
HB 09-1100 Alive at 25 Special License Plate	The bill creates the "Alive at Twenty-Five" special license plate for individuals who support the Colorado State Patrol Family Foundation. The plate is available to applicants who pay the appropriate license fee, with an additional one-time fee of \$50. The one-time fee is credited equally between the HUTF and the Licensing Services Cash Fund (LSCF). To purchase the plate, applicants must provide a certificate verifying a \$30 donation to the foundation.	HUTF (LSCF) License Plate Cash Fund <i>(cost of plates only)</i>	\$83,040	\$96,880
HB 09-1111 Health Resources for Underserved Areas	The bill creates the Foreign Visa Waiver Program Cash Fund and creates a fee for foreign-trained physicians who apply for a government visa. The new fee is \$1,000 per applicant. The revenue from the fees will be deposited in the new cash fund to finance a loan program for health care professionals.	Visa Waiver Program Cash Fund	\$20,000	\$20,000
HB 09-1119 Rural Substance Abuse Grant Program	The bill adds a new penalty surcharge on alcohol and substance related driving offenses and uses it to fund a rural substance abuse program for youth. Although the actual surcharge amount will be at the discretion of the judge, the fiscal note estimates the amount at \$5.	Rural Youth Alcohol and Substance Abuse Cash Fund	\$10,071	\$78,372
HB 09-1129 Precipitation Harvesting Pilot Projects	The bill establishes a pilot program to determine the feasibility of allowing the capture of rainwater for non-potable uses. The revenue is from application fees charged of pilot program participants.	Colorado Water Conservation Board Construction Fund	\$4,080	\$14,960

Table 6
Bills Passed In the 2009 Session That Established New Fees or Changed Existing Fees (continued)

Bill Number and Title	New Fee or Change in Existing Fee	Cash Fund(s) Impacted	FY 2009-10	FY 2010-11
Creates New Fee				
HB 09-1137 Intercepting Gambling Winnings to Pay Restitution	The bill creates a new fee of \$25 assessed by casinos against individuals with gaming winnings who owe outstanding restitution or child support. This fee will not begin until the Department of Revenue has enough money to expand the gambling intercept program to include restitution.	Gambling Payment Intercept Cash Fund	\$0	\$161,779
HB 09-1149 Solar Electricity Prewire	The bill authorizes the Governor's Energy Office to provide training to homebuilders on solar electric and solar thermal prewire and preplumbing. The agency will charge the homebuilder a fee for the sessions of \$50 per participant.	Clean Energy Fund	\$25,000	\$25,000
HB 09-1202 Mortuary Science Registration	The bill creates a registration program for funeral establishments and crematories in the Department of Regulatory Agencies (DORA). The fee calculation is determined by the agency.	Division of Registrations Cash Fund	\$194,217	\$151,816
HB 09-1246 Court-Ordered Defensive Driving Schools	The bill includes a penalty surcharge on drivers that are sentenced to take driver improvement classes beginning January 1, 2010. The penalty is collected by the school and estimated at \$14. Revenue will be used to support contracted inspections on driver improvement schools.	Defensive Driving School Fund	\$133,000	\$266,000
HB 09-1275 Provisional Certification for EMTs	The bill creates a provisional certification for Emergency Medical Technicians (EMTs). To cover expenses, a fee of \$22 is anticipated for 1,200 EMTs.	HUTF-Emergency Services Account	\$26,400	\$26,400
HB 09-1285 Government Data Sharing	The bill authorizes the Governor's Office of Information Technology (OIT) to adopt a schedule of fees for interdependent data transfers. State revenue will increase due to data exchange fees adopted by OIT, but the costs are unknown because neither the fee schedule nor OIT rules for the program have been adopted and the number of transactions that could occur is unknown.	OIT Fee Revenue from Departments	\$0	Increase (cost unknown)

Table 6
Bills Passed In the 2009 Session That Established New Fees or Changed Existing Fees (continued)

Bill Number and Title	New Fee or Change in Existing Fee	Cash Fund(s) Impacted	FY 2009-10	FY 2010-11
Creates New Fee				
HB 09-1293 Medicaid Hospital Provider Fee	The bill creates a fee on hospitals to obtain additional federal financial participation for the state's medical assistance programs. Revenue is from fees charged to hospitals and cost sharing for the Children's Basic Health Plan and is conditional upon federal approval. Anticipated revenue is expected to reach \$629.8 million by FY 2012-13.	Hospital Provider Fee Cash Fund Children Basic Health Plan Trust (cost sharing)	\$336,500,000	\$389,800,000
HB 09-1310 Misclassification of Employees	The bill allows any person to file a written complaint with the Division of Employment and Training in the Department of Labor alleging an employer is misclassifying an employee as an independent contractor. The director of the division may investigate the complaints, particularly those undertaken to gain a competitive advantage or to avoid the payment of taxes. The employer can request a nonbinding advisory opinion on employee classification, and the bill establishes a fee of \$82 per opinion, paid by the employer.	Unemployment Revenue Fund Employee Misclassification Advisory Option Fund Unemployment Insurance Trust Fund	\$89,840	\$89,840
HB 09-1318 Overweight Vehicle Permits	The bill modifies the permitting requirements and fees charged for certain overweight vehicles in SB 09-108. First, it repeals a newly-enacted increase in the weight limit for vehicles traveling on non-interstate roads. Second, it establishes a new overweight vehicle permit and a schedule of fees for vehicles weighing up to 97,000 pounds that are operated in combination with a trailer or semitrailer that has a tandem or triple axle grouping. Specifically, the bill sets the following permit fees for these vehicles: \$500 for an annual permit, \$250 for a 6-month permit, and \$15 plus \$10 per axle for a single trip permit. Note that the fiscal estimate reflects Legislative Council Staff's June 2009 Revenue and Economic Forecast and amounts to the right represent estimates of cash fund revenue from new fees.	HUTF	\$385,000	\$770,000

