11-1986

0301 Tax Handbook

Colorado Legislative Council

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TAX HANDBOOK

State and Local Taxes in Colorado

COLORADO LEGISLATIVE COUNCIL

RESEARCH PUBLICATION NO. 301

November, 1986

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Legislative Council

Report to the

Colorado General Assembly

Research Publication No. 301
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November 5, 1986

To Members of the Fifty-sixth Colorado General Assembly:

This report represents the first edition of the Tax Handbook, a guide to state and local taxes in Colorado. The purpose of this handbook is to provide a reference book which explains key facts about Colorado's state and local taxes.

The handbook will be updated on a periodic basis. Any additions, corrections, comments, or suggestions for improvement are appreciated and will be given consideration for the next publication of this report.

Legislative Council staff contributing to the publication were Stan Elofson, Principal Analyst, Deborah Godshall, Principal Analyst, Scott Nachtrieb, Senior Research Assistant, and Bill Goosmann, Senior Research Assistant.

Respectfully submitted,

David F. Morrissey
Director

DFM/cag

TABLE OF CONTENTS

LIST OF CHARTS AND TABLES

INTRODUCTION

The following pages present an outline of major state taxes imposed and collected in Colorado. A section on local taxation has been included to provide as complete a profile as possible of taxation in Colorado. Not included in this report are license and registration fees, permits, and revenues from fines and court costs. The Colorado Lottery has been included as it is a significant source of income for several governmental purposes.

Constitutional and Statutory Budgetary Requirements

Colorado's Constitution mandates a balanced budget each fiscal year (Article X, Section 16). Currently, a statutory reserve requirement of 5 percent of the moneys appropriated from the general fund in a fiscal year is to be maintained. Colorado law also requires the state to limit general fund appropriation increases to 7 percent over the previous year's appropriations. Moneys appropriated for reappraisals of classes of property are not included in the 7 percent limitation (24-75-201.1, C.R.S.).

Total Tax Collections

State government in Colorado collected approximately $2.6 billion in taxes for fiscal year 1986 from eighteen tax sources. About 64 percent of that revenue was collected from two sources -- personal income tax and sales tax (see Table I).

Several tax revenues are earmarked for special purposes. Earmarked taxes include unemployment insurance, motor fuel, tourism promotion, severance, and gross ton-mile taxes as well as the Colorado lottery. Some revenues from income and sales and use taxes are also earmarked.

Table I

TOTAL STATE TAX COLLECTIONS FOR FY 1986

Collections Without Regard to Fund Disposition
($ in Millions)

Tax	Fiscal 1986	Percent Of Total
Personal Income	$973.2	38.2%
Sales	662.9	26.0
Unemployment Insurance	251.7	9.9
Motor Fuel	197.9	7.8
Corporate Income	124.4	4.9
Use	76.1	3.0
Insurance Premiums	75.0	2.9
Cigarette	50.9	2.0
Gross Ton-Mile	30.8	1.2
Lottery	29.2	1.1
Severance	28.4	1.1
Liquor	23.8	0.9
Estate	13.5	0.5
Pari-Mutuel Racing	8.5	0.3
Tourism Promotion	3.6	0.1
Inheritance	0.1	--
Gift	0.0	--
TOTAL	$2,550.0	100.0%

(Source: Division of Accounts and Control)

I. GENERAL FUND

All moneys not earmarked by the constitution or by statute for special funds are credited to the general fund. This fund is the state's major operating fund. The major taxes credited to the fund are personal income, sales and use, corporate income, and several excise taxes. Other taxes credited to the fund include: cigarette; insurance premiums; liquor; pari-mutuel racing; and the estate, inheritance, and gift taxes. Taxes that the state no longer levies but which still produce revenue are the inheritance and the gift taxes. These two taxes were removed as of January 1, 1980. The tobacco products tax was added effective July 1, 1986 and is not included on Chart I.

Chart I

1986 GENERAL FUND TAX RECEIPTS

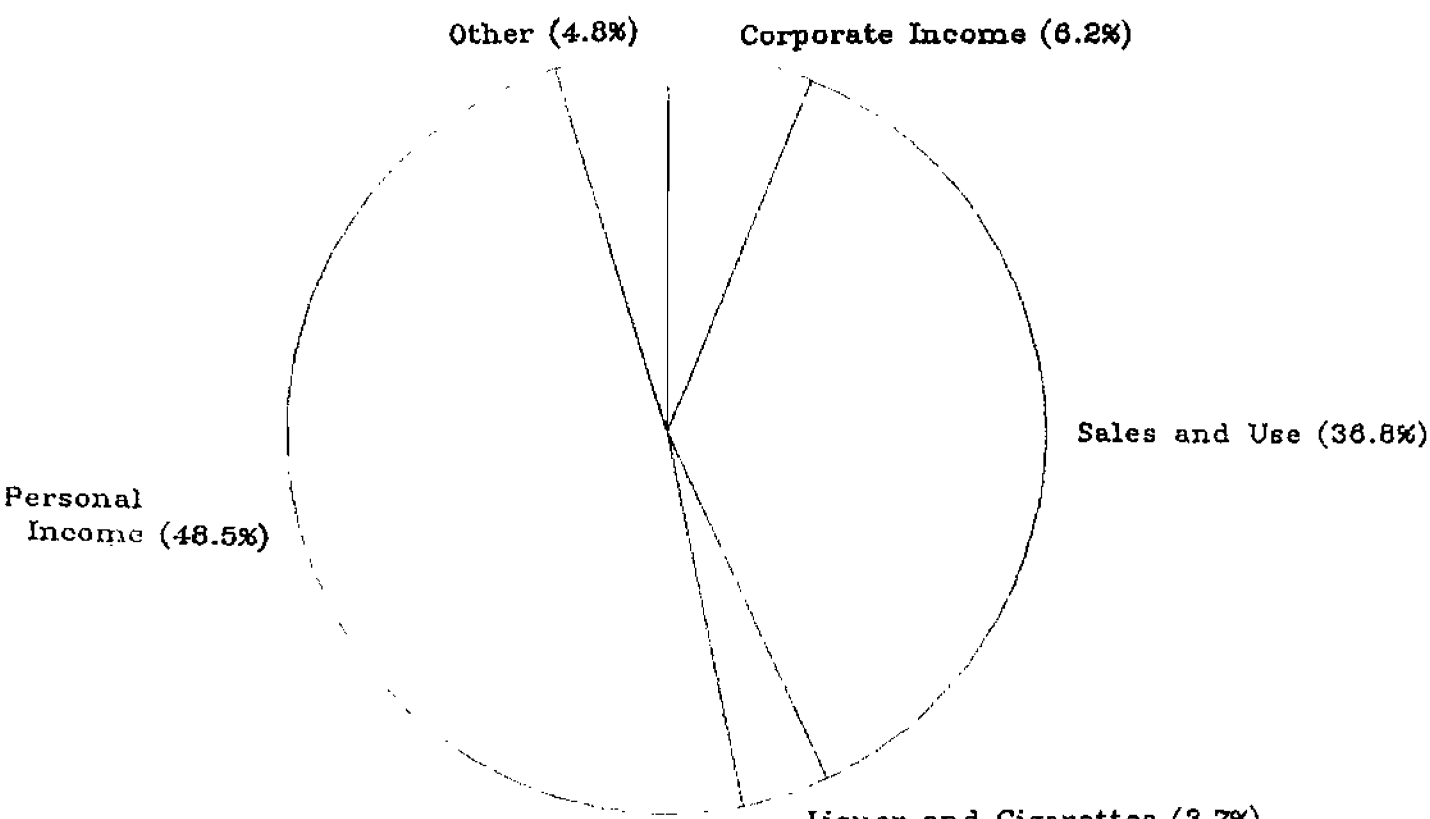

Table II compares 1977 through 1986 general fund tax receipts by source and shows the amount and percentage each tax contributed to the general fund. Personal income and sales and use taxes accounted for approximately 85.3 percent of the 1986 general fund receipts.

General fund tax receipts have increased approximately 118.6 percent since 1977. There has been a dramatic increase in the importance of personal income taxes as the major source of support of the general fund -- over 48 percent of general fund revenue in 1986. Taxes that have a smaller percentage contribution to the total general fund revenue in 1986 than in 1977 are cigarette, corporate income, liquor, sales, pari-mutuel racing, and the total of inheritance and estate taxes. Insurance premiums and use taxes also were more important to general fund collections in fiscal 1986 than they were ten years earlier.

Table II

TAX RECEIPTS FOR STATE GENERAL FUND
Comparison of FY 1977 and FY 1986
($ in Millions)

Tax	Fiscal 1977	Percent of 1977 Total	Fiscal 1986	Percent of 1986 Total
Cigarette	$33.2	3.6%	$50.9	2.5%
Estate (Gift)				
I. Estate	--	--	13.5	0.7
II. Inheritance	19.2	1.8	0.1	--
III. Gift	4.8	0.2	0.0	--
Income				
I. Corporate	80.0	8.7	124.4	6.2
II. Personal	368.9	39.9	973.2	48.5
Insurance Premiums	27.8	2.8	75.0	3.7
Liquor	18.9	2.1	23.8	1.2
Pari-Mutuel Racing	6.5	0.8	8.5	0.4
Sales and Use				
I. Sales	325.5	36.0	662.9	33.0
II. Use	34.1	3.6	76.1	3.8
TOTAL	$918.9	100.0%	$2,008.4	100.0%

(Source: Division of Accounts and Control)

Tax Collections History

An historical perspective of collection figures for each tax source from 1977 to 1986 reveals that sales tax collections peaked in 1984 at $731.4 million with the imposition of a temporary 1/2 cent increase and dropped by more than $50 million from this figure in the last two years -- see Table III. Corporate income taxes have been sporadic with a low of $66.5 million in 1983 and a high of $124.4 million in fiscal 1986. Individual income tax receipts have increased in nine of the last ten years, the one decrease occuring from 1979 to 1980.

Table III

ACTUAL NET STATE REVENUES BY TAX SOURCE -- 1977 THROUGH 1986 1/

($ In Millions)

Tax Source	1977	1978	1979	1980	1981	1982	1983	1984	1985	1986
Sales	$325.5	$387.2	$458.9	$482.7	$485.8	$541.6	$565.1	$731.9	$673.8	$662.9
Use	34.1	37.6	47.1	53.3	54.4	74.1	66.1	66.8	73.0	76.1
Cigarette	33.2	48.6	33.3	34.8	37.0	37.2	36.7	47.4	52.3	50.9
Other Excise	2.8	3.3	3.7	4.1	3.1	2.0	2.0	2.1	1.9	1.9
Income										
Individual	368.9	442.7	480.6	465.6	479.4	621.0	703.3	796.4	921.7	973.2
Corporate	80.0	89.3	115.8	117.4	84.8	88.8	66.5	94.1	78.8	124.4
Insurance	27.8	31.1	35.1	39.9	41.6	47.9	51.6	56.6	64.7	75.0
Pari-Mutuel	6.5	7.7	8.0	8.2	8.8	9.5	8.4	8.6	7.7	8.5
Inheritance	19.2	21.2	22.8	24.1	2.0	1.6	0.3	0.05	0.05	0.1
Estate	--	--	--	0.01	4.9	11.0	8.5	10.3	13.8	13.5
Gift	4.8	1.3	1.3	1.1	0.4	0.2	.04	.002	0.001	.002
Gross Ton-Mile and Passenger Mile	19.0	20.3	21.8	23.0	24.6	24.1	23.7	28.6	30.2	30.8
Spiritous Liquor	12.3	14.6	16.1	15.3	15.5	16.0	15.4	15.7	15.4	14.4
Wine	1.4	1.7	2.0	2.0	2.1	2.3	2.4	2.5	2.6	2.7
Beer										
3.2% or Less	1.0	1.0	1.1	1.1	1.2	1.2	1.2	1.1	1.1	1.1
More Than 3.2%	4.2	4.6	5.1	5.2	5.3	5.8	5.6	5.7	5.7	5.6
Lottery	--	--	--	--	--	--	41.7	40.7	32.0	29.2
Motor Fuel*	99.9	107.5	114.8	113.5	108.3	136.9	142.8	188.4	186.5	197.9
Severance	--	6.6	18.7	23.1	31.6	48.7	26.3	28.8	23.8	28.4
Tourism Tax	--	--	--	--	--	--	.003	2.9	3.3	3.6
Unemployment Insurance**	90.9	83.9	81.3	67.9	61.5	86.9	122.6	247.3	264.4	251.7

* Department of Highways Annual Report.
** Department of Labor and Employment.

1/ Information on this table is from the Division of Accounts and Control (sales through pari-mutuel) and from Department of Revenue (inheritance through unemployment insurance).

II. OTHER MAJOR STATE FUNDS

In addition to the general fund, there are a number of special funds that have been created by either the constitution or statute for specific purposes. The following section provides a summary of the other major state funds referenced in this report.

Old Age Pension Fund

Constitutional and statutory citations. The Old Age Pension Fund (OAPF) was created in 1936 by a vote of the people (Article XXIV to the Colorado Constitution). The provisions of this article were amended by the electors in 1956. Statutory sections relevant to the OAPF are 26-2-111 through 26-2-117, and 39-26-126, C.R.S.

Purpose. The fund was established to provide minimum assistance for needy persons 60 years of age or older, who are residents of Colorado, and whose income is not sufficient to maintain necessary health services and to allow such persons to retain their independence, self-care, and self-support.

Revenue sources. The Constitution requires that the following moneys be credited to the OAPF:

- -- 85 percent of all sales, use, and excise taxes;
- -- 85 percent of retail license fees;
- -- 85 percent of liquor taxes and license fees connected therewith;
- -- unexpended moneys in any fund of the state or political subdivision thereof that was allocated to the OAPF before January 1, 1957;
- -- all federal grants for old age assistance;
- -- all inheritance taxes, estate taxes, and incorporation fees; and
- -- such moneys as the General Assembly may allocate.

Disbursement of fund. The Department of Social Services administers the OAPF. Any funds remaining after meeting the basic requirements of the OAPF are transferred to the following:

- -- Stabilization Fund -- maintained at $5 million; and
- -- Old Age Pension Health and Medical Care Fund -- up to $10 million annually.

After satisfying the requirements of the OAPF, the stabilization fund, and the medical care fund, all remaining moneys are credited to the general fund. Listed on the following page are moneys credited to the OAPF by source, moneys used by OAPF requirements, and the total remaining that was credited to the general fund in 1986 as reported by the Department of Social Services.

Tax Source	Total Collections	OAP Obligations: OAPF and Stabilization Fund	OAP Obligations: Medical Fund	Balance to General Fund
Sales Tax	$665,747,684			
Use Tax	73,428,514			
Liquor Tax	23,832,235			
Cigarette Tax	51,473,545			
Others	+ 13,678,509			
Total	$828,160,487	$38,831,102	$10,000,000	$779,329,385

Highway Users Tax Fund

Constitutional and statutory citations. The Highway Users Tax Fund (HUTF) was created under Article X, Section 18 of the Colorado Constitution. Sections of the Colorado Revised Statutes relevant to the HUTF are 39-26-123, 43-2-116, 43-2-129, and 43-4-201 through 43-4-216.

Administration. The HUTF is administered by the Department of Highways.

Purpose. The HUTF is to provide adequate funding for the state's highway construction and maintenance needs.

Revenue sources.

Basic Fund:	FY 1985-86 Receipts (in millions)
7 cent motor fuel tax	$116.2
Gross ton-mile and passenger-mile tax	30.1
Motor vehicle registrations	29.5
Motor vehicle penalty assessment	2.5
Miscellaneous	15.7
Interest	0.9
Basic Fund total	$194.9
Sales and use taxes	$ 51.4
Additional fuel tax (includes bridge fund)	78.1
Subtotal	129.5
Total HUTF	$324.4

Disbursements:	Expenditures
Deductions (see page 41)	$ 58.2
State share	161.9
County share	67.4
City share	36.9
Total	$324.4

(Source: Department of Highways)

Water Conservation Board Construction Fund

This fund was created by section 37-60-121, C.R.S., and is managed by the Colorado Water Conservation Board. The General Assembly allocates money to the construction fund to finance water projects that are of statewide concern. The fund also receives money from charges imposed by the board for contracts entered into for the use of construction fund moneys.

Capital Construction Fund

The construction fund was created by section 24-75-302, C.R.S., to finance the state's capital construction needs. The moneys for the fund are allocated from The General Assembly and from 50 percent of the net lottery proceeds. The General Assembly approves projects paid for from the fund. Recommendations for expenditures are submitted by the Capital Development Committee and the Governor.

Severance Tax Trust Fund

The severance tax trust fund was created by section 39-29-109, C.R.S., and is a permanent fund held in trust as a replacement for depleted natural resources and for the development and conservation of the state's water resources. Fifty percent of the severance taxes are credited to the state severance tax fund and 50 percent to the local government severance tax fund. Income from investment of the state trust fund is credited to the state general fund.

Local Government Severance Tax Fund

The local government severance tax fund was created by section 39-29-110, C.R.S. Fifty percent of the state severance tax receipts are credited to the fund. The Department of Local Affairs distributes the moneys to local governments impacted by the development of natural resources. Also, 15 percent of the fund is distributed to the counties or municipalities based on the proportion of employees of natural resource industries residing in incorporated and unincorporated areas.

Conservation Trust Fund

The conservation trust fund was established by section 29-21-101, C.R.S. The conservation trust fund receives 40 percent of the net lottery proceeds. Moneys credited to the fund are disbursed by the Division of Local Government to eligible counties, cities, and special districts based on population. The disbursed moneys can only be expended for the acquisition, development, and maintenance of new conservation sites or for capital improvements or maintenance for recreational purposes.

Public School Fund

The public school fund was created by Article IX, Section 3 of the Colorado Constitution. The statutory provisions relating to the investment and use of the fund are contained in Article 41, Title 22, C.R.S. The school fund consists of the proceeds of such lands granted to the state by the federal government for educational purposes, all estates that may escheat to the state, and grants, gifts or other devices made to the state for educational purposes. No part of the fund may be transferred to any other fund. The fund itself is inviolate; only the interest from the fund can be expended and only for the maintenance of the state's schools.

Fire and Police Members' Benefit Fund

The General Assembly established the Fire and Police Members' Benefit Fund in 1979 to establish an actuarially sound statewide retirement system for all firemen and policemen hired after April 8, 1978, and to provide for the actuarial funding of all the existing pension systems (section 31-30-1012, C.R.S.). Contributions to the fund are from local government employers, employees, and the state. Since 1979 the state has made annual contributions of roughly $21 million to assist local governments.

The annual contributions have been distributed as follows:

-- Approximately $14 million to prefund the unfunded liabilities of the "old" funds;

-- Approximately $6 million, which decreases 10 percent per year until termination in 1994, to the death and disability fund;

-- Approximately $1.2 million to match the local levy of up to 1/2 mill for volunteer firemen's pensions.

State contributions are to terminate when the fund is determined to be actuarially sound.

III. STATE TAXES

The following information is presented in this section for each state levied tax: the date of enactment; the constitutional and statutory citations; the tax base; the present rate; the administration and collection; the history of the rates; the disposition of revenue; the collections after refunds; information on similar taxes in neighboring states and other states; and similar federal taxes that are levied. Additional information may have been added to assist in understanding certain taxes and their application. The descriptions for each tax have been summarized to provide a basic understanding of each tax. Technical details may have been omitted.

This information was obtained from the Colorado Revised Statutes, (C.R.S.), and the Session Laws of Colorado, 1877 through 1986. The revenue collection figures are from the annual reports of the Department of Revenue and the Division of Accounts and Control unless otherwise noted. Information on taxes in other states and federal taxes was taken from the Commerce Clearing House State Tax Guide and Federal Tax Guide and are updated to October 1, 1986.

Cigarette Tax

Enacted: 1964

Constitutional and Statutory Citations: Article XXIV, Colorado Constitution; Title 39, Article 28, C.R.S., and Section 39-22-623, C.R.S.

Tax Base: Cigarettes, imposed at the wholesale level.

Present Rate: Twenty cents per package of twenty cigarettes or ten mills (1 cent) per cigarette. (Cigarettes are not subject to the state sales or use taxes.)

Administration and Collection: The Department of Revenue is responsible for administering the cigarette tax. The tax is imposed on wholesalers, and payment of the tax is evidenced by stamps affixed to cigarette packages or by a metered imprint. Metering machines are read once a month to determine the amount of tax. Wholesalers receive a discount of four percent of the face value of stamps if payment is received before the twentieth day following purchase. Wholesalers using a metering machine must pay the tax on or before the twentieth day following reading of the machine to receive the discount.

History of Tax Rates: Cigarettes were subject to the state sales and use taxes prior to their exemption from the sales and use tax base in 1959. From 1959 to 1964 there were no state-imposed taxes on cigarettes in Colorado.

Effective Date	Tax Rate Per Cigarette	Tax per Package of 20 Cigarettes
July 1, 1964	1.5 mills	3 cents
June 1, 1965	2.5 mills	5 cents
July 1, 1973	5.0 mills	10 cents
July 1, 1977	7.5 mills	15 cents
July 1, 1978	5.0 mills	10 cents
Nov. 1, 1983	7.5 mills	15 cents
July 1, 1986	10.0 mills	20 cents

Disposition of Revenue: Article XXIV of the Colorado Constitution creates the Old Age Pension Fund (OAPF) and provides for the funding of its basic requirements from excise taxes, retail business license fees, alcoholic beverage taxes, inheritance tax fees, incorporation fees and other money the General Assembly may allocate. Funds remaining after meeting the basic requirements of the OAPF are then credited to the general fund. Since July 1, 1973, local governments have been entitled to a share in the proceeds of the state cigarette tax. In order to qualify for these moneys, local governments are prohibited from imposing fees, licenses, or taxes on any person as a condition for engaging in the sale of cigarettes, and they are prohibited from taxing cigarettes.

In fiscal year 1986-87, cities, towns, and counties will be apportioned from the income tax an amount equal to 31 percent of the proceeds from 15 cents of the cigarette tax while all the proceeds from the remaining 5 cents will be credited to the state. Beginning July 1, 1987, local governments will be entitled to an amount equal to 27 percent of the proceeds from the entire twenty-cent tax. The funds are apportioned to cities and towns in proportion to the amount of state sales tax collected in a jurisdiction relative to all state sales taxes collected. Funds are distributed to counties based on the percentage that collections in the unincorporated area of the county bear to sales tax revenues statewide. Distributions to local governments are made monthly.

Distribution of Cigarette Tax Revenues
($ in Millions)

Fiscal Year	State Share	City and County Share
1980	$17.9	$16.9
1981	19.4	17.7
1982	19.2	18.0
1983	18.9	17.8
1984	29.9	17.6
1985	35.2	17.0
1986	34.3	16.6

Collections:

Cigarette Tax Receipts
($ in Millions)

Fiscal Year	Collections	Percent Change	Fiscal Year	Collections	Percent Change
1976	$ 32.5	--	1981	$37.0	6.3%
1977	33.2	2.2%	1982	37.2	0.5
1978	48.6	46.4	1983	36.7	- 1.3
1979	33.4	-31.3	1984	47.4	29.2
1980	34.8	4.2	1985	52.3	10.3
			1986	50.9	- 2.7

(Source: Accounts and Control for both tables.)

Other States: Cigarette taxes are imposed in all 50 states. The tax ranges from two cents per pack in North Carolina to 39 cents per pack in Minnesota. Minnesota allows a credit for the federal cigarette tax. Hawaii's tax rate is 40 percent of the wholesale price. Tax rates for neighboring states are as follows:

State	Rate per Pack of 20 Cigarettes
Kansas	24 cents
Nebraska	23 cents
New Mexico	15 cents
Oklahoma	18 cents
Utah*	12 cents
Wyoming	8 cents

* Rate is scheduled to increase if the federal cigarette tax decreases.

Federal Tax:

Small cigarettes (weighing no more than 3 pounds per thousand)	$8 per thousand (16 cents per pack)
Large cigarettes (weighing more than 3 pounds per thousand)	$16.80 per thousand (33.6 cents per pack)

Estate and Gift Taxes

I. Estate Tax

Enacted: 1927 -- Inheritance and Succession Tax (not applicable to estates of decedents dying on or after 1/1/80)
1980 -- Estate Tax (replaced inheritance tax)

Constitutional and Statutory Citations: Article XXIV, Colorado Constitution; Title 39, Articles 23 (Inheritance) and 23.5 (Estate), C.R.S.

Tax Base: Tax is imposed on the transfer of the taxable estate of every deceased domiciliary, nondomiciliary, and alien in Colorado. An additional 10 percent fee on the tax payable is also imposed under provisions of the Colorado Public Assistance Act (section 26-2-113 (2) (a) (II), C.R.S.).

Present Rate: The rate is an amount equal to the federal estate tax credit for state death taxes. The estate's total tax bill remains the same but part of the money, equal to the federal estate tax credit, goes to Colorado. This is called a "pick up" or "gap" tax. If there is no liability for federal taxes, there is no liability for Colorado taxes.

If The Adjusted Taxable Estate is	The Maximum Tax Credit Shall Be	Plus % Applied To Excess Over
$0 but not over $40,000	$0	0%
Over $40,000 to $90,000	$0	.8% over $40,000
Over $90,000 to $140,000	$400	1.6% over $90,000
Over $140,000 to $240,000	$1,200	2.4% over $140,000
Over $240,000 to $440,000	$3,600	3.2% over $240,000
Over $440,000 to $640,000	$10,000	4.0% over $440,000
Over $640,000 to $840,000	$18,000	4.8% over $640,000
Over $840,000 to $1,040,000	$27,600	5.6% over $840,000
Over $1,040,000 to $1,540,000	$38,800	6.4% over $1,040,000
Over $1,540,000 to $2,040,000	$70,800	7.2% over $1,540,000

If The Adjusted Taxable Estate is	The Maximum Tax Credit Shall Be	Plus % Applied To Excess Over
Over $2,040,000 to $2,540,000	$106,800	8.0% over $2,040,000
Over $2,540,000 to $3,040,000	$146,800	8.8% over $2,540,000
Over $3,040,000 to $3,540,000	$190,800	9.6% over $3,040,000
Over $3,540,000 to $4,040,000	$238,800	10.4% over $3,540,000
Over $4,040,000 to $5,040,000	$290,800	11.2% over $4,040,000
Over $5,040,000 to $6,040,000	$402,800	12.0% over $5,040,000
Over $6,040,000 to $7,040,000	$522,800	12.8% over $6,040,000
Over $7,040,000 to $8,040,000	$650,800	13.6% over $7,040,000
Over $8,040,000 to $9,040,000	$786,800	14.4% over $8,040,000
Over $9,040,000 to $10,040,000	$930,800	15.2% over $9,040,000
Over $10,040,000	$1,082,800	16.0% over $10,040,000

If the property of a deceased resident is subject to an estate tax by another state(s), the amount of Colorado tax due may be reduced by the lesser of the following two amounts:

(1) The amount of tax paid the other state tax that is a credit against the federal state tax;

(2) An amount determined by multiplying the federal credit by a fraction, the numerator being the value of the gross estate minus the value of the property included in the gross estate and the denominator being the resident's gross estate.

Colorado also taxes the transfer of the gross estate of a nonresident who has property within the state. The amount of the tax is determined by multiplying the federal credit by a fraction, the numerator of which is the property value located in Colorado that is included in the gross estate and the denominator is the value of the gross estate.

Administration: Department of Revenue

Collection Period: On or before the date the federal return is required to be filed.

History of Tax Rates: Until 1980, Colorado's inheritance and succession tax applied. The tax had graduated rates that varied in amount for different classes of beneficiaries. Those beneficiaries having the closest relationship to the decedent were subject to lower tax rates than those with a more distant relationship. The 1927 tax rates were not increased until 1967 and were increased again in 1977. The new law taxes all beneficiaries according to the same rate and does not consider the beneficiaries relationship to the deceased.

Disposition of Revenue: After requirements of the Old Age Pension Fund have been satisfied, the remainder is credited to the general fund (see page 7).

Collections:

Inheritance and Estate Tax Receipts

Year	Inheritance Tax	Estate Tax	Total	Change
1976	$14,342,337	0	$14,342,337	--
1977	19,191,409	0	19,191,409	33.8%
1978	21,242,278	0	21,242,278	10.7
1979	22,825,793	0	22,825,793	7.5
1980	24,089,768	$11,213	24,100,981	5.6
1981	2,001,326	4,978,311	6,979,637	- 71.0
1982	1,582,657	10,962,933	12,545,590	79.7
1983	251,254	8,543,908	8,795,162	- 29.9
1984	55,120	10,256,413	10,311,533	17.2
1985	51,053	13,787,707	13,838,760	34.2
1986	37,112	13,464,816	13,501,928	- 2.4

(Source: Department of Revenue.)

Federal Estate Tax: A federal estate tax is imposed on all transfers of a taxable estate of every decedent that is a resident or a citizen of the United States. A unified tax credit and credits for state death taxes are allowed.

Other States: Estate or inheritance taxes are imposed by 49 states. Twenty states have both an inheritance and estate tax in effect. Nevada prohibits the imposition of an estate or inheritance tax by an amendment to its constitution. Twenty-seven states impose only an estate tax (tax on the net estate of decedent). Texas and Oregon impose only an inheritance tax (tax on the share of an estate received by each beneficiary). Colorado's neighboring states impose estate taxes based on the federal credit. Kansas and Nebraska impose an inheritance tax in addition to their estate tax.

II. Gift Tax

Enacted: 1937

Statutory Citation: Title 39, Article 25, C.R.S.

Tax Base: Although the state receives a small amount of revenue from the tax, Colorado no longer imposes a gift tax. Originally, the tax was imposed on the transfer of property by gift by any individual, resident, or nonresident, but the tax now applies only to transfers of property by gift which occurred on or before December 31, 1979.

Present Rate: The statutes set four classes of beneficiaries with graduated tax rates under each class. To illustrate, the lowest and highest rates for the four classes are shown below.

Low and High Tax Ranges for Gift Taxes

Class A	Class B	Class C	Class D
Parent, spouse, child	In-law, grandparent, brother, sister	Uncle, aunt, niece, nephew	Other persons and corporations
2% for gifts not over $50,000;	3% for gifts not over $10,000;	4% for gifts not over $2,500;	7% for gifts not over $2,500;
8% for gifts in excess of $500,000	10% for gifts in excess of $200,000	14% for gifts in excess of $500,000	16% for gifts in excess of $500,000

Administration: Department of Revenue

Collection Period: The tax applies to transfers of property by gift on or before December 31, 1979. The statutory provisions for this tax remain in full force and effect until all such revenue is collected.

Disposition of Revenue: General Fund.

Collections:

Gift Tax Receipts

Fiscal Year	Revenue	Fiscal Year	Revenue
1976	$1,737,537	1981	$431,532
1977	4,762,907	1982	198,042
1978	1,251,554	1983	42,556
1979	1,328,928	1984	2,394
1980	1,047,448	1985	1,612
		1986	2,783

(Source: Department of Revenue.)

Other States: Delaware, Louisiana, New York, North Carolina, Oregon, South Carolina, Tennessee, and Wisconsin impose a gift tax.

Gross Ton-Mile Tax

Enacted: 1927

Statutory Citation: Section 42-3-123 (14), (15), (16), and (17), C.R.S.

Tax Base: The gross ton-mile (GTM) tax is applied to owners or operators of trucks registered as metro vehicles when operating beyond their permitted radius and to all other trucks, truck trailers, trailers, and semitrailers having an empty weight exceeding 10,000 pounds. The amount of the tax is based on the number of miles the vehicle travels on public roads in Colorado and the empty weight and cargo weight of the truck in tons. Trucks subject to the ton-mile tax pay a registration fee of $25.30 plus the GTM tax. The GTM is an alternative available to payment of higher motor vehicle registration fees.

Present Rate:

1) 0.8 mill (.08 of one cent) upon each gross ton-mile of empty vehicle weight; and
2) 2 mills (.2 of one cent) upon each gross ton-mile of cargo weight.

Exemptions:

- Motor vehicles operated by a manufacturer, dealer, or transporter of motor vehicles,
- Farm trucks or truck tractors,
- Vehicles specially constructed for towing, wrecking and repairing,
- Vehicles owned by the state or any political or governmental subdivision thereof,
- Operator-owned vehicles transporting racehorses,
- Veterinary mobile truck units,
- Any metro vehicle having an empty weight less than 16,000 pounds,
- Any noncommercial or recreational vehicle.

Administration: Department of Revenue

Collection Period: Owners or operators are required to pay annually a nonrefundable minimum fee of $150 with the first month's return. Returns are due on or before the twenty-fifth of each month for miles traveled the preceding month. First time permit applicants are required to pay a nonrefundable $150 fee at the time of application or a prorated amount if there is less than a full calendar year. Taxes in excess of the first $150 may be filed on a quarterly basis.

History of Tax Rates:

Year	Rate
1927	-- 5 mills (.5 of one cent) per ton-mile (ton-mile was the cargo weight multiplied by the miles carried, divided by 2,000)
1935	-- 3 mills (.3 of one cent) per ton-mile
1937	-- 2 mills (.2 of one cent) per ton-mile
1954	-- 1.5 mills (.15 of one cent) for each gross ton-mile traveled by every truck, truck tractor, trailer or semi-trailer having an empty weight in excess of 4,500 pounds.
1955	-- The present rate was adopted.

Disposition of Revenue: GTM taxes are credited to the Highway Users Tax Fund

Collections:

Gross Ton-Mile Tax Receipts

Fiscal Year	Collections	Percent Change	Fiscal Year	Collections	Percent Change
1976	$17,245,589	--	1981	$24,585,623	7.1%
1977	18,953,718	9.9%	1982	24,310,881	- 1.1
1978	20,339,608	7.3	1983	23,711,847	- 2.5
1979	21,789,586	7.1	1984	28,552,686	20.4
1980	22,965,225	5.4	1985	30,213,934	5.8
			1986	30,806,427	2.0

(Source: Department of Revenue. Totals include the collections of the passenger-mile tax which average approximately $300,000 per year.)

Other States: Most states, in addition to registration fees on contract carriers through the purchase of a certificate of convenience and necessity, impose a gross receipts tax upon income received from within a state, a ton-mile or passenger-mile tax, or flat rate privilege tax based on the weight or carrying capacity of the vehicle. Seven states were found that impose a tax on the gross receipts of income and eight states levy a mileage tax. Most states require either the purchase of a certificate of convenience and necessity or payment of a flat rate privilege tax. Kansas, Nebraska, Oklahoma, and Utah impose flat fees on contract carriers. New Mexico has adopted a ton-mile tax similar to Colorado's. The New Mexico rate is reduced one-third if 45 percent or more of the reported mileage traveled is empty. Wyoming levies a ton-mile tax with different rates for gasoline and non-gasoline powered vehicles.