Table 6
Bills Passed In the 2009 Session That Established New Fees or Changed Existing Fees (continued)

Bill Number and Title	New Fee or Change in Existing Fee	Cash Fund(s) Impacted	FY 2009-10	FY 2010-11
Creates New Fee				
HB 09-1347 Donate Life Special License Plate	The bill creates a new "Donate Life" special license plate. The plate will be available to applicants who pay the appropriate license fees, plus a one-time fee of \$50. The one-time fee is credited equally between the HUTF (HUTF) and the Licensing Services Cash Fund (LSCF).	HUTF LSCF License Plate Cash Fund (cost of plates only)	\$83,040	\$96,880
SB 09-026 Regulation of Athletic Trainers	The bill creates a new regulated profession for athletic trainers and charges \$257 for new registration and \$175 for renewals. The bill also establishes a misdemeanor for practicing without a registration, and may increase state revenue through fines collected by an unknown amount.	Division of Registration Cash Fund Fines Collection Cash Fund	\$179,900	\$135,350
SB 09-075 Low-speed Electric Self-Propelled Vehicles	The bill provides for state registration of low-speed electric vehicles (LSVs). Since an estimate of the number of LSV's has not been made, fee revenue is unknown but expected to be at least \$5,000.	Electric Vehicle Grant Fund License Plate Cash Fund Multiple Cash Funds-Penalties and Surcharges	\$5,000	\$5,000
SB 09-080 Precipitation Collection Limitations	The bill creates new permits for the collection of precipitation from rooftops. A fee of \$28 per permit is assessed and the revenue is deposited into the Ground Water Management Cash Fund.	Ground Water Management Cash Fund	\$2,800	\$2,800
SB 09-099 Creation of a Centralized Electronic Procurement System	The bill requires the Department of Personnel and Administration (DPA) to implement a centralized electronic procurement system for use by state agencies, local governments, and vendors. The DPA executive director is authorized to set and collect fees from vendors and local governments to cover the costs of the system.	Supplier Database Cash Fund	\$2,600,000	\$1,300,000

Table 6
Bills Passed In the 2009 Session That Established New Fees or Changed Existing Fees (continued)

Bill Number and Title	New Fee or Change in Existing Fee	Cash Fund(s) Impacted	FY 2009-10	FY 2010-11
Creates New Fee				
SB 09-108 Transportation System Planning and Funding	The bill creates new fees on vehicle registrations and rentals to pay for transportation improvements, including a Road Safety Surcharge, a Bridge Safety Surcharge, and a \$2 daily fee on rental cars. It also increases late registration fees and fines. HB 09-1318 modified the surcharge on oversize vehicles, therefore replacing the fee increase authorized in SB 09-108. The estimated fiscal impact to the right includes the estimated cost from new fees.	HUTF Bridge Special Fund	\$200,000,000	\$225,000,000
SB 09-161 Ski Country Special License Plate	The bill creates the Colorado Ski Country special license plate. The plate will be available to applicants who pay the appropriate license fees, plus a one-time fee of \$50. The one-time fee is credited equally between the HUTF and the LSCF.	HUTF LSCF License Plate Cash Fund <i>(cost of plates only)</i>	\$83,040	\$96,880
SB 09-223 Retail Food Establishment Inspection	The bill establishes new fees for establishments offering food to workers at temporary living quarters in the oil and gas development industry (oil and gas camps) and increases fees paid by other retail food establishments. The majority of the revenue increase comes from existing fees, but the amounts to the right illustrate the amount of revenue from the new oil and gas fee.	Food Protection Cash Fund	\$20,380	\$4,755
SB 09-235 Division of Wildlife Fees	The bill makes changes to the fees for wildlife habitat stamps issued by the Division of Wildlife, creates the Colorado Wildlife Passport, and sets priorities for the moneys raised. While the bill is expected to decrease cash funds revenue in FY 2009-10 from the repeal (described later on Table 2) the revenues are expected to increase through the implementation of fee increases and the addition of new fees in the following two fiscal years. The fiscal impact to the right reflects the net impact to the cash fund from new fees.	Colorado Wildlife Passport Fund Search and Rescue Fund	\$0	\$211,006