Income Taxes

I. Corporate

Enacted: 1937

Constitutional and Statutory Citations: Article X, Section 17, Colorado Constitution, adopted by vote of the people, November 3, 1936; Article X, Section 19, Colorado Constitution, adopted by vote of the people November 6, 1962; Title 39, Article 22, Part 3, C.R.S.

Tax Base: Income generated by property in the state and from activities carried on in the state, whether carried on in intrastate, interstate, or foreign commerce, is subject to the corporate income tax.

Present Rate:

Tax Years Beginning After July 1, 1986

Taxable Income	Rate
First $50,000	5.25%
Over $50,000 to $200,000	$2,625 plus 5.5% on income above $50,000
Over $200,000	$10,875 plus 6.0% on income above $200,000

Tax Years Beginning After July 1, 1987

First $50,000	5%
Over $50,000 to $200,000	$2,500 plus 5.25% on income above $50,000
Over $200,000	$10,375 plus 5.5% on income above $200,000

History of Tax Rates:

Tax Years Beginning After January 1

1937	1947	1951-1956	1957	1958-80
4%	5%	5% with 20% credit	5% with 15% credit (one year only)	5%

Tax Years Beginning After January 1, 1981

Taxable Income	Rate
First $25,000	4%
Over $25,000 to $50,000	$1,000 plus 4.5% on income above $25,000
Over $50,000	$2,125 plus 5.0% on income above $50,000

Tax Years Beginning After January 1, 1982

First $25,000	Same as 1981 (4%)
Over $25,000 to $75,000	$1,000 plus 4.5% on income above $25,000
Over $75,000	$3,250 plus 5.0% on income above $75,000

Tax Years Beginning After January 1, 1983 Through June 30, 1986

Rate -- Flat 5% on taxable income

Determination of Corporate Income: Prior to 1985, Colorado employed the unitary method of computing corporate income. In this method, corporate income from all sources was considered in the determination of taxable income. As amended in 1985, Colorado excludes income from foreign sources of corporations doing business in Colorado if 80 percent or more of the corporation's property and payroll is located outside the United States.

Interstate and international companies may choose a two- or three-factor formula when apportioning income subject to Colorado taxation. Colorado's two factors represent: a company's Colorado income-producing property (owned or rented) as a percentage of the company's total income-producing property; and the company's Colorado revenue as a percentage of the company's total revenues. The Multistate Tax Compact, of which Colorado is a member, adds a third factor -- payroll attributable to Colorado as a percentage of the company's total payroll. The Department of Revenue may also make other rules for apportioning a company's income when unusual circumstances dictate.

The actual determination of taxable income in Colorado closely follows federal corporate taxable income. There are, however, several additions, credits, deductions, and modifications that may change the final income figure and the taxes paid. The major corporate tax credits, and their corresponding reduction in tax liability, are listed below. However, these credits, except the investment tax credit (ITC), applied to specific years and have expired. Unless reestablished by legislation, Colorado's ITC will no longer be applicable due to federal tax reform. These credits are still being claimed because of carry forward provisions in the law. The figures listed below will decline in the future.

Credits	Credit Taken 1984-85 (millions)
Investment tax credit	$13.3
New business facilities tax credit	2.1
Pollution control property tax credit	0.1
Commercial energy tax credit	1.2
Inventory property tax credit	8.8
Total	$25.5

Administration: Department of Revenue

Collection Period: The due date of the tax return is the fifteenth day of the fourth month following the close of the corporation's fiscal year. A provision for estimated payments of four equal installments is required if tax liability can reasonably be expected to exceed $5,000.

Disposition of Revenue: A small portion (1.5 percent in 1985) of income taxes are apportioned to cities and towns and to unincorporated areas as a method to distribute a share of cigarette taxes (section 39-22-623, C.R.S.). The remainder is credited to the state general fund.

Collections:

Corporate Income Tax Receipts
($ in Millions)

Fiscal Year	Collections	Percent Change	Fiscal Year	Collections	Percent Change
1976	$ 69.9	--	1981	$ 84.8	-27.8%
1977	80.0	14.5%	1982	88.8	4.7
1978	89.3	11.6	1983	66.5	-25.1
1979	115.8	29.7	1984	94.1	41.5
1980	117.4	1.4	1985	78.8	-16.3
			1986	124.4	57.8

Other States: Five states -- Nevada, South Dakota, Texas, Washington, and Wyoming -- do not impose an income tax on corporations. Most states tax at a flat rate while some states use the same graduated rate for corporations and individuals. Colorado's neighboring states impose a corporate income tax at the following rates as summarized below.

State	Flat or Graduated Rate	Number of Taxable Classes	Tax Is Based On
Kansas	Flat	1	Federal tax liability
Nebraska	Graduated	2	State individual income tax rate
New Mexico	Graduated	3	Federal tax liability
Oklahoma	Flat	1	Federal tax liability
Utah	Flat	1	Gross income less deductions
Wyoming	No income tax	--	--

Federal Tax: Prior to the passage of the Federal Tax Reform Act of 1986, the federal corporate tax rate followed the graduated rate listed below.

Taxable Income Over	But Not Over	Tax Rate (percent)
$ 0	$ 25,000	15%
25,000	50,000	18
50,000	75,000	30
75,000	100,000	40
100,000	1,000,000	46
1,000,000	1,405,000	46% (graduated) plus a 5% sur-tax on net taxable income over $1,000,000
$1,405,000 and above		Flat 46% (not graduated) on net taxable income

New federal corporate tax rates will be fully effective on July 1, 1987, under the Federal Tax Reform Act of 1986. Corporations whose tax year includes this date must prorate their tax allowing the use of lower rates after July 1, 1987. The present rates (15 through 46 percent)will be reduced to three rates using the following schedule:

Taxable Income	Rate (graduated)
Up to $50,000	15%
$50,000 to $75,000	25%
Over $75,000	34%

Income Tax

II. Personal

Enacted: 1937

Constitutional and Statutory Citations: Article X, Section 17, Colorado Constitution, added by vote of the people November 3, 1936; Title 39, Article 22, C.R.S.

Tax Base: The Colorado personal income tax is determined by reference to the federal tax law. The state follows federal law to arrive at an individual's adjusted gross income (AGI). The Colorado AGI consists of modifications that add to or subtract from the federal AGI.

Additions	Subtractions
Deduction for a married couple when both work	Federal bond interest
P.E.R.A./school district pension contribution	Pension and annuity income exclusion
Lump-sum distribution from pension or profit sharing plan using federal ten-year averaging method	Military retirement income exclusion
Some state or municipal bond interest	State income tax refund reported on federal return
Federal net operating loss carryover	Modified federal child and dependent care expenses
Partnership or fiduciary adjustments which would increase federal income	Colorado dividend exclusion
	Colorado interest exclusion
	Colorado operating loss carryover deduction
	Distribution of previously deferred P.E.R.A./school district retirement contributions that increase the federal AGI
	Partnership or fiduciary adjustments which would decrease federal income

Once a Colorado AGI is determined, adjustments are made for deductions and exemptions to determine Colorado taxable income. The

Colorado taxable income is the basis for calculating Colorado tax liability. The taxable income is multiplied by the tax rate and then increased by the surtax on interest and dividends to determine Colorado gross tax liability. The gross tax liability is then reduced by the amount of tax credits allowable to determine the net tax liability.

Present Rate: The current individual income tax rates adjusted for the annual inflation factor are presented below:

Taxable Income Over		But Not Over	Rates			
$ 0	-	$1,420		3.0%	of taxable income	
1,420	-	2,830	$ 42.60	+ 3.5%	of excess over	$ 1,420
2,830	-	4,250	91.95	+ 4.0%	of excess over	2,830
4,250	-	5,660	148.75	+ 4.5%	of excess over	4,250
5,660	-	7,080	212.20	+ 5.0%	of excess over	5,660
7,080	-	8,490	283.20	+ 5.5%	of excess over	7,080
8,490	-	9,910	360.75	+ 6.0%	of excess over	8,490
9,910	-	11,320	445.95	+ 6.5%	of excess over	9,910
11,320	-	12,740	537.60	+ 7.0%	of excess over	11,320
12,740	-	14,150	637.00	+ 7.5%	of excess over	12,740
14,150	-	and over	742.75	+ 8.0%	of excess over	14,150

Administration and Collection: Department of Revenue

Collection Period: Due April 15 unless an extension is granted by the Department of Revenue.

History of Tax Changes:

Net Taxable Income	1937	1947	1959	1963-1984 Statutory Rate	Rate with 1/2% Credit 3/	1978
Under $1,000	1.0%	1.0%	3.0%	3.0%	2.5%	2/
$1,000 under 2,000	1.0	1.5	3.5	3.5	3.0	
2,000 under 3,000	2.0	2.0	4.0	4.0	3.5	
3,000 under 4,000	2.0	2.5	4.5	4.5	4.0	
4,000 under 5,000	3.0	3.0	5.0	5.0	4.5	
5,000 under 6,000	3.0	4.0	5.5	5.5	5.0	
6,000 under 7,000	4.0	5.0	6.0	6.0	5.5	
7,000 under 8,000	4.0	6.0	6.5	6.5	6.0	
8,000 under 9,000	5.0	7.0	7.0	7.0	6.5	
9,000 under 10,000	5.0	8.0	8.0	7.5		
10,000 under 11,000	6.0	9.0	9.0 1/	8.0		
Over $11,000		10.0%				

1/ 1959 -- All net income over $10,000 was taxed at 9% and the income bracket of over $11,000 was eliminated.
2/ Same tax brackets as 1963 adjusted yearly by the annual inflation factor (AIF).
3/ This is the effective tax rate for years when the one-half percent credit applies.

Inflation factor. In 1978 an annual inflation factor (AIF) or indexing was adopted. This factor is set each year by the General Assembly and applies to the tax brackets, the standard deduction and the personal exemption. The purpose of the AIF is to prevent an increase in tax liability due primarily to inflation. The use of the AIF has been suspended during certain years due to state revenue shortfalls and low inflation periods. The inflation adjustment is shown below by year.

1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
6%	7%	9%	8%	6%	0%	0%	0%	0%	1%

The AIF for 1988 and each year thereafter is 3 percent. Also to be noted is that the AIF is cumulative. The tax brackets for a year following indexing become the new brackets to which the rates are applied.

Surtax. Since the beginning of the Colorado personal income tax, a surtax has been imposed on dividends from corporate stock, royalties, interest from money, notes, credits, bonds, and other securities. This additional tax has been imposed at a flat rate (2 percent) on income from these sources above specified amounts. The two percent rate has been applied to income as follows:

1937	1943	1951	1959	1979
All Income	Income above $200	Income above $600	Income above $5,000	Income above $15,000

Income tax credits. Percentage credits have been allowed against the Colorado personal income tax in several years, beginning in 1951. The percentages shown are for reductions of the individual tax liability for that year.

1951 through 1956	--	20 percent for each year
1957	--	15 percent for 1957 only
1963	--	A permanent tax credit of 1/2 percent of taxable income of $9,000 and less was established.
1979	--	10 percent
1980	--	20 percent
1981	--	16 percent
1984 through 1990	--	1/2 percent credit suspended

Disposition of Revenue: A small portion (1.5 percent in 1985) of income taxes are apportioned to cities and towns and to unincorporated areas as a method to distribute a share of cigarette taxes (section 39-22-623, C.R.S.). The remainder is credited to the general fund.

Collections:

Personal Income Tax Receipts
($ in Millions)

Fiscal Year	Revenues	Percent Change	Fiscal Year	Revenues	Percent Change
1976	$322.2	--	1981	$479.4	3.0%
1977	368.9	14.5%	1982	621.0	29.5
1978	442.7	20.1	1983	703.3	13.3
1979	480.6	8.6	1984	796.4	13.2
1980	465.6	- 3.1	1985	921.7	15.7
			1986	973.2	5.6

Other States: Ten states levy a flat income tax rate, and seven states do not levy a personal income tax. Thirty-three states use a graduated rate system. Bordering states impose personal income taxes as summarized below.

State	Flat or Graduated	Based On Federal Tax Liability	Number of Joint Filing Taxable Classes
Kansas	Graduated	Yes	8
Nebraska	Flat	Yes	1
New Mexico	Graduated	Yes	19
Oklahoma	Graduated	Yes	7
Utah	Graduated	Yes	6
Wyoming	No income tax	--	--

Federal Income Tax: The federal income tax is assessed on a graduated tax schedule. Present law contains 14 or 15 percentage rates which range from 11 to 50 percent, depending on taxable income.

For the 1987 tax year, the 14 or 15 different tax rates will be reduced to the rates shown below:

	Income	Rate
Joint return	$ 0 - $ 3,000	11%
	3,001 - 28,000	15
	28,001 - 45,000	28
	45,001 - 90,000	35
	90,001 and above	38.5
Single return	0 - $ 1,800	11%
	1,801 - 16,800	15
	16,801 - 27,000	28
	27,000 - 54,000	35
	54,001 and above	38.5

Starting in 1988, a surcharge of 5 percent will be added to high-income taxpayers. This surcharge has the effect of eliminating the graduated rate and charging a flat 28 percent rate against higher income taxpayers. The tax rates for 1988 and after are shown below.

Single return - 15% on income up to $17,850
- 28% above that amount

Joint return - 15% on income up to $29,750
- 28% above that amount

Insurance Premiums Tax

Enacted: 1913

Statutory Citations: Sections 10-3-209, 10-5-111, 10-6-128, 31-30-1014 (3), (5), (6), C.R.S.

Tax Base: This tax is imposed on the gross amount of all premiums from insurance policies covering property or risks in this state. The law applies to all companies and types of business which engage in writing insurance policies or contracts (regardless of the type of insurance policy).

Present Rates: 2.25 percent for a non-Colorado company; 1 percent for a company maintaining a home office or regional home office in Colorado; 1 percent for captive insurance companies; and 2 percent for surplus line insurance.

Exemptions:

-- fraternal and benevolent associations;

-- mutual protective associations writing crop hail insurance on that portion of the premium designated to the loss fund;

-- policies issued before 1959 by domestic insurance companies maintaining their principal place of business in this state and having 30 percent of its assets invested in county, city, town, district, or this state's bonds or warrants;

-- premiums contracted for after December 31, 1968 on policies in connection with a pension, profit sharing, or annuity plan.

Administration and Collection: Department of Regulatory Agencies, Division of Insurance

Collection Period: Due on the first day of March in each year for the preceding calendar year. Quarterly payments are required for companies that were liable for a tax of $5,000 or more during the preceding calendar year.

History of Rates:

1913	2.0%	All companies
	--	Exempt were companies with 50% or more of their assets in Colorado bonds or warrants.
1949	2.0%	Surplus line insurance (insurance not otherwise available in Colorado purchased through licensed brokers from "unauthorized" insurance companies (e.g., Lloyds))
1959	2.25%	All companies
	1.0%	Companies with 50% or more of their assets in Colorado bonds or warrants.
1960	2.25%	All companies
	1.0%	Companies with 30% or more of their assets in Colorado bonds or warrants.
1969	2.25%	All companies
	1.0%	Companies maintaining a home or regional office in the state.
1972	1.0%	Captive insurance companies (wholly owned subsidiary companies that insure only the risks of the parent company.)

Disposition of Revenue: Moneys are credited to the general fund, except that each year over $20 million of collections have been transferred to the fire and police members' benefit fund for firemen's and policemen's pension unfunded liability, for death and disability insurance, and for volunteer firemen. (See page 10 for Fire and Police Members' Benefit Fund.)

Collections:

Insurance Premium Tax Receipts
($ in Millions)

Fiscal Year	Collections	Percent Change	Fiscal Year	Collections	Percent Change
1976	$22.9	--	1981	$41.6	4.0%
1977	27.8	21.4%	1982	47.9	15.1
1978	31.0	11.5	1983	51.6	7.7
1979	35.7	15.2	1984	56.6	9.7
1980	40.0	12.0	1985	64.7	14.3
			1986	75.0	15.9

Other States: All 50 states impose a tax on insurance companies. The rate is usually a fixed percentage of the taxable gross premiums. Some states also have a higher tax on foreign corporations and reduce the rate if a certain amount of a company's assets are invested in the state. Many states impose a tax on fire insurance companies for the support of the fire marshall or authorize cities to levy such a tax for support of the local fire department.

Liquor Taxes

Enacted: 1935

Statutory Citations: Section 12-46-111, C.R.S. -- Fermented Malt Beverages
Section 12-47-127, C.R.S. -- Alcoholic Beverages

Tax Base: The tax applies to the following alcoholic beverages:

Fermented malt beverages -- any beverage obtained by the fermentation of barley, malt, hops, or similar product containing between 0.5 percent and 3.2 percent alcohol by weight that can be sold to persons 18 years old or older.

Malt liquors -- beer and any beverage obtained by the fermentation of barley, malt, hops or similar product containing more than 3.2 percent of alcohol by weight that can be sold only to individuals 21 years of age or older.

Medicinal spirituous liquors -- any alcoholic beverage, except beer and wine, which is at least 100 proof.

Special malt liquors -- malt liquors which contain between 0.5 percent and 2 percent alcohol by weight.

Spirituous liquors -- any alcoholic beverage obtained by distillation and mixed with water and other substances in solution, including brandy, rum, whiskey, gin, and every liquid or solid containing alcohol that is fit for use for beverage purposes.

Vinous liquors -- wine and fortified wines not exceeding 21 percent of alcohol by volume.

Special provisions are included for "limited wineries" which are establishments manufacturing not more than 100,000 gallons, or the metric equivalent thereof, of vinous liquors annually which use not less than 75 percent Colorado-grown products in the manufacture of such vinous liquors.

Present Rates:

Fermented malt beverage -- 8 cents per gallon
Malt liquors -- 8 cents per gallon
Vinous liquors -- 7.33 cents per liter
Vinous liquors from a limited winery marketed in metric measure containers with less than 21 percent alcohol -- .70 cents per liter
Spirituous liquors -- 60.26 cents per liter

Administration and Collection: Department of Revenue

Collection Period: Twentieth day of each month for the preceding month's sales

Exemptions: The following alcoholic beverages are exempt from the tax:

-- sacramental wines sold and used for religious purposes;
-- vinous liquor made for family use and not for sale;
-- wines sold at public auction where the purpose is to dispose of liquor obtained by reason of salvage of damaged shipments, foreclosure of a lawful lien, or by failure of an owner to claim or furnish instructions as to the disposition thereof.

History of Tax Rates:

Liquor Tax Rates in Colorado
(in cents)

	1936	1959	1976	1977	1981	1983
Malt liquors (per gallon)	3 cents	6 cents	8 cents	8 cents	8 cents	8 cents
Fermented malt beverage (per gallon)	3	6	8	8	8	8
Vinous Liquor (per liter)						
14% or less alcohol	2.8	4.7	5.6	5.6	7.33	7.33
more than 14% alcohol	5.6	7.1	8.5	8.5	7.33	7.33
Vinous-limited wineries (per liter)						
14% or less alcohol	--	--	--	.05	.05	.70
more than 14% alcohol	--	--	--	.01	.01	.70
Spirituous liquors (per liter)	37.8	42.5 1/	51.1 1/	51.1 1/	60.26	60.26

1/ Sealed bottles with two ounces or less were taxed at 5 cents per bottle.

Disposition of Revenue: After the requirements of the Old Age Pension Fund have been satisfied, the remainder is credited to the general fund (see page 7).

Collections:

Liquor Tax Receipts

Fiscal Year	Beer*	Wine	Spirituous Liquor	Total	Percent Change
1976	$3,801,093	$1,263,100	$11,721,060	$16,785,253	--
1977	5,204,218	1,423,947	12,301,862	18,930,027	12.8%
1978	5,634,117	1,710,954	14,573,003	21,918,074	15.8
1979	6,173,075	2,003,197	16,081,046	24,257,318	10.7
1980	6,224,503	1,998,067	15,274,115	23,496,685	-3.1
1981	6,516,359	2,054,645	15,447,147	24,018,151	2.2
1982	7,025,820	2,288,703	16,004,297	25,318,820	5.4
1983	6,777,128	2,356,358	15,361,303	24,494,789	-3.3
1984	6,807,206	2,448,959	15,645,375	24,901,540	1.7
1985	6,853,673	2,615,591	15,370,214	24,839,478	-0.2
1986	6,723,560	2,691,536	14,417,139	23,832,235	-0.1

* Tax collections for all beer. The table below lists the tax collections for malt liquor and fermented malt beverages.

Fiscal Year	Fermented Malt Beverage (3.2% or less)	Malt Liquor (more than 3.2%)
1976	$ 766,432	$3,034,661
1977	959,376	4,244,842
1978	998,099	4,636,018
1979	1,074,073	5,099,002
1980	1,107,234	5,117,269
1981	1,201,185	5,315,174
1982	1,239,326	5,786,494
1983	1,200,248	5,576,880
1984	1,117,716	5,689,490
1985	1,119,471	5,734,202
1986	1,080,314	5,643,246

(Source: Department of Revenue.)

Other States: The range of tax rates on alcoholic beverages varies greatly among the 50 states. The lowest tax on beer is about 50 cents a thirty-two gallon barrel (1.6 cents per gallon). The lowest rate for distilled spirits is about 50 cents a gallon. These rates do not include local taxes, licenses, surtaxes, additional taxes imposed or markup prices added by state control boards. Sixteen states have alcohol control boards. The alcohol beverage tax rates for Colorado's bordering states are listed below.

Liquor	Kansas	Nebraska	New Mexico	Oklahoma	Utah	Wyoming
Wort or liquid malt	$ .20					
Beer 3.2% and less	.18	$ .20	$ .18		$.35	$.28
Beer over 3.2%	.18	.20	.18	$.40	.35	.20
Wine 14% or less 1/ (per liter)	.079	.197	.25	.165	13% 2/	.25
Wine over 14% 1/ (per liter)	.197	.355	.25	.328	13% 2/	.25
Wine - other 1/ (per liter)	.079 (domestic table)	.013 (farm wineries)		.475 (sparkling)	13% 2/	.25
Spirituous liquor 1/ (per liter)	.658	.763	1.04	1.31	13% 2/	.25
Other	clubs (10% of gross receipts)			mixed beverages (10% of retail value)		

1/ Rates converted to metric measures.
2/ Tax imposed on the retail purchase price for products sold by the Utah Liquor Control Commission.

Federal Tax:

Liquor Tax Rates

Beverage	Rate
Distilled spirits	$12.50 per proof gallon
Wines:	
Not more than 14 percent alcohol	$ 0.17 per wine gallon
14 to 21 percent alcohol	$ 0.67 per wine gallon
21 to 24 percent alcohol	$ 2.25 per wine gallon
Artificially carbonated wines	$ 2.40 per wine gallon
Champagne and other sparkling wines	$ 3.40 per wine gallon
Beer, regardless of alcoholic content	$ 9.00 per barrel (31 gallons) or $.29 per gallon

Lottery

Enacted: 1982

Constitutional and Statutory Citations: Article XVIII, Section 2, Colorado Constitution approved by Colorado voters November 4, 1980; Title 24, Article 35, Part 2, C.R.S.

Collection Base: Sale of Colorado lottery tickets

Administration and Collection: State Lottery Division, Department of Revenue

Collection Period: Daily

Disposition of Revenue: Revenues from the lottery are credited to the lottery fund. At least 50 percent of the total revenue accruing from the sale of lottery tickets must be disbursed as prize money. All expenses of the division are paid from the lottery fund. After payment of prizes and the expenses of the division, revenues are disbursed as follows: 40 percent of the proceeds is transferred to the Conservation Trust Fund; 10 percent is appropriated by the General Assembly to the Division of Parks and Outdoor Recreation; and 50 percent is appropriated for state capital construction.

Distribution of total collections in 1985 was as follows:

Prize money	50%
Conservation Trust Fund*	14%
Division of Parks and Outdoor Recreation	3.5%
State Capital Construction	17.5%
Administration and Operation	15%

* The money in this fund is distributed to Colorado counties, cities, and special districts using a formula based on the population in each county, city, and eligible special districts (section 29-21-101, C.R.S.).

Collections:

Net Lottery Receipts*
($ in Millions)

Fiscal Year	Collections*	Percent Change
1983	$41.7	--
1984	40.7	- 2.4%
1985	32.0	-21.4
1986	29.2	- 8.75

* Receipts after distribution of prize moneys. These totals are moneys paid to the Conservation Trust Fund, Division of Parks and Outdoor Recreation, and State Capital Construction Fund.

Other States: Currently, 22 states -- Washington, Oregon, California, Arizona, Colorado, Iowa, Illinois, Missouri, Michigan, Ohio, West Virginia, Maryland, Delaware, Pennsylvania, New Jersey, New York, Connecticut, Rhode Island, Massachusetts, Vermont, New Hampshire, and Maine -- operate a state lottery. Voters in five states -- Florida, Idaho, Kansas, Montana, and South Dakota -- approved ballot proposals to establish lotteries in the 1986 general election.

Motor-Fuel Tax

Enacted: 1919

Statutory Citations: Article X, Section 18, Colorado Constitution; Title 39, Article 27, Part 1, C.R.S. -- Gasoline; Title 39, Article 27, Part 2, C.R.S. -- Special Fuels.

Tax Base: Motor-fuel taxes are imposed on all gasoline and special fuels, except fuel used for aviation purposes. Special fuels include diesel, kerosene, liquified petroleum gases, and natural gas.

Present Rate: Effective July 1, 1986: 18 cents per gallon on gasoline; 20.5 cents per gallon on special fuel; and 18 cents per gallon on gasohol. The tax increase is to expire on July 1, 1989 at which time the tax will be 12 cents for gasoline and 13 cents for special fuel. It should be noted that it is the intent of the General Assembly to modify or extend the tax increase after reviewing the results of a study concerning allocation of highway repair costs.

Trucks purchasing diesel fuel outside the state do not pay a fuel tax. However, such trucks do pay a gross ton-mile tax (see Gross Ton-Mile Tax).

Administration and Collection: Department of Revenue

Collection Period: On or before the twenty-fifth day of the calendar month following the month in which the fuel was used or imported.

History of Tax Rates:

Year	Gasoline	Special Fuel (Diesel)	Gasohol
1919	1 cent	1 cent	
1923	2	2	
1927	3	3	
1929	4	4	
1947	6	6	
1966 1/	7	7	
1967	6	6	
1969	7	7	
1978	7	7	2 cents
1981	9	9	4
1983	12	13	7
1986	18	20.5	18

1/ One cent increase was allocated to the "highway flood disaster relief fund", in effect from August 1, 1965 through August 31, 1966.

Disposition of Revenue: The tax is credited to the Highway Users Tax Fund. The General Assembly appropriates funds to state agencies whose functions are related to the HUTF, e.g., Department of Revenue for collecting taxes and to the Department of Public Safety for Colorado State Patrol activities. These appropriations are often referred to as "off-the-top" deductions, and decrease the fund from which distributions are allocated. The "off-the-top" deductions are funded from revenues from the first seven cents of the tax on motor fuels, from registration fees, and from ton-mile and passenger-mile taxes.

As illustrated below, two separate formulas are used to distribute funds generated from the motor-fuel tax to the state, cities, and counties. The first formula relates to money credited to the fund from the first seven cents of the fuel tax. The revenues generated by the 1981, 1983, and 1986 fuel tax increases are subject to a different formula. The funds raised by the additional fuel tax are subject to a 16 percent "off-the-top" deduction for bridge repair. After allocation to the special bridge account, the remaining 84 percent is distributed to the state, cities, and counties.

Motor Fuel Tax Distribution

First 7 Cents (1969 law)

A. "Off-the-top" deductions

B. Remaining funds
65% to state highway fund
26% to counties
9% to cities

Additional Revenues (amendments in 1981, 1983, 1986)

A. "Off-the-top" bridge repair (16%)

B. Remaining funds
60% to state highway fund
22% to counties
18% to cities

Collections:*

Motor Fuel Tax Receipts
($ in Millions)

Fiscal Year	Collections	Percent Change	Fiscal Year	Collections	Percent Change
1976	$ 99.1	--	1981	$108.3	- 4.6%
1977	99.9	.8%	1982	138.9	28.3
1978	107.5	7.6	1983	142.8	2.8
1979	114.8	6.8	1984	188.4	31.9
1980	113.5	- 1.1	1985	186.5	- 1.0
			1986	197.9	6.1

* Department of Highways Annual Report.

Other States: All 50 states impose a similar motor-fuel tax. The tax rate for bordering states' taxes on gasoline and diesel are listed below (local taxes are not included).

State	Gasoline	Diesel
Kansas	$.11	$.13
Nebraska	.19	.19
New Mexico	.11	.11
Oklahoma	.10	.10
Utah	.14	.14
Wyoming	.08	.08

Georgia and Florida impose sales taxes on motor fuels. Twelve other states periodically adjust the tax rate in accordance with the wholesale or retail price. The average gasoline tax rate for the fifty states, excluding local taxes, sales taxes, inspection fees or license fees is approximately 13.15 cents per gallon. Five states -- Oregon, Iowa (diesel only), Connecticut, Virginia and Texas -- will increase their rates on January 1, 1987.

Thirty-six states impose the same state tax for diesel as for gasoline. Two states have lower rates for diesel than for gasoline -- Arkansas, 12.5 cents per gallon for diesel, 13.5 cents per gallon for gasoline and Kentucky, 12 cents per gallon for diesel, 15 cents for gasoline.

Federal Tax: The federal taxes on motor fuels are listed below.

Gasoline .... 9 cents per gallon
Diesel fuel ....15 cents per gallon
Special motor fuels (including
alcohol fuels from petroleum) .... 9 cents per gallon
Gasohol .... 3 cents per gallon
Alcohol fuels from natural gas .... 4.5 cents per gallon

Pari-Mutuel Racing

Enacted: 1947. Referred act of the General Assembly was approved by the voters on November 2, 1948.

Statutory Citation: Section 12-60-109, C.R.S.

Tax Base: Applied to the gross receipts from wagering on horse and greyhound racing events, prior to the distribution of the winnings (handle).

Present Rate and Distribution:

Type of Racing Operation		Rate	Distribution
Greyhound*	4.0%	On all wagers	General Fund
Horse Racing commercial year-round	4.0%	On all wagers	General Fund
(no commercial year-round tracks	0.5%	On win, place, or show	Horse Breeders and Owners Awards and Supplemental Purse Fund
currently operate)	3.5%	All other wagers	
Fair Circuit (operate at state and	4.0%	On all wagers	General Fund
county fairs -- three meets took place	5.5%	On win, place, or show and,	Horse Breeders and Owners Awards and Supplemental Purse Fund
during 1986)	6.0%	On other wagers	
Nonprofit year-round (None currently exist)	1.0%	On all wagers or cash fee, whichever is greater	Racing Commission Cash Fund
	0.5%	On win, place, or show and,	Horse Breeders and Owners Awards and Supplemental Purse Fund
	3.5%	All other wagers	

* If the aggregate amount paid by all tracks exceeds $6,201,685.85 in a year, a licensing fee cannot be assessed in the following year. If the aggregate amount paid is below the guarantee, each track is assessed a proportionate amount to make up the shortfall.

Administration and Collection: Colorado Racing Commission, Department of Regulatory Agencies

Collection Period: Daily

History of Tax Rates:

Pari-Mutuel Tax Rates
(based on handle)

Year	Other Than Horse Races (Greyhound)	Horse Races	
1947	5%	5%	
1949	5%	5%	
1967	5%	3%	of first $200,000
		4%	on excess of $200,000 but not to exceed $300,000
		5%	on excess of $300,000 but not to exceed $500,000
		6%	on excess of $500,000
1969	5%	4%	of first $200,000
		5%	of the excess of $200,000 but not to exceed $300,000 daily
		6%	in excess of $300,000 daily
1979	5%	3.75%	commercial
		4%	nonprofit public fair
1981	4%	4%	commercial
		5.5%	public nonprofit fair
1983	4%	4%	commercial
		9.5%	public nonprofit fair
		1.5%	nonprofit year-round
1986	Present rate	Present rate, see page 43	

Collections:

Pari-Mutuel Tax Receipts
($ in Millions)

Fiscal Year	Collections	Percent Change	Fiscal Year	Collections	Percent Change
1976	$6.7	--	1981	$8.8	7.3%
1977	6.5	- 2.9%	1983	9.5	8.0
1978	7.7	18.5	1983	8.4	-11.6
1979	8.0	3.9	1984	8.6	2.4
1980	8.2	2.5	1985	7.7	-10.5
			1986	8.5	10.3

1985 Revenue by Type of Racing*

Greyhound	$8,366,351
Horse Racing (non-profit year round)	none
Fair Circuit	$ 104,888

* Figures include cash funds and general fund moneys.

Other States: As of December, 1984, 30 states impose a tax on pari-mutuel betting. California received the largest amount of revenues, collecting over $135 million during 1984. For regional states, the tax is imposed as listed below. Utah and Wyoming do not allow pari-mutuel wagering. Voters in two states, Texas and Kansas, approved pari-mutuel wagering in the 1986 general election.

Arizona........	2% if handle does not exceed $100,000 4% on first $100,000 7% of excess over $100,000
Nebraska.......	State Fair meets: 4% on excess over $7,000,000 All other meets: 4% if the average daily handle is less than 95% of the 1985 average daily handle 4.5% if the average daily handle is between 95 and 100% of the 1985 average daily handle 5% if the average daily handle exceeds 100% of the 1985 average daily handle
New Mexico.....	2.0% up to $250,000 2.5% over $250,000 to $350,000 3.5% over $350,000 to $400,000 4.0% over $400,000
Oklahoma.......	6%

Passenger-Mile Tax

Enacted: 1927

Statutory Citation: Section 42-3-123 (18), C.R.S.

Tax Base: Passenger miles traveled by passenger buses

Present Rate: The tax rate is one mill per passenger-mile. Passenger miles are determined by multiplying the actual number of revenue passengers carried by each motor vehicle by the number of miles carried. In lieu of paying the passenger-mile tax, passenger buses may obtain a temporary certificate of public convenience and necessity for a fee of $10. Passenger buses registered in another state making occasional trips to Colorado may obtain a trip permit for a $5 fee or the amount of the passenger-mile tax due, whichever is greater.

Exemptions: The tax does not apply to passenger service rendered within a municipality by a company that engages in the mass transit of persons by bus or trolley coach. Also exempted are taxicabs, hotel buses, sightseeing buses or limousines operated within the boundaries of a city, city and county, or incorporated town.