Table 6
Bills Passed In the 2009 Session That Established New Fees or Changed Existing Fees (continued)

Bill Number and Title	New Fee or Change in Existing Fee	Cash Fund(s) Impacted	FY 2009-10	FY 2010-11
Creates New Fee				
SB 09-254 Common Licensed Premises for Manufacturers of Beer	The bill authorizes licensed brew pubs and licensed manufacturers of beer products (malt liquor and fermented malt beverages) to obtain approval from the Department of Revenue to use a common licensed premises to manufacture their product. The Liquor Enforcement Division in the Department of Revenue would charge an application fee of \$100 for users of alternating proprietor licenses.	Liquor Enforcement Division and State Licensing Authority Cash Fund	\$1,000	\$1,000
SB 09-294 Application Requirements for Public Utilities Commission Taxicab	The bill requires the Public Utilities Commission (PUC) to set fees for applicants from 8 specified counties instead of charging the fees set in statute for all counties. The fiscal impact of this bill is conditional upon an application to provide taxicab service being submitted to the PUC. In addition, the PUC will determine and set the fee.	PUC Motor Carrier Fund	Conditional	Conditional
Sub-Total: Revenue from Creation of New Fees			\$540,458,258	\$618,370,432
Increases Existing Fee				
HB 09-1014 Conservation Easements	The bill eliminates the cap on fees applied to appraisers and conservation easement holders and allows the Division of Real Estate to set the annual fee. There is no net change in total revenue from current law. Essentially, the bill allows the division to establish annual fees on appraisers and easement holders that are sufficient to cover the costs of the Conservation Easement Oversight Commission, and the division can also accept gifts, grants, and donations.	Conservation Easement Appraisal Review Fund Conservation Easement Holder Certificate Fund	Conditional	Conditional
HB 09-1036 POST Board Motor Vehicle Registration Fee	The bill increases the registration fee for class A, B, and C vehicles from \$0.25 to \$0.60 that funds the Peace Officers Standards and Training (POST) Board.	POST Board Cash Fund	\$1,494,995	\$1,494,995

Table 6
Bills Passed In the 2009 Session That Established New Fees or Changed Existing Fees (continued)

Bill Number and Title	New Fee or Change in Existing Fee	Cash Fund(s) Impacted	FY 2009-10	FY 2010-11
Increases Existing Fee				
HB 09-1085 Mortgage Loan Originators	The bill increases fees paid for renewals of a mortgage loan originator license from \$67 to \$91 in FY 2009-10 and from \$67 to \$73 in FY 2010-11. A mortgage loan originator offers or negotiates the terms of a residential home loan. The fee renewal schedule also changes from a three-year cycle to an annual cycle.	Mortgage Loan Originator Licensing Cash Fund	\$225,000	\$56,250
HB 09-1086 Continued Competency Mental Health Professionals	The bill increases the renewal fee for certain mental health professionals to cover costs of a continued competency program in the Department of Regulatory Affairs (DORA). Currently, fees for license renewals for these professionals range from \$100 to \$275. The cost of the renewal fee for FY 2009-10 and 2010-11 has not been set but is expected to increase \$14 and \$10, respectively.	Division of Registrations Cash Fund	\$164,472	\$117,480
HB 09-1133 License Plate Fees	The bill removes the set fee amounts for license plates, decals, and validating tabs. Instead, the bill authorizes the director of the Division of Correctional Industries in the Department of Corrections, with input from the Department of Revenue and the Governor's Office of State Planning and Budgeting, to set these fees to recover license plate costs. The estimated fee increase is \$0.26 for embossed license plates and \$0.28 on specialized license plates.	License Plate Cash Fund	\$528,000	\$528,000
HB 09-1136 Electrical Education License Requirements	The bill sets renewal requirements for professional electrician licenses to cover costs of a continued competency program in the Department of Regulatory Affairs. Effective January 5, 2009, fees for a renewed electrician license range from \$30 to \$50, and a fee increase of \$15 is estimated during the next renewal period in FY 2010-11.	Division of Registrations Cash Fund	\$0	\$255,000

Table 6
Bills Passed In the 2009 Session That Established New Fees or Changed Existing Fees (continued)