Administration and Collection: Department of Revenue

Collection Period: On or before the twenty-fifth day of each month for miles traveled the preceding month.

History of Tax Rates: The tax rate has not changed since first imposed in 1927.

Disposition of Revenue: Revenues are credited to the Highway Users Tax Fund.

Collections: The tax is collected with the gross ton-mile tax and is not accounted for separately. The Department of Revenue estimates that revenues from this tax are approximately $300,000 per year.

Other States: Two states bordering Colorado, New Mexico and Wyoming, impose a passenger tax based on vehicle weight, not passenger-miles traveled. (For additional information, see the Gross Ton-Mile Tax.)

Sales and Use Taxes

I. Sales Tax

Enacted: 1935

Constitutional and Statutory Citations: Article XXIV, Colorado Constitution; Title 39, Article 26, Part 1, C.R.S. -- State tax. Title 29, Article 2, Part 1, C.R.S. -- Local tax.

Tax Base: Gross receipts from retail sales of tangible personal property are subject to the sales tax, unless specifically exempted by statute.

Present Rate: The state rate is 3 percent on taxable sales. Local governments may impose, with voter approval, additional taxes as long as the combined city, county, and state rate does not exceed 7 percent. However, the 7 percent limitation cannot prohibit a county from levying a 1 percent tax. (See pages 63 to 67 for further discussion of local sales taxes.)

Administration and Collection: The Department of Revenue administers all state sales taxes collected by merchants. The department also administers sales taxes for 180 municipalities and 29 counties. There are 35 municipalities and 34 counties that collect and administer their own sales tax.

Collection Period: Taxes are collected monthly and are due by the twentieth day of the month following collection. Retailers are entitled to retain 3.33 percent of the taxes to cover collection expenses.

History of Tax Rates:

1935	1965	May 1, 1983 Through July 31, 1984	Since August 1, 1984
2%	3%	3.5%	3%

Disposition of Revenue: After the requirements of the Old Age Pension Fund have been satisfied, the remainder is credited to the general fund (see page 7).

Sales and use tax diversion ("Noble money"). Seven percent of the sales and use taxes that are attributable to the sales or use of motor vehicles and related items is transferred to the Highway Users Tax Fund. The total funds transferred cannot exceed $40 million in FY 1986-87 and $50 million in FY 1987-88 and thereafter.

Exemptions

The following sales transactions have been excluded from the state sales tax:

- -- cigarettes;
- -- all commodities subject to use taxes;
- -- special fuel defined as diesel, kerosene, liquified petroleum gases, and natural gas;
- -- lubricating oil used other than in motor vehicles;
- -- gasoline;
- -- drugs dispensed by prescription;
- -- insulin dispensed by a physician;
- -- glucose used for treatment in insulin reactions;
- -- urine and blood testing kits;
- -- hypodermic syringes and needles;
- -- prosthetic devices;
- -- wheelchairs and hospital beds;
- -- corrective eye glasses, contact lenses or hearing aids;
- -- therapeutic devices or appliances which are used to treat or correct a disability or when recommended by a doctor;
- -- sales to the federal government, the state of Colorado, and its political subdivisions;
- -- sales to charitable organizations;
- -- sales to nonprofit schools;
- -- construction and building materials for use in building, altering or repairing structures used by the federal government, the state of Colorado or political subdivisions thereof, charitable organizations, and public schools;
- -- division of partnership assets according to their interest in the partnership;
- -- transfer of assets to a corporation in exchange for the corporation's outstanding stock;
- -- assets of shareholders or dissolution of professional corporations;
- -- distribution of a corporation's assets to its stockholders;
- -- transfer of assets from a parent corporation to a subsidiary;
- -- transfer of assets from a subsidiary to a parent corporation when the parent corporations owns at least 80 percent of the subsidiary;
- -- transfer of partnership interest;
- -- transfer of reorganization;
- -- transfer of assets to a partnership for interest in the partnership;
- -- repossession of property by a chattel mortgage holder or foreclosure;
- -- transfer of assets between parent and subsidiary which are owned by the same shareholders;
- -- purchases of machinery or machine tools in excess of $1,000 by a person engaged in manufacturing, not to exceed $500,000 per calendar year;
- -- sales of bags or containers to a retail vendor of food which are to be furnished to a consumer;

-- newspapers and preprinted newspaper supplements;
-- property purchased by a business for manufacture or compounding for sale;
-- sales of electricity, coal, gas, fuel oil, coke, or nuclear fuel for use in processing or manufacturing;
-- newsprint and printer's ink;
-- refractory materials and carbon electrodes used to manufacture iron and steel;
-- inorganic chemicals used in processing vanadium-uranium ores;
-- property for use in food manufacturing when such property becomes part of a product or is unfit for further use;
-- transfer of property to out-of-state vendee;
-- property for testing, modification, and inspection if the ultimate use occurs outside the state;
-- sales of motor vehicles to nonresidents purchased for use by nonresidents outside of Colorado;
-- any exchange of one vehicle for another if both are subject to licensing in Colorado;
-- neat cattle, sheep, lambs, poultry, swine, goats, and mares and stallions for breeding;
-- live fish for stocking;
-- farm sale when a farmer is abandoning the operation;
-- livestock feed, seed and orchard trees;
-- straw and other bedding for livestock use;
-- straw and other bedding used in the care of poultry;
-- leases of personal property for three years or less if tax is paid upon original acquisition;
-- commodities and services to any occupant who is a permanent resident of a hotel under written agreement for occupancy of at least 30 consecutive days;
-- forty-eight percent of the purchase price of a factory built home;
-- retail sales within a distance of 20 miles within the boundaries of this state to residents of adjoining states if the adjoining state has no sales tax (note: all adjacent states currently impose a sales tax);
-- food marketed for consumption as is commonly sold by grocers;
-- electricity, coal, wood, gas, fuel oil, or coke sold, but not for resale, to occupants of residences for light, heat, and power of a residence;
-- sales in vending machines under 15 cents;
-- aviation fuel;
-- new or used trailers, semitrailers, trucks, truck tractors or truck bodies manufactured within this state when used in interstate commerce or outside Colorado, dealer delivery authorized;
-- construction materials to railroads for construction and maintenance;
-- electric-powered motor vehicles (until July 1, 1987);
-- aircraft used in interstate commerce; and
-- meals to employees which are considered part of their salary.

Collections:

Sales Tax Receipts
($ in Millions)

Fiscal Year	Collections	Percent Change	Fiscal Year	Collections	Percent Change
1976	$290.8	--	1981	$485.8	0.6%
1977	325.5	11.9%	1982	541.6	11.5
1978	387.2	19.0	1983	565.1*	4.3
1979	458.9	18.5	1984	731.9*	29.5
1980	482.7	5.2	1985	673.8*	-7.9
			1986	662.9	-1.6

* These figures include the additional 0.5 percent tax from May 1, 1983, through July 31, 1984.

Other States: Currently, 45 states impose sales taxes; 28 states have exempted food from the tax. The lowest sales tax rate for the 50 states is 3 percent. Colorado and four other states, Wyoming, Georgia, North Carolina, and Virginia, have a sales tax of 3 percent. The highest state-imposed tax rate is 7.5 percent in Connecticut. Twenty-nine states, including Colorado, allow for additional local sales taxes. The five states without a state sales tax are Alaska, Delaware, Montana, New Hampshire and Oregon.

Sales Tax Rates and Major
Exemptions in Neighboring States

State	Sales Tax Rate	Use Tax Rate	Local Taxes	Food Exemption	Drugs Exemption
Kansas	4%		Yes	No	Yes
Nebraska**	3.5	Same	Yes	Yes	Yes
New Mexico	4.75	as for	Yes	No	No
Oklahoma	3.25	sales	Yes	No	Yes
Utah	4 38/64	tax	Yes	No	Yes
Wyoming	3		Yes	No	Yes

** Rate will increase to 4.0 percent on January 1, 1987.

II. Use Tax

Enacted: 1937

Statutory Citation: Title 39, Article 26, Part 2, C.R.S. -- State Use Tax. Title 29, Article 2, Part 1, C.R.S. -- County or Municipal Sales or Use Tax.

Tax Base: Use taxes are collected on receipts from charges or costs of storing, using, or consuming articles of tangible personal property purchased at retail.

Present Rate: The state rate is three percent. Local governments may impose, with voter approval, additional taxes as long as the combined state, county, and city rate does not exceed 7 percent. However, the 7 percent limitation cannot prohibit a county from levying a 1 percent tax.

Administration and Collection: Department of Revenue

Collection Period: Taxes are collected monthly when the cumulative tax due at the end of a month is in excess of $300. The tax is due before the twentieth day of the following month.

History of Tax Rates:

1937	1965	May 1, 1983 through July 31, 1984	Since August 1, 1984
2%	3%	3.5%	3%

Disposition of Revenue: After the requirements of the Old Age Pension Fund have been satisfied, the remainder is credited to the general fund (see page 7).

Exemptions: Items exempt from state sales tax are also exempt from the state use tax (see sales tax exemptions on page 48).

Collections:

Use Tax Receipts
($ in Millions)

Fiscal Year	Net Use Tax Collections	Percent Change	Fiscal Year	Net Use Tax Collections	Percent Change
1976	$29.1	--	1981	$54.4	2.1%
1977	34.1	17.2%	1982	74.1	36.2
1978	37.6	10.3	1983	66.1	-10.8
1979	47.1	25.3	1984	66.8	1.1
1980	53.3	13.2	1985	73.0	9.3
			1986	76.1	4.2

Other States: See the sales tax discussion on page 47.

Severance Tax

Enacted: 1977

Statutory Citation: Title 39, Article 29, C.R.S.

Tax Base: The severance tax is imposed on the production or extraction of metallic minerals, molybdenum, oil and gas, oil shale, and coal.

Present Rate: The tax rates, their methods of application and any exemptions or credits vary with the different types of materials extracted.

Metallic minerals. The tax is based on the gross income, defined as the value of the mineral upon extraction. It does not include any value added by processing. The rate is as follows:

Gross Income	Tax
1st $11 million	exempt
over $11 million	2.25 %

A credit of up to fifty percent of the tax liability is allowed for payment of property tax.

Molybdenum. During the 1986 legislative session, the tax on molybdenum ore was changed from fifteen cents per ton extracted in each quarter to the following schedule:

Date	Tax
January 1, 1986 through December 31, 1987	5 cents per ton
January 1, 1988 through December 31, 1989	10 cents per ton
After January 1, 1990	15 cents per ton

Oil and gas. Crude oil, natural gas, carbon dioxide, and oil and gas are also taxed on the basis of gross income, defined in this case as the market value at the wellhead.

Gross Income	Rate
Under $25,000	2%
$25,000 but under $100,000	3
$100,000 but under $300,000	4
$300,000 and over	5

Wells producing ten barrels or less per day are exempt from the severance tax. A credit against the severance tax is allowed equal to 87.5 percent of all property taxes paid, except those imposed on equipment and facilities used for production, transportation, and storage. This credit is not allowed for wells producing ten barrels or less per day.

Coal. The severance tax on coal is 60 cents per ton. Until July 1, 1990, the first 25,000 tons extracted in each yearly quarter are exempt from taxation. Thereafter, the first 8,000 tons extracted per quarter will be exempt. A credit of 50 percent of the tax imposed is allowed for coal produced by underground mines and for lignite coal. Modifications of this tax rate are also specified in statute. For every three-point decrease or increase in the U.S. Department of Labor's Producer Price Index, the rate is correspondingly increased or decreased by one percent. Such determinations are made by the executive director of the Department of Revenue.

Oil shale. Oil shale is taxed at four percent of gross proceeds -- the value at the point of extraction. Direct and indirect expenditures for equipment, machinery, transportation, refining, and royalties are deducted from the value prior to taxation. The tax is also reduced based upon the length of time an oil shale facility has been operating.

Years Operating	Reduction	Actual Rate
First Year	75%	1%
Second Year	50	2
Third Year	25	3
Fourth and Succeeding Years	None	4

Also, the first 15,000 tons per day of oil shale or the first 10,000 barrels of shale oil per day, whichever is greater, is exempt.

Exemption for impact assistance. A credit is allowed against a company's severance tax liability for the amount of approved contributions by that company to local governments toward mitigating the social and economic impact of beginning or expanding mineral development activities. The credit may not exceed any year's severance tax liability but any excess may be carried forward. Additional credits are allowed for each month such payments to local governments precede their due date.

Administration and Collection: Department of Revenue

Collection Period: Annually, on or before the fifteenth day of the fourth month following the end of the taxable year.

History of Tax Rates: In 1953 an additional income tax was levied on income derived from the extraction of crude oil and natural gas. The rate was the same as the current rate under the severance tax. In 1977, the tax was made part of the severance tax article.

Disposition of Revenue: Revenues are dedicated 50 percent to the Severance Tax Fund and 50 percent to the Local Government Severance Tax Fund.

Collections:

Severance Tax Receipts

Fiscal Year	Oil and Gas Production	Coal	Metallic Minerals and Molybdenum	Total Collections	Change
1978*	$ 2,952,180	$ 1,843,470	$ 1,808,330	$ 6,603,980	--
1979	6,749,642	8,274,170	3,665,613	18,689,425	183.0%
1980	7,999,420	11,069,687	4,041,997	23,111,104	23.7
1981	16,894,013	10,594,911	4,117,633	31,606,557	36.8
1982	33,879,603	11,736,919	3,061,156	48,677,678	54.0
1983	14,678,533	11,212,495	388,610	26,279,638	- 46.0
1984	18,096,324	10,365,876	308,463	28,770,663	9.5
1985	12,649,707	8,747,954	2,426,835	23,824,496	- 17.2
1986	11,631,493	9,067,819	962,691	21,662,003	-9.1

* Tax effective January 1, 1978. These are figures from the Department of Revenue.

Other States: Thirty-two states impose some form of a severance tax. These taxes have been applied to a variety of natural resources including coal, timber, and mineral resources. The tax may also apply to resources that are unusual or limited to certain states, e.g., fish in Alaska, salt in Kansas, or molybdenum in Colorado and New Mexico.

Colorado ranks 19th in per capita severance tax revenue at $9 per person. Alaska ranks first ($2,786 per person) and Texas second ($760). These two states also collected half of all severance tax revenue in the United States in 1984 -- $1.4 and $2.2 billion, respectively. Colorado collected $28.7 million during the same period. The most recent available collection figures for other states in the western region are listed below.

Kansas	$116,990,000
Nebraska	4,539,000
New Mexico	349,639,000
Oklahoma	703,738,000
Utah	38,416,000
Wyoming	388,300,000

Tobacco Products Tax

Enacted: 1986

Statutory Citation: Title 39, Article 28.5, C.R.S.

Tax Base: The tax on tobacco products applies to smoking and chewing tobaccos, such as cigars, pipe tobacco, cheroots, stogies, snuff, and plug or twist tobacco. Cigarettes are not included as they are subject to the cigarette tax. Distributors are permitted to keep 3.33 percent of the collections to cover the expenses of collection and reporting.

Present Rate: The tax is 20 percent of manufacturer's list price, the invoice price paid by the distributor to a manufacturer or supplier. These products are also subject to state and local sales and use taxes.

Administration and Collection: Department of Revenue

Collection Period: Distributors file a return every quarter containing the amount of tobacco products purchased during the preceding quarter and the amount of tax due. Taxes are paid by the twentieth day of the month following the quarterly report.

History of Tax Rates: This is a new tax, effective July 1, 1986.

Disposition of Revenue: Fifteen percent of the revenues is credited to the general fund and 85 percent to the Old Age Pension Fund. After the requirements of the Old Age Pension Fund have been satisfied, the remainder is credited to the general fund (see page 7).

Other States: Twenty-four other states levy a tax on tobacco products in addition to the cigarette tax. Two of Colorado's neighboring states -- Nebraska and Wyoming -- do not impose a tobacco products tax. The rates for neighboring states are listed on the following page.

Tobacco Products Taxes in Neighboring States

State		Rate
Kansas		10% of wholesale prices
New Mexico		25% of product value
Oklahoma		
	-- little cigars under 3 lbs. per 1,000	9 mills per cigar
	-- cigars over 3 lbs. per 1,000	1 cent per cigar
	-- all other cigars	$20 per 1,000
	-- smoking tobacco	40% of factory list price
	-- chewing tobacco	30% of factory list price
Utah		35% of manufacturers sale price

Federal Tax:

Snuff..............................	24 cents per pound
Chewing Tobacco....................	8 cents per pound
Small Cigars (weighing less than 3 pounds per 1,000)............	75 cents per thousand
Large Cigars (weighing more than 3 pounds per 1,000)............	8.5% of wholesale price

Tourism Promotion Fund Tax

Enacted: 1983

Statutory Citation: Title 39, Article 26.1, C.R.S.

Tax Base: This tax is imposed on the purchase price charged to any person for rooms or accommodations, restaurant food and drinks, ski lift or admission tickets, private tourist attraction admission tickets, rental automobiles, and tour bus or sightseeing carrier tickets.

Present Rate: One-tenth of one percent.

Administration and Collection: Each business is responsible for collection of the tax and its transmission to the Department of Revenue.

Collection Period: Quarterly

History of Tax Rates: The tax became effective May 1, 1983, and is scheduled to be repealed July 1, 1988.

Exemptions: Attractions owned or operated by governmental entities and attractions operated on an occasional basis by nonprofit charitable organizations.

Disposition of Revenue: Credited to the Colorado Tourism Promotion Fund for use by the Colorado Tourism Board (Title 24, Article 32, Part 13, C.R.S.).

Collections:

Tourism Promotion Tax Receipts

Year	Collections
1983	$ 2,520
1984	2,867,950
1985	3,304,284
1986	3,581,786

(Source: Department of Revenue.)

Unemployment Insurance Tax

Enacted: 1936

Statutory Citation: Title 8, Article 76, C.R.S.

Tax Base: The tax is applied to a portion of the wages paid by public and private employers subject to the act. Exemptions, outlined in statute, exclude a limited number of types of employers from coverage.

Examples of exemptions are: 1) agricultural labor employers who do not pay either cash wages of $20,000 or more in any one quarter of a calendar year or do not employ ten workers for 20 weeks during the year; 2) employers of domestic services who do not pay cash wages of $1,000 or more in any quarter of a calendar year; or 3) employers exempt from income tax under the I.R.S. code, section 501 (c) (3) who have less than four employees for 20 weeks during the calendar year.

Currently, the tax is applicable to the first $8,000 of annual earnings paid each employee. For 1987, this taxable wage base will increase to $9,000 and for 1988 and after, it will be $10,000. 1/

Present Rate: For most employers the standard rate of taxation is 2.7 percent of the employee's taxable wages. Employers newly subject to unemployment tax may pay taxes at the standard rate, at the actual experience rate, or at a rate equal to the average industry tax rate for all employers in the same general type of business in the state, whichever is greater. After a designated length of time, individual employers become eligible for a computed rate which is based on the employer's experience rating and the balance in the Unemployment Insurance Trust Fund.

A tax surcharge may be added based on the amount of benefits paid which are not effectively charged to any active employer. Benefits are not effectively charged when they are charged to the account of an employer who is already paying the maximum rate or who has gone out of business.

In addition an interest surcharge may be assessed each employer to pay interest on borrowed funds from the Federal Unemployment Trust Fund. The interest surcharge was enacted in 1982 and the surcharge for benefits not effectively charged was enacted in 1983.

Administration and Collection: Department of Labor and Employment, Division of Employment and Training

1/ The taxable base will remain at $10,000 unless the trust fund exceeds $350 million by June 30, 1987, in which case the base will be reduced to $9,000 on January 1, 1988.

Collection Period: Taxes are payable quarterly by each employer for each calendar year in which he is subject to the tax. The funds are credited to the Unemployment Insurance Trust Fund.

History of Tax Rates: The standard employer contribution rate in 1936 was 10.8 percent of one month's wages, provided the rate was less than 0.9 percent of the annual payroll for the calendar year. In 1937 a uniform contribution rate of 1.8 percent per calendar year on a taxable wage base ($3,500 in 1937) was established; the rate was raised to 2.7 percent in 1938. In 1972 the rate was lowered to 1 percent, but was changed back to 2.7 percent in 1976.

An experience rating system was adopted in 1941 which permits qualifying employers to pay less than the maximum rate. Effective 1984, employers newly subject to the tax could be taxed at the standard rate, at the actual experience rate, or at an assigned average industry rate, whichever is greater.

Changes in the taxable wage base are listed below.

Taxable Wage Base for
Colorado Unemployment Insurance Tax
(Changes from 1936 - 1988)

1936	1974	1978	1983	1984	1987	1988
$3,500	$4,200	$6,000	$7,000	$8,000	$9,000	$10,000

Disposition of Revenue: Revenue credited to the Unemployment Insurance Trust Fund is only withdrawn to pay unemployment benefits.

Collections:

Unemployment Insurance Tax Receipts
($ in Millions)

Fiscal Year	Collections	Percent Change	Fiscal Year	Collections	Percent Change
1976	$53.9	--	1981	$ 61.5	- 9.4%
1977	90.9	68.6%	1982	86.9	41.3
1978	83.9	-7.7	1983	122.6	41.1
1979	81.3	-3.1	1984	247.3	101.7
1980	67.9	-16.5	1985	264.4	6.9
			1986	251.7	-4.8

Other States: All 50 states administer this tax as required by the federal government. Eight states -- Alabama, Alaska, California, New Jersey, New York, North Carolina, Pennsylvania, and Rhode Island -- also levy taxes on employees for unemployment insurance.

IV. LOCAL TAXES

Article X, Section 7, of the Colorado Constitution empowers the General Assembly to vest the power of taxation in the state's political subdivisions. Article XX, Section 6, establishes home rule cities and towns and provides broader taxation powers than for statutory cities and towns. County home rule authority was created in Article XIV, Section 16 of the Colorado Constitution. The constitution also limits the authority of municipalities to impose taxes. Section 17 of Article X vests exclusive power in the General Assembly to levy income taxes.

Specific constitutional and statutory citations have been presented for each tax. Brief descriptions of the tax and their rates are also provided. Information pertaining to the types of taxes levied in cities and the rates imposed is from the Colorado Municipal League's Municipal Taxes, 1984 edition. The Department of Revenue data was used for rates of sales and use taxes of the cities and counties.

Accommodations or Lodger's Tax

Constitutional and Statutory Authority: Article XX, Colorado Constitution

Description of Tax: This tax is usually applied to the price for renting or leasing of accommodations for less than 30 consecutive days. In some cities, this tax is simply a higher sales tax for lodging than for other transactions. Other cities may apply the lodger's tax in addition to or in lieu of their sales tax.

Rates: The following rates are in addition to municipal sales tax rates.

Municipality	Rate	Municipality	Rate
Aurora	2.0%	Evans	3.0%
Avon	1.0	Manitou Springs	2.0
Boulder	2.85	Montrose	0.9
Colorado Springs	2.0	Northglenn	2.0
Cortez	2.0	Pueblo	2.0
Denver	2.0	Thornton	2.0
Durango	2.0	Vail	4.6

Admissions Tax

Constitutional and Statutory Authority: Article XX, Colorado Constitution

Description of Tax: An admissions tax is imposed on the charge for admission to places or events open to the public. It is usually expressed as a percentage of such charge. The tax is collected when the ticket is sold to the athletic event, theater, or ski lift. Some cities apply their sales tax to admission fees in lieu of a separate admissions tax. The Supreme Court of Colorado has ruled that statutory cities do not have the authority to levy an admissions tax (City of Sheridan v. City of Englewood, 609 P.2d 108 (1980)).

Municipalities Levying Tax and the Tax Rate:

Municipality	Rate	Municipality	Rate
Boulder	2.85% plus sales tax	Englewood	3% admissions
Central City	4% admissions	Glendale	3% price of ticket
Collbran	1% park-rodeo	Larkspur	2% of gate
Colorado Springs	2% movie ticket	Manitou Springs	5% ticket sales
Denver	10% paid entrance to "city-owned" facility	Pueblo	3% movie tickets
Edgewater	15% movie tickets	Thornton	3% price of ticket

Occupational Taxes

I. General

Constitutional and Statutory Authority: Article XX, Colorado Constitution, Section 31-15-501, C.R.S.

Description of Tax: Occupational or business taxes are imposed for the privilege of carrying on certain occupations within the taxing jurisdiction. The tax may be applied to all or selected types of businesses or professions in a community. The rate may be a single or flat rate or may be on a graduated scale based, for example, on the number of employees. Specific occupational taxes may be imposed on businesses selling liquor or on public utilities. However, the state Supreme Court has held that an occupation tax cannot be based on gross sales as this tax base would represent an unconstitutional form of an income tax.

Municipalities Levying General Occupations Tax and Tax Rates:

Municipality	Rate (Annual Rate Unless Noted)
Aspen	Firms with: 10 employees or less -- $100 10-49 employees -- $200 50 or more employees -- $400
Bayfield	$25 per business; $5 per employee over 2
Black Hawk	$50 per business
Central City	$200 per business
Denver	Business Occupational Privilege Tax: $2.00 monthly per owner, partner, manager, or employee earning over $250 per month. Employee Occupational Privilege Tax: $2.00 monthly per employee earning over $250 per month.
Dillion	$30 per business
Dove Creek	$15 per business

Municipality	Rate (Annual Rate Unless Noted)
Durango	Firms with: 5 employees or less -- $35 6-10 employees -- $60 11-20 employees -- $85 Over 20 employees -- $100
Eagle	$25 per business
Edgewater	$10 per business, $1 per employee
Estes Park	$35 per business
Fruita	$20 per business
Golden	$25; applies to businesses which do not require a sales tax license.
Greenwood Village	$2.00 per employee per month, matched by employer, after minimum earnings of $250 per month.
Ignacio	Firms with: 2 employees -- $25 additional, full-time employees -- $5 each
Keenesburg	$5 per business
Louisville	$10 per business
Lyons	$5 per business license
Manitou Springs	$35 per business
Marble	$10 per business
Monument	$25 per business
Ridgway	$5 per business
Silverthorne	$10 per business
Silverton	Firms with: 1-4 employees -- $35 5-9 employees -- $50 10 or more employees -- $85
Snowmass Village	$25 per business

Municipality	Rate (Annual Rate Unless Noted)
Telluride	$15 per business
Wellington	$10 per business
Woodland Park	Class 2 business -- $30 Multiple business -- $50 Vending machines -- $20 Newspaper vending racks -- $2 each

II. Liquor and Beer Occupation Tax

Constitutional and Statutory Authority: Article XX, Colorado Constitution, Section 31-15-501, C.R.S.

Description of tax: Numerous cities impose a privilege tax to permit the sale of liquor and beer by various establishments and at special events. The number of cities and broad categories of the amount of the taxes follow.

Number of Municipalities Levying Tax and Range of Taxes:

Type of Business	No. of Cities	Under $100	$100-$499	$500-$999	Over $1,000	Range of Taxes Low	Range of Taxes High
Retail liquor store	69	16	47	6	0	$25	$ 989
Drug store	45	11	30	4	0	25	989
Hotel & restaurant	63	14	29	14	6	25	2,958
Club	51	15	29	6	1	15	1,000
Tavern	65	13	30	15	7	8	2,958
Beer & wine	48	9	30	8	1	25	1,000
3.2% beer							
On premises	51	15	30	6	0	25	950
Off premises	53	19	33	1	0	25	500
On and off	49	19	22	7	1	10	1,800
Other							
Arts	11	3	7	1		25	989
Special events	16	16	0	0	0	1/day	50
Racktrack	6	0	5	0	1	200	2,958
Extended hours	4	0	4	0	0	150	296
Dancing	1	0	1	0	0	100	--
Non-profit organization "city-owned" facilities	1	1	--	--	--	100	--

III. Utility Occupational Tax or Franchise Fee

Constitutional and Statutory Authority: Article XX, Section 4, Colorado Constitution; Section 31-32-101, C.R.S.

Description of Tax: A franchise may be required before a public utility may be permitted to operate in a municipality. The franchise fee for a utility is usually a percentage of the utility's gross receipts from business conducted in the municipality. A municipal occupation tax is sometimes assessed utilities not required to obtain municipal franchises.

Rates:

Municipal Taxes or Fees on Utilities
(1983 Rates)

Type of Utility	Number of Municipalities	Range of Tax (% of Gross Receipts)
Electric 1/	127	2% through 5%
Gas 2/	128	1 through 5
Cable TV 3/	120	1 through 5
Telephone 4/	94	

1/ Five cities impose a flat tax or a fee based on the number of accounts per year.

2/ Four cities impose a flat fee.

3/ Seven cities levy flat fees or a per subscriber fee.

4/ The base for rates on telephone companies vary from flat fees per month or per year, or fees that are based on the number of accounts, per month, quarter, or year.

Property Tax

Enacted: 1876

Constitutional and Statutory Citations: Article X, Sections 3, 4, 5, 6, 11, and 15, Colorado Constitution; Title 39, Articles 1 through 13, C.R.S.

1982 constitutional amendment. A 1982 constitutional amendment provides three approaches an assessor must use to determine the actual value of a property: 1) cost, 2) market, 3) income. The amendment provides that the actual value for residential property is to be determined by the cost and market approaches only. Agricultural land's actual value is determined by the land's earning or productive capacity capitalized at a prescribed rate. Provisions also establish the rate for the valuation for assessment of residential real property and all other real property. The valuation for assessment for producing mines and lands or leaseholds producing oil and gas is to be determined by a portion of annual production. The amendment requires the General Assembly to maintain the same ratio of statewide valuation of residential property in relation to other taxable property. Certain exemptions were made constitutional by the amendment. The State Board of Equalization was given the power to order revaluations for counties and enforce conformance to the constitution and the statutory provisions concerning property taxes.

Administration:

Property assessment. The county assessor is responsible for the assessment of most property within the county. The board of county commissioners acting as the county board of equalization reviews the valuations to raise, lower, or adjust the valuations so that the valuations are just and equalized within the county. The county board also hears appeals that have been denied or refused by the county assessor. The assessor must submit an "Abstract of Assessment" to the state Property Tax Administrator by August 10 of each year. The abstract lists the property valuations by class and subclass for the county. The State Board of Equalization reviews and certifies the abstracts of each county by October 15 of each year. The certified abstract becomes the basis for the tax roll and is sent to each county treasurer before January 1. The county treasurer collects and disperses the property taxes to all taxing entities.

Property tax administrator. The property tax administrator, through the Division of Property Taxation, assists and cooperates in administration of property tax laws, and promotes equalization of property valuation in all 63 counties. The division's responsibilities include, but are not limited to:

- -- investigating taxpayer complaints;
- -- conducting legislative impact studies;
- -- providing technical assistance to assessors on valuation and appraisals;
- -- furnishing expertise to assessors in administration of property tax law;
- -- providing reappraisal assistance to counties ordered to reappraise;
- -- conducting an annual assessors school and regional assessment education programs;
- -- approving applications for exemptions for schools, and charitable and religious properties;
- -- preparing research, manuals, and developing forms and procedures for assessors; and
- -- appraising and apportioning the value of public utility and rail transportation properties doing business in Colorado.

Uniform valuation assessment enforcement. The 1982 constitutional amendment establishes procedures to determine whether county assessors have complied with the amendment and other laws. The General Assembly is required to provide an assessment study every year. Based on this study, if the State Board of Equalization finds a class of property is not in compliance with the law, the board can require the county to reappraise the class. The board may order an independent appraisal at the county's expense if an assessor fails to comply with a board directive ordering a reappraisal. The county is also liable for repaying excess moneys the state paid to local school districts during foresaid reappraisals.

Collections:

The county treasurer mails tax bills to all property owners as soon as practicable after January 1 following the year the property taxes were levied. If the taxpayer elects to make a single payment for the full amount of taxes, the payment is due by April 30. If the property tax bill is in excess of $25, two equal installments may be made in lieu of the single payment. The first installment is due no later than the last day of February and the second is due by July 31. A penalty of one percent per month is imposed on overdue installment payments.

Prepayment of taxes. Energy development operations and mineral extraction or conversion operations are authorized to prepay property taxes for credit against property taxes to be levied in the future. These prepaid taxes are to be expended on capital improvements which are related to the additional public service demands created by the operations. The taxing entity and the property owner jointly determine the:

1) amount of prepayment, not to exceed statutory limits; and
2) amounts and intervals of prepayments and credits for prepayments within statutory limits.

Property Valuation:

Property types. There are two types of property that assessors value for taxing purposes -- real and personal. Real property is property that is permanently fixed, such as land and buildings. Certain items of personal property including household furnishings, freestanding appliances, carpet and drapes, and other personal effects are subject to taxation only if they are used to produce income. All other types of tangible personal property are taxable.

Actual value. The actual value of property, which reflects the property's level of value according to a base year, may be determined by three methods of appraisal: the market approach, the income approach, and the cost approach. The market approach compares market sales of similar properties. The cost approach estimates the material and labor costs to replace a similar property. The income approach converts the base year income from rent to an estimate of value. Residential property may be valued by cost and market approaches only. The actual value of farm property is determined by the earning or productive capacity of the land during a reasonable time.

Base year. The actual value for a tax year reflects the level of value for the base year. For tax years 1983 through 1986, the base year was 1977. The level of value for the base year (1977) is the actual value of taxable property as determined for the preceding calendar year (1976). Property types not currently valued on the base year method are producing mines, oil and gas lands or leaseholds, agricultural lands, and coal and non-metallic producing mines. Rail transportation properties are assessed as mandated by the Federal Railroad Revitalization and Regulatory Reform Act of 1976, explained on page 74. Public utilities are assessed at a 1981 level of value. Assessors are currently reappraising property based on the 1985 level of value for the 1987 assessment. Beginning January 1, 1987, a reassessment cycle will occur every two calendar years. The base year will advance two years with every reassessment cycle. Beginning January 1, 1987, all property will be assessed on the base year method.

Assessed value. Assessed value is computed by multiplying the actual value by the constitutionally set rate of 21 percent for residential property and 29 percent for all other taxable property. Classes of property with separate assessment provisions include oil and gas lands and leaseholds, producing mines, and until December 31, 1986, airline and railroad transportation properties.

Mill levy. The local taxing authorities -- the governing boards of counties, municipalities, school districts, and special districts -- determine a mill levy for their entity each autumn. A taxing jurisdiction's mill levy is determined by dividing the jurisdiction's budget by its total assessed value. The levies are then certified by the county commissioners.