Bill Number and Title	New Fee or Change in Existing Fee	Cash Fund(s) Impacted	FY 2009-10	FY 2010-11
Increases Existing Fee				
HB 09-1188* Michael Skolnik Medical Transparency	The bill modifies the Michael Skolnik Medial Transparency Act, which requires licensed medical practitioners to disclose certain information to the state board of medical examiners. Although the agency determines the fee, the fiscal note estimates an increase in the fee of \$.71, thus increasing revenue in FY 2008-09 only by \$12,398. Because licenses are renewed biennially, no fiscal impact is estimated for the next two fiscal years.	Division of Registrations Cash Funds	\$0	\$0
HB 09-1164 Surcharge on Breast Cancer Awareness License Plates	The bill adds a \$25 surcharge to the fees for a new or replacement Breast Cancer Awareness special license plate and allows an optional \$25 optional surcharge for renewals. The revenue is to expand Medicaid to more women with breast or cervical cancer.	Breast and Cervical Cancer Prevention and Treatment Fund	\$312,500	\$312,500
HB 09-1244 Exemption of Property Carriers by Motor Vehicle	The bill exempts property carriers by motor vehicle from a \$50 registration fee. This results in an increase charged to other users in order to derive the necessary revenue to fund the Motor Carrier program at the PUC. A fee increase on the remaining 12,325 motor carrier vehicles regulated will yield \$424,683 to the fund to offset the revenue required (net of reduced expenditures) to maintain the program.	Public Utilities Commission Motor Carrier Fund	(\$13,967)	(\$13,967)
HB 09-1318 Overweight Vehicle Permits	The bill, which was described earlier on Table 2, establishes a new schedule of fees for certain vehicles. The amounts to the right represent additional cash fund revenue from increases of existing fees.	HUTF	\$540,000	\$1,080,000
HB 09-1320 Dairy License Fees	The bill increases license fees for people who sample or test dairy products from \$3 to \$50. It also increases fees for annual permit fees to operate a dairy plant from \$10 up to \$1,600.	Dairy Protection Cash Fund	\$36,510	\$36,510

Table 6
Bills Passed In the 2009 Session That Established New Fees or Changed Existing Fees (continued)

Bill Number and Title	New Fee or Change in Existing Fee	Cash Fund(s) Impacted	FY 2009-10	FY 2010-11
Increases Existing Fee				
HB 09-1330 Commercial Animal Feeding Operations Fees	The bill increases fees for concentrated animal feeding operations and housed commercial swine feeding operations collected by the Department of Public Health and the Environment. The bill increases per animal fees and facility permit fees.	Animal Feeding Operations Fund Water Quality Control Fund	\$199,712	\$199,712
SB 09-002 Increase Motor Vehicle Fee for Emergency Medical Services	The bill increases a motor vehicle registration fee used to finance emergency medical services from \$1 to \$2. The fee increase is credited to the emergency medical services account within the HUTF, which is used to help support the state's emergency medical and trauma network.	HUTF	\$4,913,923	\$4,913,923
SB 09-025 Identification Document Security Fee	The bill extends a \$0.60 surcharge on driver's licenses and photo identification (ID) cards from July 1, 2009, to July 1, 2014. It also extends the related identification security fund, a special purpose account in the HUTF, and reporting requirements. The surcharge is split between three security-related purposes.	HUTF - Identification Security Fund	\$644,550	\$830,415
SB 09-068 Funding for Domestic Abuse Services	The bill increases the marriage license fee from \$10 to \$30. The bill also increases the fees for divorce petitions from \$220 to \$230 and from responses from \$106 to \$116.	Colorado Domestic Abuse Cash Fund Family Violence Justice Cash Fund	\$986,860	\$986,860
SB 09-108 Transportation System Planning and Financing	The bill, which was described earlier on Table 2, creates new fees as noted above and increases late registration fees and fines. The late registration fee will increase from \$10 to \$25 per month, not to exceed a maximum total of \$100. No information is available on the number of vehicles subject to the late registration fee.	HUTF	Unknown	Unknown
SB 09-118 Pet Animal Care Regulation	The bill increases the fee for pet animal care facility licenses by \$30. The current fee ranges from \$80 to \$280 per year.	Pet Animal Care and Facility Fund	\$54,990	\$54,990

Table 6
Bills Passed In the 2009 Session That Established New Fees or Changed Existing Fees (continued)

Bill Number and Title	New Fee or Change in Existing Fee	Cash Fund(s) Impacted	FY 2009-10	FY 2010-11
Increases Existing Fee				
SB 09-133 Colorado Traumatic Brain Injury Trust Fund	The bill increases surcharges for traffic violations that are credited to the Colorado Traumatic Brain Injury (TBI) Trust Fund. Surcharges are increased by \$5 for the a number of violations including driving under the influence (DUI) and speeding violations.	Colorado Traumatic Brain Injury Trust Fund	\$730,525	\$876,625
SB 09-138 Regulation of Nurses Aids	The bill changes current law to result in increased fees for certification of certified nurse aides (CNAs) for a two-year certificate. The proposed fee increase is \$3.	Division of Registrations Cash Fund	\$87,600	\$0
SB 09-144 Services for Deaf and Hard of Hearing	The bill increases the monthly fee on residential telephone lines in Colorado used to finance the Colorado Disabled Telephone Users Fund. The fee is increased by \$.5 cents in FY 2009-10 and \$.9 cents in FY 2010-11.	Colorado Disabled Telephone Users Fund	\$162,000	\$291,000
SB 09-154 Funding for Personnel for the Livestock Health Act	The bill results in an across-the-board increase of 14 percent for livestock disease tests that range in cost from \$1 to \$68 to the Veterinary Vaccine and Service Cash Fund. Moneys in the cash fund are currently specified for the purchase of supplies, laboratory expenses, and expenses incidental to the infectious or contagious disease control and eradication program.	Veterinary Vaccine and Service Fund	\$0	\$42,000
SB 09-167 Sunset Board Chiropractic Examiners	The bill extends the regulation of chiropractors until 2020 and adds the regulation of animal chiropractors. The current chiropractor licence fees range from \$150 to \$180, and it is estimated these fees will increase \$6.	Division of Registrations Cash Fund	\$15,588	\$0
SB 09-223 Retail Food Establishment Inspection	The bill, which was described earlier on Table 2, establishes new fees for establishments offering food to workers at temporary living quarters in the oil and gas development industry (oil and gas camps) and increases fees paid by other retail food establishments. The amounts to the right reflect cash fund revenue from increases to existing fees.	Food Protection Cash Fund	\$368,702	\$368,702

Table 6
Bills Passed In the 2009 Session That Established New Fees or Changed Existing Fees (continued)

Bill Number and Title	New Fee or Change in Existing Fee	Cash Fund(s) Impacted	FY 2009-10	FY 2010-11
Increases Existing Fee				
SB 09-235 Division of Wildlife Fees	The bill, which was described earlier on Table 2, makes changes to the fees for wildlife habitat stamps issued by the Division of Wildlife, creates the Colorado Wildlife Passport, and sets priorities for the moneys raised. The fiscal impact to the right reflects the net impact to the cash fund from increases to existing fees.	Wildlife Cash Fund	\$0	\$571,547
SB 09-239 Sunset State Board of Nursing	The bill increases license fees paid by nurses and physicians. The current license fee for nurses and doctors is \$131 and \$400, respectively. Fees are estimated to increase approximately \$7 to \$15.	Division of Registrations Cash Fund	\$193,249	\$395,749
SB 09-263** Medicaid Nursing Facility Provider Fee	The bill makes changes in the calculations of Medicaid nursing facility reimbursement rates and caps the nursing facility provider fee at \$7.50 per non-Medicare resident day, among other provisions.	Medicaid Nursing Facility Cash Fund	\$3,900,000	\$4,800,000
Sub-Total: Revenue from Increases of Existing Fees			\$15,545,209	\$18,198,291
Expands the Population Required to Pay an Existing Fee				
SB 09-003 Expansion of Automobile Emissions Programs	The bill expands the Automobile Adjustment and Reinspection (AIR) Emissions program to parts of Weld and Larimer Counties and changes the definition of a Collector's item for motor vehicle registration. A \$1.50 fee is paid at registration and a \$.025 fee is paid at testing.	HUTF - AIR Emissions Account License Plate Cash Fund	\$169,597	\$199,820
SB 09-114 Regulation of Farm Products and Commodity Warehouses	The bill requires cash buyers who purchase farm products to pay the same license fee as small-volume dealers. The license fee is \$50.	Inspection and Consumer Services Cash Fund	\$2,000	\$2,000
SB 09-128 Regulation of Qualified Medication Administration Persons	The bill increases the number of individuals that are required to take the competency evaluation for unlicensed persons who administer medication.	Medication Administration Cash Fund	\$15,000	\$15,000

Table 6
Bills Passed In the 2009 Session That Established New Fees or Changed Existing Fees (continued)

Bill Number and Title	New Fee or Change in Existing Fee	Cash Fund(s) Impacted	FY 2009-10	FY 2010-11
Expands the Population Required to Pay an Existing Fee				
SB 09-289 Waste Tire Recycling Development Fee	The bill makes changes to the waste tire recycling development fee and program. The change from collecting the \$1.50 fee per waste tire at the time of disposal to collecting the fee at the time of sale is expected to increase state cash funds revenue, but the amount is unknown.	Waste Tire Recycling Development Cash Fund	Increase	Increase
Sub-Total: Revenue from Bills That Expand Existing Fees			\$186,597	\$216,820
Eliminates Fee				
SB 09-151 Regulation of Slaughterers of Livestock	The bill eliminates the slaughter license for 66 facilities in Colorado. The previous fee ranges from \$50 and \$100 depending on the number of head of cattle processed.	Brand Inspection Fun	(\$3,950)	(\$3,950)
SB 09-235 Division of Wildlife Fees	The bill, which was listed twice on Table 2, repeals an existing fee paid for a Habitat Stamp purchased without a hunting or fishing license. This fee is currently credited to the Wildlife Cash Fund and the repeal is effective July 1, 2010. The amount to the right reflects the decrease in cash fund revenue from the repeal.	Wildlife Cash Fund	(\$110,761)	(\$120,830)
Sub-Total: Revenue Decrease from Elimination of Fees			(\$114,711)	(\$124,780)
Total Net Cash Fund Revenue from All Bills			\$556,075,353	\$636,660,763

Source: Legislative Council Staff

Amounts reflect estimated fiscal impact as of July 22, 2009, and when applicable, reflect Legislative Council Staff's Economic and Revenue Forecast dated June 22, 2009.