Each taxpayer is subject to at least two mill levies -- county and school district. However, there are many variations among mill levies due to the variety of taxing entities that impose the levies. For example, a city, recreation district, fire protection district, sanitation district, soil conservation district, pest control district, cemetery district, or other authorized special district or any combination thereof, may levy a tax. A taxpayer's property tax bill is determined by the combined mill levy of all the taxing districts in which his property is located. The amount of tax to be paid is determined by multiplying the mill levy by the property's assessed value.

Exemptions. Article X of the Colorado Constitution exempts the following items from property taxation:

-- household furnishings and personal effects not used to produce income;
-- ditches, canals, and flumes used for irrigation;
-- property of the state and its political subdivisions and public libraries;
-- property used for religious worship, school property, property used for charitable purposes as defined by statute, and nonprofit cemeteries;
-- self-propelled construction equipment and motor vehicles;
-- inventories of merchandise held for consumption or sale by a business;
-- livestock and agricultural and livestock products; and
-- agricultural equipment.

Section 39-30-101, et seq., C.R.S., clarifies and further defines the constitutional exemptions. Some items that are excluded from property taxation through further definition of the constitutional exemptions are:

-- nonprofit domestic water companies;
-- electric-powered motor vehicles until July 1, 1987;
-- intangible property, such as stocks and bonds; and
-- works of art, such as paintings, mosaics,and unique architectural embellishments.

Residential and Mobile Home Property:

Residential property is assessed at a rate of 21 percent of the actual value as determined for the base year. Beginning with the 1985 tax year and for years of reappraisal, the General Assembly is to determine the assessment rate for residential property to ensure that the ratio of statewide valuation of residential property remains the same as in 1985 in relation to other taxable property.

Mobile homes' valuation for assessment is the same as other residential property. Mobile homes that are part of a licensed dealer's inventory are exempt.

Public Utilities:

Public utilities are referred to as state-assessed companies and the Property Tax Administrator determines the actual value of the operating property and plant for each public utility. Public utilities include airline companies, electric and rural electric companies, telephone and telegraph companies, gas and gas pipeline carriers, domestic water companies selling at retail, pipeline companies, coal slurry pipelines, railroad companies, and private car line companies conducting business in Colorado. Such companies may be sole proprietorships, firms, partnerships, associations, companies, or corporations and the trustees or receivers thereof, elected or appointed.

Factors considered in valuation for assessment. The administrator is to consider the following factors and weight those factors to obtain a just and fair value of the property:

-- tangible property of the plant whether within or both within and outside the state, excluding tangible property that is not directly connected to the utility's business within the state;
-- intangible property such as franchises, contract rights and obligations, and rights of way;
-- gross and net operating revenues during a time not to exceed the most recent five-year period, capitalized at indicative rates; and
-- average market value of previous year's outstanding securities, if determinable.

If the books and records accurately reflect the utility's tangible and intangible property and earnings within Colorado during the most recent five-year period, the administrator may determine the actual value from the records, negating the need to ascertain the entire value within and outside the state.

Adjustment to base year. The actual value of each public utility is determined by applying an equalization factor to adjust the actual value for the current year of assessment to the level of value in 1981. Beginning January 1, 1987, public utilities will be assessed under the base year method. Thus, in 1987, a factor will be applied to adjust the current year level of value to the utility's level of value in 1985 to establish actual value.

Valuation for assessment. Currently, most public utility properties are valued at 29 percent of actual value; the assessed value of railroad and airline companies is determined as described below. Beginning January 1, 1987, all public utilities, including railroad and airline properties, will be valued at 29 percent of actual value.

Administration. Each public utility is to file with the property tax administrator by April 15 of each year information concerning all property, wherever situated, as may reasonably be required to determine the actual value and the apportionment among the several counties.

Apportionment. The administrator, in the case of all public utilities, allocates to the state that proportion of assessed value which represents the public utility's assessed valuation within the state by using commonly recognized methods of allocation that are just and equitable. The assessed value of public utility property is normally apportioned to each county based on the proportion of gross investment cost in a county relative to gross investment cost statewide. Railroad company property is apportioned based on mainline track mileage. The administrator notifies each county assessor of the amount of public utility assessed valuation in the county, and the assessor enters the amount on the tax rolls.

Rail and air transportation property. The Railroad Revitalization and Regulatory Reform Act of 1976 mandates that rail transportation property cannot be assessed at a rate higher than the effective assessment rate for other commercial and industrial property. The Tax Equity and Fiscal Responsibility Act of 1982 contained a similar provision for air transportation property. Therefore, railroad and airline companies provide funding for an annual assessment ratio study to measure the effective assessment rate of commercial and industrial property. The ratio determined by the study is used to determine the assessed value. This provision is effective through the 1986 property tax year. Thereafter, property will be valued at 29 percent of actual value related to the base year.

Natural Resource Property:

Mines. Mines are divided into two classes -- producing and non-producing. Producing mines are those whose gross proceeds during the preceding calendar year exceeded $5,000. Producing mines are valued for assessment at an amount equal to 25 percent of the mine's gross proceeds. If the net proceeds of a mine exceed 25 percent of the gross proceeds, the valuation for assessment will be the net proceeds. On January 1, 1987, producing mines become subject to the base year method of determining assessed valuation. Thus in 1987, the assessed value will be related to the base year using a price index for each mineral.

Non-producing mines, non-metallic and coal producing mines are assessed in the same manner as other real property (29 percent of actual value). Machinery and equipment, personal property, and improvements other than mining improvements within a mine are valued for assessment separately.

Oil and gas leaseholds. Oil and gas leaseholds and lands are valued for assessment at an amount equal to 87.5 percent of the selling price of oil and gas sold or transported from the wellhead during the preceding calendar year. Oil and gas leaseholds utilizing secondary recovery, tertiary recovery, or recycling projects to conserve oil and gas are valued at an amount equal to 75 percent of the selling price of production during the preceding calendar year. The selling price of oil and gas delivered to the United States or the state and its political subdivisions as a royalty is excluded. Certain surface and subsurface equipment is assessed separately. Beginning January 1, 1987, the assessed valuation of oil and gas leaseholds will be determined using the level of value from the base year. For example, in 1987, the selling price of oil and gas in 1984 (the year preceding the base year) will be used in determining assessed value.

Agriculture Property:

The actual value of agricultural lands, exclusive of building improvements, is determined by considering the productive capacity of the land over a ten-year period, capitalized at a rate of 13 percent. When agricultural lands become subject to the base year on January 1, 1987, the ten-year period will end in the base year. The assessed value of building improvements on agricultural land is determined in the same manner as other property.

Credits and Deferrals:

Tax credit for the elderly and disabled. Elderly residents are eligible for an income tax credit based on property taxes paid if they meet established criteria. Residents 65 years or older or a surviving spouse 58 years or older who meet the following criteria are eligible for the income tax credit.

-- They own or occupy their own home, townhome, condominium, or mobile home and are full-year residents thereof.

-- They have paid all prior years' property taxes and have not been claimed as a dependent on any other person's Colorado income tax.

-- They do not receive rent or income from the property.

-- Their total income does not exceed $11,200 if married or $7,500 if single.

Disabled residents are eligible for the credit if they meet the above listed criteria, with the exception of the age limit, and are disabled for the entire taxable year. They must also receive full disability payments from Social Security, the Veterans Administration, or a private plan, and submit a statement of disability to the state.

Elderly and disabled persons who meet the aforementioned requirements and pay rent to occupy a residence may also receive an income tax credit based on 20 percent of the actual rent paid during the taxable year, not including charges for food and utilities. The credit does not apply to rents paid to nursing homes.

The credit that qualified persons may receive can never exceed the amount of property tax or rent actually paid. The maximum credit received is limited to $500 and the $500 credit is reduced by 20 percent of income in excess of $5,000 for single persons and $8,700 for married persons.

Tax deferral. Persons 65 years or older may also defer payment of taxes for an owner occupied non-income producing home, townhome, condominium, or similar structure. The deferral is for one calendar year, but may be continued on a annual basis. The deferred taxes and accrued interest of 8 percent per annum are required to be paid if:

1) the taxpayer claiming the deferral dies;
2) the property is sold or under contract for sale; or
3) the taxpayer moves for reasons other than ill health; and
4) the taxpayer begins to rent the property or otherwise receives income from it.

Severance tax credit. Oil and gas companies are allowed a credit against the severance tax equal to 87.5 percent of all property taxes paid except those imposed on equipment and facilities used for production, transportation, and storage. The credit is not allowed for wells producing ten barrels or less per day.

Revenue Limitations - Public Disclosure:

Colorado law limits taxing entities to revenue increases of 7 percent above the previous year's revenue for taxes collected in 1987, 5.5 percent for taxes collected in 1988, and 6 percent for taxes collected in 1989 and thereafter. The limitation may be exceeded for capital expenditures that have been approved by two-thirds of the governing board voting at a public hearing. The public hearing must be advertised in conformance with requirements contained in statute. All taxing entities may obtain approval for an excess levy increase from the electorate. Special districts have an additional option; they may submit an excess levy increase to the Division of Local Government for approval. A county, city and county, city or town in compliance with the public disclosure law may also exceed the limitation.

Property valuations that are excluded when computing the revenue limitations are:

1) annexation or inclusion of additional land and property;
2) new construction;
3) increased production by a mine if the increase in production causes an increase in the level of services provided; and
4) previously legally exempt federal property that becomes taxable, if an increase in services is required.

The 5.5 percent limitation effective for taxes collected in 1988 applies to home rule cities. Home rule counties are subject to the limits unless their charter has limitations that are equal to or more restrictive than the statutory provisions.

Public disclosure. The limitations discussed above do not apply to any county, city and county, city or town that adopts the public disclosure procedure. This procedure becomes effective when:

1) the governing board advertises its intention to adopt the public disclosure procedure;
2) the advertisement for the public meeting meets the requirements set forth in the public disclosure law (29-1-303, C.R.S.);
3) two-thirds of the governing board's members approve the adoption of the public disclosure procedure at a public hearing.

Once the certified mill levy has been determined, any governing board that has adopted the public disclosure provisions that wishes to exceed the certified mill levy must hold a public hearing to increase the levy. (The certified mill levy is that levy certified by the county assessor by the October 1 prior to the budget year which will raise the same amount of property tax revenue as was raised during the preceding year.) Specific statutory advertising requirements relating to the public hearing must be met. At the hearing, the board must adopt by resolution a mill levy for the upcoming budget year, and announce the percent by which this mill levy exceeds the certified mill levy.

History of Property Tax Revenues:

The state has not imposed a statewide property tax since 1964 although the Colorado Constitution allows a maximum rate of four mills.

Property Tax Revenue for Selected Years
by Types of Governmental Units, 1930-1984 1/
(in millions)

Year	State	Special District and County	Municipal	County Public School	General School 2/	Total	Total State Assessed Valuation
1930	$5.7	$10.1	$9.4	$5.8	$18.3	$49.2	$1,586.5
1935	3.3	7.7	7.8	4.8	13.5	37.0	1,088.4
1940	4.8	7.1	10.3	3.9	15.6	41.7	1,113.0
1945	4.3	10.2	10.1	3.5	19.1	47.2	1,219.2
1950	6.4	18.7	14.2	4.5	37.6	81.3	1,644.6
1955	10.4	28.4	20.0	8.5	66.2	133.6	2,870.7
1960	7.8	44.8	26.5	25.7	99.1	204.1	3,582.1
1961	5.4	46.6	25.4	26.7	111.5	215.5	3,699.7
1962	5.3	42.9	32.3	24.4	126.4	232.2	3,810.4
1963	5.1	55.2	31.8	25.6	140.5	258.2	3,924.7
1964	5.2	58.0	33.2	26.7	155.4	278.5	3,989.8
1965	--	63.6	34.3	27.8	158.4	284.2	4,087.6
1966	--	66.5	36.0	28.8	174.7	306.0	4,235.8
1967	--	71.3	37.3	30.5	194.9	334.0	4,432.6
1968	--	75.6	38.7	32.9	213.9	361.1	4,661.2
1969	--	79.1	40.9	--	267.1	387.1	4,908.9
1970	--	91.3	43.6	--	304.1	439.1	5,158.7
1971	--	105.1	45.3	--	341.6	492.0	5,464.3
1972	--	111.4	48.9	--	371.8	532.0	5,984.8
1973	--	133.7	52.9	--	328.8	515.4	6,688.0
1974	--	158.7	60.6	--	395.1	614.4	7,490.1
1975	--	190.2	66.5	--	447.2	703.8	8,435.9
1976	--	202.9	70.9	--	517.3	791.1	10,058.8
1977	--	219.9	73.3	--	553.3	846.4	10,689.6
1978	--	240.0	77.9	--	570.1	888.0	11,586.3
1979	--	272.0	84.5	--	620.9	977.4	12,460.5
1980	--	322.7	92.4	--	705.4	1,120.6	13,717.8
1981	--	361.0	99.1	--	757.3	1,217.4	14,777.1
1982	--	409.0	105.5	--	835.9	1,350.4	15,730.5
1983	--	482.6	115.5	--	945.1	1,543.2	17,185.7
1984	--	520.0	121.8	--	996.3	1,638.1	17,905.1
1985	--	573.5	129.5	--	1,114.4	1,817.4	18,740.0

1/ Division of Property Taxation, Fifteenth Annual Report, 1985.
2/ Includes General, Capital Reserve, Bond Redemption, and Junior College funds.

Real Estate Transfer Tax

Constitutional and Statutory Authority: Article XX, Colorado Constitution

Description of Tax: The real estate transfer tax is levied at the time real property is conveyed to a purchaser. The tax is analogous to a sales tax on the purchase of real property.

Rates:

Municipality	Rate	Municipality	Rate
Aspen	0.5%	Glendale	1.0%
Avon	1.0	Gypsum	1.0
Breckenridge	1.0	Rifle	0.5 to 1.5
Crested Butte	1.0% on 1st transfers 1.5% on subsequent transfers	Telluride	3.0
		Vail	1.0
		Winter Park	1.0

Sales and Use Taxes

Constitutional and Statutory Authority: Article XX, Colorado Constitution; Title 29, Article 2, C.R.S.

Description of Tax: Many counties and municipalities in Colorado levy a sales tax on the retail sales of tangible personal property and on some services. Colorado law vests with statutory cities and counties the power to impose a sales tax by ordinance. The ordinance must state that the personal property and services taxable are to be the same as those taxed by the state. Counties and statutory cities must exempt the same items as the state with the exception of machinery or machine tools, residential power, and sales of food for off-premise consumption. The state Department of Revenue is responsible for the collection, administration, and enforcement of these countywide or municipal sales taxes.

Statutory municipalities and counties are also authorized to levy a use tax. This tax, however, may be imposed only on the storage, use, or consumption of construction and building materials and motor and other vehicles on which registration is required. The collection, administration, and enforcement of a city or county use tax is the responsibility of the local entity. Not all localities impose a use tax.

The imposition of a sales or use tax by a home rule city and the administration and collection thereof has generally been considered a matter of local concern. Home rule cities are required to conform sales tax ordinances or procedures to state law in the following areas:

1) statute of limitations relating to the enforcement of sales and use tax collections;

2) statute of limitations applicable to refunds of sales and use taxes;

3) the amount of penalties and interest payable on delinquent remittances of such taxes;

4) the posting of bonds;

5) the use of a standard reporting form; and

6) the dispute resolution process for deficient taxes.

Colorado law does permit the Department of Revenue, at the request of the home rule city, to administer, collect, and distribute the sales tax of the home rule city. For this to occur, the home rule city's sales tax ordinance must tax and exempt the same items as the state. Again, the options of machinery and machine tools, residential power, and food are available to home rule cities for which the state collects the tax.

State statutes limit the total state, county, and municipal sales tax to 7 percent or to 8 percent if that rate is necessary to allow a county to impose a 1 percent sales tax. Thus, a 4 percent municipal levy in conjunction with a 3 percent state levy could not prohibit a county from levying a 1 percent tax. The state tourism tax is not included in the statutory limit on sales taxes.

Counties and Municipalities Levying Tax: The chart on the following pages illustrates the sales and use tax rates in the cities and counties of the state. The Regional Transportation District (RTD) tax is included for applicable jurisdiction.