*HB 09-1188 increases cash fund revenue for FY 2008-09 by an estimated amount of \$12,398.

**SB 09-263 increases cash fund revenue in FY 2008-09 by an estimated amount of \$3,711,959.

The total amount of cash fund revenue increases from fee changes in FY 2008-09 is estimated at \$3,724,357, which includes revenue from HB 09-1188 and SB 09-263.

Rainy Day Fund

The legislature debated **two measures that would have established a rainy day fund**. These bills were postponed indefinitely and include the following measures:

House Concurrent Resolution 09-1002 would have created a state savings fund (rainy day). The resolution would have been referred to the voters at the November 2010 General Election. The measure did not identify a revenue source for the fund but noted that separate legislation would be needed to put money in the fund; and

House Bill 09-1269 would have created the Rainy Day Account within the Controlled Maintenance Trust Fund and specified a revenue source for the account.

General Fund Appropriations Limit (The Arveschoug-Bird Limit)

The statutory General Fund appropriations limit, sometimes called the Arveschoug-Bird limit after its sponsors, was enacted in 1991. The limit is expressed as the lesser of 5 percent of Colorado personal income or a 6 percent increase over the total state General Fund appropriations from the prior fiscal year.

Senate Bill 09-228 altered the 1991 measure, and now sets the limit at an amount equal to 5 percent of Colorado personal income. The bill also requires transfers (subject to triggers) to transportation and capital construction over a five-year period from FY 2012-13 through FY 2016-17, and requires that the General Fund statutory reserve increase to 6.5 percent over the same five-year period.

In particular, SB 09-228 specifies the following:

Transfers from the General Fund to transportation and capital construction are specified as percentages of total General Fund revenue. For transportation, this amount is required to be 2 percent over the five year period. For capital construction, this amount is required to be 0.5 percent for two years and 1 percent for the remaining three fiscal years.

Increases in the General Fund statutory reserve are specified as a percent of General Fund appropriations. The bill requires this percentage to be an additional 0.5 percent of General Fund appropriations each year throughout the five-year period. Once the five-year period of transfers is complete, the General Fund statutory reserve will equal 6.5 percent of General Fund appropriations.

The five-year block of transfers and the increase in the reserve are subject to a trigger *on personal income growth*. If personal income increases by less than 5 percent in 2012, the entire five-year block is postponed until the first fiscal year in which personal income increases by at least five percent during the calendar year in which the fiscal year originated. Moreover, the capital construction and transportation transfers are subject to a trigger *based on the size of future TABOR refunds* as specified in the provisions of the bill.

In addition, **Senate Bill 09-228** repealed the Senate Bill 97-1 diversion of sales and use tax revenue from the General Fund to the Highway Users Tax Fund (HUTF) and the House Bill 02-1310 transfers of surplus money in the General Fund to the Capital Construction Fund and the HUTF.

State Income Taxes

In 2009, the General Assembly debated a number of bills that affected state income taxes. Namely, these bills were aimed at stimulating the economy, increasing General Fund revenue, and giving the Department of Revenue more flexibility in its auditing process. Some of these bills affected existing state income tax credits or created new credits as a way to entice businesses to relocate to Colorado.

State income tax credits. To provide more incentives to businesses to generate new jobs in Colorado, the legislature adopted **House Bill 09-1001**. The bill provides a temporary income tax credit to firms that create at least 20 jobs and retain employees for one year. Another bill, **House Bill 09-1105**, allows certain investors to receive an income tax credit for investments in businesses involved in the research and development or manufacturing of new technologies, products, or processes. **House Bill 09-1067** establishes a state income tax credit for water rights donations for income tax years 2009 through 2014. However, the credit is only available if there is sufficient revenue to grow total state General Fund appropriations by 6 percent over the prior fiscal year and may not be effective until FY 2011-12.

Two bills that affect state income tax credits also affect certain commercial vehicles. For example, one bill, **House Bill 09-1298**, expands the 3 percent investment tax credit for income tax years 2011 through 2015 to include the purchase of commercial vehicles based in an enterprise zone.² The vehicle must be a 2010 or newer model weighing at least 16,000 pounds. Another bill, **House Bill 09-1331**, makes changes to the types of vehicles that qualify for the alternative fuel credit.

The legislature debated other measures that created new state income tax credits to strengthen the economy. These bills were postponed indefinitely and include the following measures:

- **House Bill 09-1212** would have provided a state income tax credit capped at \$10,000 for purchases of new single-family detached homes that are constructed and completed in 2010; and
- **House Bill 09-1127** would have provided a temporary income tax credit for investments in small businesses based in Colorado.

State income tax deductions. One bill changed the method that the state capital gains deduction can be claimed for state income tax purposes. **House Bill 09-1366** modifies and narrows the Colorado-source capital gains subtraction beginning with tax year 2010. After January 1, 2010, the bill limits the capital gains subtraction, to the first \$100,000 of gains on assets held for five years or more for Colorado real and tangible property, and out-of-state tangible property. The bill also eliminates the capital gains subtraction for gains on the sale of stock and ownership interests in Colorado companies.

²The revenue impacts for House Bill 09-1298 are only in effect when the revisor of statutes receives a written notice from the Executive Director from the Department of Revenue that a sustainable source of revenue has been identified to implement the sales tax refund and the expanded 3 percent investment tax credit referenced in the bill. To date, the revisor of statutes has not received such notice.

Income tax checkoff legislation. Colorado taxpayers can contribute to certain programs through tax "checkoffs" by donating a portion of their income tax refund or by increasing the amount owed on their tax return. There were 14 checkoffs on the 2008 income tax form and current law limits the maximum number of checkoffs to 15 programs. Four of 14 checkoffs that appeared on the 2008 form sunset during the 2008 income tax year. Three of these 14 checkoffs sunset during the 2009 tax year.

The legislature adopted one bill that created a new checkoff program on the 2009 state income tax form and also extended four of the checkoffs that were scheduled to sunset in 2008. These measures are summarized in Table 7.

Table 7
2009 Legislation Affecting State Income Tax Checkoff Programs

Provisions For Bills That Create New Checkoff Programs	
House Bill 09-1043 Make-A-Wish Checkoff	This bill creates a new income tax checkoff for the Make-A-Wish Foundation of Colorado Fund to provide money to grant the wishes of children who have been diagnosed with a life-threatening medical condition. The checkoff will be added to the state income tax form for tax years 2009 through 2011.
Provisions For Bills That Extend Existing Checkoff Programs	
House Bill 09-1050 Easter Seals Income Tax Checkoff	This bill extends the income tax checkoff program that uses donations to fund Colorado Easter Seals. Donations are to be used to further the work of the national association in Colorado. The checkoff will continue to appear on the 2009 form and each year thereafter through 2011 <i>as long as donations exceed \$75,000 in 2009 and 2010.</i>
House Bill 09-1294 Nongame Wildlife Voluntary Contribution	This bill extends the income tax checkoff program that uses donations to fund projects that manage or recover nongame and endangered wildlife. Nongame and endangered wildlife include 750 species of wildlife in Colorado that cannot be hunted, fished, or trapped. The checkoff will continue to appear on the 2009 form and each year thereafter through 2011 <i>as long as donations exceed \$75,000 in 2009 and 2010.</i>
Senate Bill 09-126 Multiple Sclerosis Income Tax Checkoff	This bill extends the income tax checkoff program that uses donations to fund the National Multiple Sclerosis Society. Donations are to be used to promote the growth and success of the society. The checkoff will continue to appear on the 2009 form and each year thereafter through 2011 <i>as long as donations exceed \$75,000 in 2009 and 2010.</i>
Senate Bill 09-287 Special Olympics Colorado Fund	This bill extends the income tax checkoff program that uses donations to fund Special Olympics. Donations are used to fund athletic programs for Colorado children and adults with developmental disabilities. The checkoff will continue to appear on the 2009 form and each year thereafter through 2011 <i>as long as donations exceed \$75,000 in 2009 and 2010.</i>

Property Taxes

The legislature debated property tax measures that impact taxpayers who pay business personal property taxes and homeowners who pay property taxes. Another measure suspends the senior homestead exemption for the 2009 property tax year. The legislature also debated several miscellaneous property tax measures, such as one bill that pertains to tax increment financing.

Business personal property taxes. The legislature debated three measures that affect business personal property taxes. Business personal property taxes are levied on any equipment that is used in an income-generating enterprise, including machinery, furniture, computers, office supplies, as well as cable, pipelines, utility and phone lines, and similar assets. Under current law, a business is exempt from paying property taxes on its personal property if the actual value of its equipment is less than \$4,000 in a county. The threshold for the exemption rises to \$7,000 by tax years 2013 and 2014. Business personal property taxes are collected by city, county, and other local government entities.

Senate Bill 09-085 creates a legislative task force to study the business personal property tax in Colorado. Its purpose is to examine exemptions that eliminate or phase-out the tax. The task force is also charged with looking at the fiscal impacts on state and local governments.

House Bill 09-1068 would have provided a mechanism for reducing business personal property taxes over a number of years for businesses that sell goods and services outside of Colorado. The bill also provides an offset for cities, counties, and special districts that lose property tax revenue. This bill was postponed indefinitely.

Senate Bill 09-016 would have provided a five-year property tax exemption for business and personal property used to harvest, transport, process, or market timber killed by bark beetles. This bill was also postponed indefinitely.

Residential assessment rate. Section 3 (1) (b), Article X, of the State Constitution, more commonly referred to as the Gallagher Amendment, requires the General Assembly to establish the ratio of valuation of assessment for residential real property, or the residential assessment rate, every two years at a rate that satisfies the requirements of the amendment. **House Bill 09-1360** established the residential assessment rate at **7.96 percent** for tax years 2009 and 2010, the same rate that has been in place since 2003.

Senior homestead exemption. The General Assembly debated one bill that affects the senior homestead exemption. Colorado voters approved adding the senior homestead exemption to the state constitution in November 2000. Under the exemption, the first 50 percent of up to \$200,000 of a home's market value is exempted from the property tax. Homeowners age 65 and over must have lived in the same primary residence for 10 years to be eligible for the exemption. The state reimburses counties from the General Fund for the reduction in property taxes. In November of 2006, voters approved a measure that extended the exemption to qualifying disabled veterans. In tax year 2008, 163,619 seniors and 1,977 veterans claimed the exemption, reducing their 2008 property taxes by a total of \$87.7 million. **Senate Bill 09-276** suspends the exemption for qualifying senior citizens for the 2009 property tax year but leaves the property tax exemption for disabled veterans intact.

Miscellaneous property tax measures. The legislature debated eight additional measures that affect property taxes. Five of those measures were enacted and three were postponed indefinitely.

The following five measures affecting the administration of property taxes were enacted:

House Bill 09-1034 permits Regional Transportation Authorities (RTAs) to impose a property tax of up to 5 mills, if approved by voters. Any costs for conducting the election would be paid for by the local governments affiliated with the RTA.

Senate Bill 09-105 removes the limitation on counties to impose a special property tax to generate funding for the purpose of fighting both forest and prairie fires. The bill removes the one-mill limit and allows counties to impose any tax level approved by voters for fighting fires.

House Bill 09-1365 clarifies the provisions in HB 08-1395, legislation passed last year. HB 09-1365 provides that a state agency cannot reduce, deduct, or offset property taxes from rent due under the lease or rental agreement unless the agency reaches certain agreements with the respective county assessor or the landlord that is a party to the agreement.

Senate Bill 09-177 specifies that for purposes of property taxation, solar energy generation facilities be valued using the income approach in certain instances. This means that actual value will be based on the projected gross revenue of such facilities, as measured in nominal dollars.

Senate Bill 09-042 broadens the definition of property that qualifies for an exemption to include property owned by organizations created to take advantage of the federal New Markets Income Tax Credit (*this is a federal income tax credit to individuals and organizations that invest money in "specific entities" as defined by federal law*). The bill also includes provisions that expand the authority of the State Equalization Board and affect requirements for financial documentation to the Property Tax Administrator. In addition, the bill requires the Property Tax Administrator to provide a listing of pending applications for property tax exemptions annually to counties.

Three additional measures affecting property taxation were debated by the legislature and were postponed indefinitely:

Senate Bill 09-221 would have created a property tax credit for tuition payments or other educational expenses to an independent or parochial school.

Senate Bill 09-233 would have allowed mixed-use residential property in which less than 25 percent of its square footage is used for nonresidential purposes to be assessed entirely at the residential assessment rate.

House Bill 09-1013 would have authorized certain metropolitan districts that provide emergency services to retain tax revenue that would otherwise be diverted to urban renewal authorities under tax increment financing (TIF).

State Sales Taxes

The General Assembly debated a number of bills aimed at stimulating the economy that affected state sales and use taxes. One bill, **House Bill 09-1035**, allows certain clean technology and medical device firms to receive a temporary refund on sales and use taxes paid on the purchase of equipment used in research and development. The refund is available on taxes paid during the 2009 tax year through June 30, 2014, and available only during years in which General Fund revenue is sufficient to allow General Fund appropriations to increase by 6 percent.

Other economic development bills affecting sales taxes include **House Bill 09-1126**, which provides incentives for Colorado's solar industries by making all sales, storage, and use of components used in solar thermal systems exempt from the state sales and use tax. In addition, **House Bill 09-1298** provides incentives for Colorado's trucking industries by refunding a portion of state sales and use taxes paid on the sale, storage, or use of Class A motor vehicles.³

In response to the budget shortfall and to increase General Fund revenue, two bills that affect the vendor fee were adopted. One bill, **Senate Bill 09-212**, temporarily reduces the amount that vendors can retain (vendor fee) to compensate for sales tax collection expenses. The bill lowers the vendor fee rate from 3 1/3 percent to 1.35 percent for monthly filers. The bill is repealed December 31, 2013. Another bill, **Senate Bill 09-275** temporarily eliminates the ability of vendors to retain a fee for compensation of sales tax collection expenses from July 1, 2009, through June 30, 2011.

In addition to the vendor fee bills, another bill, **House Bill 09-1342**, increased General Fund revenue by temporarily eliminating the state sales and use tax exemption on the sale of cigarettes for FY 2009-10 and FY 2010-11. The bill maintains the exemption for counties, statutory municipalities, and special districts.

³The revenue impacts for House Bill 09-1298 are only in effect when the revisor of statutes receives a written notice from the Executive Director from the Department of Revenue that a sustainable source of revenue has been identified to implement the sales tax refund and the expanded 3 percent investment tax credit referenced in the bill. To date, the revisor of statutes has not received such notice.