Table IV

SALES TAXES IN COLORADO
Rates for Counties, Municipalities, RTD, and State--July 1, 1986

COUNTY CITY	CITY RATE	RTD and COUNTY RATE	TOTAL INCLUDING STATE RATE \1
ADAMS \2		0.60%	3.60%
Arvada (part)	3.00%	0.60	6.60
Aurora (part)	3.50	0.60	7.10
Bennett *	2.00	0.00	5.00
Brighton	3.00	0.60	6.60
Broomfield (part)	3.00	0.60	6.60
Commerce City	3.00	0.60	6.00
Federal Heights	2.00	0.60	5.60
Northglenn	3.00	0.60	6.60
Thorton	3.00	0.60	6.60
Westminster (part)	3.25	0.60	6.85
Bennett is exempt from the RTD rate.			
ALAMOSA		3.00	6.00
Alamosa	1.00	3.00	7.00
ARAPAHOE \2		0.60	3.60
Aurora (part)	3.50	0.60	7.10
Cherry Hills Village	3.00	0.60	6.60
Columbine Valley	3.00	0.60	6.60
Englewood	3.00	0.60	6.60
Glendale	3.00	0.60	6.60
Greenwood Village	3.00	0.60	6.60
Littleton (part)	3.00	0.60	6.60
Sheridan *	3.00	0.60	6.60
ARCHULETTA *		2.00	5.00
BACA *		0.00	3.00
Springfield *	2.00	0.00	5.00
BENT *		1.00	4.00
Las Animas	2.00	1.00	6.00
BOULDER \2		0.60	3.60
Boulder	2.15	0.60	5.75
Broomfield (part)	3.00	0.60	6.60
Lafayette	2.00	0.60	5.60
Longmont	2.75	0.60	6.35
Louisville *	2.00	0.60	5.60
Lyons	3.00	0.60	6.60
Nederland	3.00	0.60	6.60
Ward *	2.00	0.60	5.60
CHAFFEE *		2.00	5.00
Buena Vista *	2.00	2.00	7.00
Salida *	1.00	2.00	6.00
Poncha Springs *	1.00	2.00	6.00
CHEYENNE *		0.00	3.00
Cheyenne Wells	2.00	0.00	5.00
Kit Carson	2.00	0.00	5.00
CLEAR CREEK *		1.00	4.00
Empire	3.00	1.00	7.00
Georgetown	3.00	1.00	7.00
Idaho Springs	3.00	1.00	7.00
Silver Plume *	3.00	1.00	7.00

COUNTY-- CITY	CITY RATE	RTD and COUNTY RATE	TOTAL INCLUDING STATE RATE
CONEJOS *		0.00%	3.00%
Antonito *	2.00%	0.00	5.00
La Jara	2.00	0.00	5.00
Manassa *	1.00	0.00	4.00
Romeo *	1.00	0.00	4.00
COSTILLA *		1.00	4.00
Blanca *	2.00	1.00	5.00
San Luis *	2.00	1.00	5.00
CROWLEY *		0.00	3.00
Ordway	2.00	0.00	5.00
CUSTER		1.00	4.00
Silver Cliff	2.00	1.00	5.00
Westcliffe *	2.00	1.00	5.00
DELTA *		2.00	5.00
Cedaredge	1.50	2.00	6.50
Delta	2.00	2.00	7.00
Hotchkiss *	2.00	2.00	7.00
Paonia *	1.00	2.00	6.00
DENVER, Cty & Co \2	3.50	0.06	7.10
DOLORES *		0.00	3.00
Dove Creek	2.00	0.00	5.00
Rico *	2.00	0.00	5.00
DOUGLAS \2 *		6.00	3.60
Castle Rock	1.00	0.00	4.00
Larkspur *	2.00	0.00	5.00
Littleton (part)	3.00	0.06	6.60
Parker	2.50	0.06	6.10
EAGLE *		1.00	4.00
Avon *	4.00	1.00	8.00
Basalt	2.00	1.00	6.00
Eagle *	4.00	1.00	8.00
Gypsum *	2.00	1.00	6.00
Minturn *	4.00	1.00	8.00
Red Cliff *	2.00	1.00	6.00
Vail *	4.00	1.00	8.00
ELBERT *		0.00	3.00
EL PASO *		0.00	3.00
Calhan	2.00	0.00	5.00
Colorado Springs	2.50	0.00	5.50
Fountain	3.00	0.00	6.00
Green Mtn. Falls *	2.00	0.00	5.00
Manitou Springs	3.50	0.00	6.50
Monument	2.00	0.00	5.00
Palmer Lake	2.00	0.00	5.00
FREMONT		1.50	4.50
Canon City	2.00	1.50	5.00
Florence	2.00	1.50	5.00

UNTY-- CITY	CITY RATE	RTD and COUNTY RATE	TOTAL INCLUDING STATE RATE \1
ARFIELD *		0.25%	3.25%
Carbondale	3.00%	0.25	6.00
Glenwood Springs	2.75	0.25	5.75
New Castle	2.00	0.25	5.00
Parachute	3.00	0.25	6.00
Rifle	2.00	0.25	5.00
Silt	3.00	0.25	6.00
ILPIN *		0.00	3.00
Black Hawk *	4.00	0.00	7.00
Central City	4.00	0.00	7.00
RAND *		1.00	4.00
Fraser	4.00	1.00	8.00
Granby	4.00	1.00	8.00
Grand Lake	4.00	1.00	8.00
Hot Sulphur Springs	4.00	1.00	8.00
Kremmling *	4.00	1.00	8.00
Winter Park *	4.00	1.00	8.00
UNNISON *		1.00	4.00
Crested Butte	4.00	1.00	8.00
Gunnison	3.00	1.00	7.00
Marble *	2.00	1.00	6.00
Mt. Crested Butte	4.00	1.00	8.00
Pitkin *	3.00	1.00	7.00
NSDALE		4.00	7.00
UERFANO *		1.00	4.00
La Veta *	2.00	1.00	6.00
Walsenburg	2.00	1.00	6.00
CKSON *		3.00	6.00
FFERSON \2 *		1.10	4.10
Arvada (part)	3.00	1.10	7.10
Broomfield (part)	3.00	1.10	7.10
Edgewater	3.00	1.10	7.10
Golden	2.00	1.10	6.10
Lakewood	2.00	1.10	6.10
Morrison	3.00	1.10	7.10
Mountain View *	3.00	1.10	7.10
Westminster (part)	3.25	1.10	7.35
Wheat Ridge	2.00	1.10	6.10
OWA *		0.00	3.00
Eads	2.00	0.00	5.00
T CARSON *		0.00	3.00
Burlington	2.00	0.00	5.00
KE *		2.00	5.00
PLATA *		2.00	5.00
Bayfield *	1.00	2.00	6.00
Durango	2.00	2.00	7.00
Ignacio *	1.00	2.00	6.00

COUNTY-- CITY	CITY RATE	RTD and COUNTY RATE	TOTAL INCLUDING STATE RATE \1
LARMIER *		0.00%	3.00%
Berthoud	2.00%	0.00	5.00
Estes Park *	4.00	0.00	7.00
Fort Collins	2.75	0.00	5.75
Loveland	3.00	0.00	6.00
Wellington	2.00	0.00	5.00
LAS ANIMAS *		0.00	3.00
Trinidad	4.00	0.00	7.00
LINCOLN *		0.00	3.00
Limon	2.00	0.00	5.00
LOGAN *		0.00	3.00
Sterling	2.00	0.00	5.00
MESA		2.00	5.00
Collbran *	2.00	2.00	7.00
De Buque *	2.00	2.00	7.00
Fruita	2.00	2.00	7.00
Grand Junction	2.00	2.00	7.00
Palisade *	1.00	2.00	6.00
MINERAL *		1.00	4.00
Creede *	2.00	1.00	6.00
MOFFAT *		2.00	5.00
Craig *	2.00	2.00	6.00
MONTEZUMA *		0.00	3.00
Cortez	3.50	0.00	6.50
Dolores *	2.00	0.00	5.00
MONTROSE *		0.00	3.00
Montrose	2.00	0.00	5.00
Naturita	2.00	0.00	5.00
Nucla *	2.00	0.00	5.00
Olathe *	2.00	0.00	5.00
MORGAN *		0.00	3.00
Brush	2.00	0.00	5.00
Fort Morgan	3.00	0.00	6.00
Wiggins *	2.00	0.00	5.00
OTERO *		0.00	3.00
Fowler *	2.00	0.00	5.00
La Junta	3.00	0.00	6.00
Manzanola	2.00	0.00	5.00
Rocky Ford	3.00	0.00	6.00
OURAY *		1.00	4.00
Ouray *	3.00	1.00	7.00
Rigeway *	3.00	1.00	7.00
PARK *		0.00	3.00
Fairplay *	3.00	0.00	6.00
PHILLIPS *		0.00	3.00
Haxtun	1.00	0.00	4.00
Holyoke	1.50	0.00	4.50

COUNTY-- CITY	CITY RATE	RTD and COUNTY RATE	TOTAL INCLUDING STATE RATE \1
PITKIN *		3.00%	6.00%
Aspen *	1.00%	3.00	7.00
Basalt	2.00	2.00	7.00
Snowmass Village *	1.00	3.00	7.00
PROWERS *		0.00	3.00
Granada	2.00	0.00	5.00
Holly *	1.00	0.00	4.00
Lamar	3.00	0.00	6.00
PUEBLO *		0.00	3.00
Pueblo	3.50	0.00	6.50
RIO BLANCO		2.00	5.00
RIO GRANDE *		1.00	4.00
Del Norte *	2.00	1.00	5.00
Monte Vista *	2.00	1.00	6.00
ROUTT *		0.00	3.00
Hayden	3.00	0.00	6.00
Oak Creek *	3.00	0.00	6.00
Steamboat Springs	4.00	0.00	7.00
SAGUACHE *		0.00	3.00
Center *	2.00	0.00	5.00
Saguache *	2.00	0.00	5.00
SAN JUAN *		1.00	4.00
Silverton *	3.00	1.00	7.00
SAN MIGUEL *		0.00	3.00
Norwood *	2.00	0.00	5.00
Telluride	4.00	0.00	7.00
SEDGWICK		1.00	4.00
Julesburg	1.00	1.00	4.00
Sedgwick *	1.00	1.00	4.00

COUNTY-- CITY	CITY RATE	RTD and COUNTY RATE	TOT INCLUDI STA RA
SUMMIT *		2.00%	5.
Breckenridge *	2.00%	2.00	7.
Dillion	2.00	2.00	7.
Frisco *	2.00	2.00	7.
Silverthorne *	2.00	2.00	7.
TELLER		1.00	4.
Cripple Creek *	2.00	1.00	6.
Woodland Park	3.00	1.00	7.
WASHINGTON *		0.00	3.
Akron	1 00	0.00	4.
Otis	2 00	0.00	5.
WELD *		0.00	3.
Ault	2.00	0.00	5.
Dacono	1.00	0.00	4.
Eaton *	2.00	0.00	5.
Erie	3.50	0.00	6.
Evans	3.00	0.00	6.
Firestone	2.00	0.00	5.
Fort Lupton	2.00	0.00	5.
Garden City *	2.00	0.00	5.
Gilcrest	3.00	0.00	6.
Greeley	3.00	0.00	6.
Hudson *	2.00	0.00	5.
Johnston *	2.00	0.00	5.
Keenesburg *	2.00	0.00	5.
Kersey *	2.00	0.00	5.
La Salle *	1.00	0.00	4.
Lochbuie	2.00	0.00	5.
Mead	2.00	0.00	5.
Milliken *	2.00	0.00	5.
Platteville *	2.00	0.00	5.
Rosedale	1.00	0.00	4
Severance	2 00	0.00	5
Windsor *	2 00	0.00	5
YUMA *		0 00	3.
Wray	1.00	0.00	4.
Yuma	2 00	0 00	5

* These entities DO NOT collect local use taxes.

\1 Includes the combined sales tax rate for the municipalities, the counties, the Regional Transportation District (RTD) where applicable, and the state. On May 1, 1983, a tax of one-tenth of one percent (1%) was levied on the sales of taxable food,drink, lodging services, skiing, auto rentals and admissions. The tourist tax IS NOT included in the total rate

\2 Includes RTD sales tax of .6 of 1 percent levied in the following counties: Boulder and Jefferson counties, the metropolitan areas of Adams and Arapahoe counties, the northeast portion of Douglas County, and the City and County of Denver. Food for home consumption and gas and electricty for home use are exempt from the tax.

Specific Ownership Tax

Enacted: 1937

Constitutional and Statutory Citations: Article X, Section 6, Colorado Constitution; Title 42, Article 3, C.R.S.

Tax Base: Factory list price provides the basis for this tax imposed on every motor vehicle, trailer, semitrailer, or vehicle which is operated or drawn upon any highway in the state. For taxation purposes, motor vehicles are divided into the following classes:

Class	Motor Vehicle Type
A	Every motor vehicle, truck, truck tractor, semitrailer, and trailer used over any public highway for compensation whether or not under contract (state collected tax)
B	Every truck, truck tractor, trailer, and semitrailer not included in class A (county collected)
C	Every motor vehicle not included in class A or B (county collected)
D	Every utility trailer, camper trailer, and trailer coach (county collected)
F	All mobile machinery and self-propelled construction equipment (county collected).

(NOTE: There is no longer a class E category)

Tax Rate: The taxable value for class A and B vehicles is 75 percent of the manufacturer's suggested retail price. The taxable value for class C and D vehicles is 85 percent of the manufacturer's suggested retail price. Class F vehicles' taxable value is either:

1) the factory list price and, if equipment has been mounted on the vehicle, the factory list price and 75 percent of the original price of mounted equipment, or

2) when the factory list price is not available, 75 percent of original retail delivery price plus 75 percent of original retail delivery price of mounted equipment, or

3) when (1) and (2) are not ascertainable, then the value is determined by the property tax administrator.

The tax is computed using the following schedule:

Years of Service	Class	Fee or Percent of Taxable Value
1st	A,B,C,D,F	2.10%
2nd	A,B,C,D,F	1.50%
3rd	A,B,C,D	1.20%
	F	1.25%
4th	A,B,C,D	0.90%
	F	1.00%
5th	F	0.75%
5th - 9th	A,B	0.45% or $10.00 whichever is greater
	C,D	0.45%
6th and over	F	.50% but not less than $5.00
10th and over	A	$10.00
	B,C	$3.00
	D	0.45% or $3.00 whichever is greater

In lieu of taxes, equipment dealers that rent or lease class F vehicles may purchase a decal for $5.00 for each item of equipment to be rented or leased. The owner collects from the user and transmits to the county a specific ownership tax of 2 percent of the rental or lease payment.

Exemptions:

-- Motor homes;
-- Vehicles displaying plates issued by the U.S. armed forces in a foreign country (45 day exemption);
-- Electric-powered motor vehicles (exempt until July 1, 1987);
-- U.S. and Colorado government vehicles;
-- Vehicles leased by the state;
-- Firefighting vehicles, police ambulances, farm tractors, and mobile machinery and self-propelled construction equipment not operated on highways;
-- One class B and one class C vehicle weighing less than 6,500 pounds owned by a disabled veteran or P.O.W.

Administration and Collection: Class A taxes are collected by the Department of Revenue and are due no later than January 1 of each year. Counties collect taxes for class B, C, D, and F vehicles, and the taxes which are due at the time of registration each year.

History of Tax Rates: The 1937 law that created the tax had two classes of motor vehicles. The tax rates follow:

Year	Rate
1st	3% of 70% of factory list price
2nd	3% of 50% of factory list price
3rd	3% of 40% of factory list price
4th	3% of 30% of factory list price
5th	3% of 15% of factory list price
6th and succeeding years	Not more than $3.50 per year for class A, and a $1.50 flat rate for class B.

The taxable value was set at 75 percent of the retail delivery price in 1953. The rate of tax was amended in 1953 and in 1969. In 1981 the taxable value for class C and D vehicles was set at 85 percent.

Disposition of Revenue: Revenue from class A is credited to the Highway Users Tax Fund and apportioned to the cities and counties according to the number of miles of state highways within their jurisdiction. Class B, C, D, and F moneys are deposited with the county treasurers. Fifty cents of each collection is kept by the county as reimbursement for the cost of collection and 50 cents is credited to a special fund for a statewide data processing system (42-1-210.1, C.R.S.).

Collections: 1/

Specific Ownership Tax Receipts
($ in Millions)

Estimated Fiscal Year	Collection	Percent Change	Estimated Fiscal Year	Collection	Percent Change
1976	1/		1981	$ 99.3	6.6%
1977	1/		1982	105.1	5.8
1978	$81.5		1983	118.6	12.8
1979	86.	5.5%	1984	129.4	9.1
1980	93.1	8.2	1985	131.9	1.9

1/ Department of Revenue figures. Totals for 1976 and 1977 were not separated from other tax collections. The collections are fiscal year estimates because the tax is collected on a calendar year basis.

Miscellaneous Municipal Taxes

The taxes listed below are also levied by the municipalities indicated.

Type of Tax	Municipality	Rate
Service expansion	Cherry Hills Village	$.40 per square foot on new construction
Car rental	Colorado Springs	1%
Dog track wagering	Commerce City	1%

APPENDIX

Major Tax Sources of Other States

The following table contains the major taxes imposed in each state, the amount of tax revenue received by source, and the percentage of the total yield each tax represents, as reported by the Commerce Clearing House State Tax Guide. The amount of tax collected and the yield for each tax are 1984 figures.

The taxes presented are: income -- personal, corporate, or combined; sales and use; motor fuel; oil and gas/severance; and public utilities. Motor fuel taxes include taxes for gasoline, diesel fuel, and other special fuels. Inspection fees are included where noted. The oil and gas/severance tax may be an oil and gas severance tax or a severance tax on other natural resources. Natural resources taxed as a severance tax may include a variety of materials such as gravel, salt, fish, timber, or metallic minerals. Public utility taxes are usually levied on the gross receipts or earnings of a public utility which may be in addition to other taxes on a utility.

Some taxes have been omitted due to the low yield to the states. These taxes include cigarette, alcohol, estate, inheritance, gift, insurance, and property. Motor vehicle registration fees are not included.

Additional taxes were added if the tax provided more than two percent of a state's total tax revenue. These taxes include: property; franchise -- taxes placed on stock shares; stamp -- levied on mortgages, bonds and certificates of indebtedness; gambling taxes -- levied on casino entertainment and gross revenues; dividend and interest -- levied on bonds, notes, money, and debts; motor vehicle excise -- levied on the value of the transfer of ownership; meals and room -- levied on room rentals and meals; compensating -- levied on tangible personal property used; and business and occupations -- levied on gross receipts of sale or gross income.

APPENDIX

MAJOR TAX SOURCES IN EACH STATE
Total Collections and Percent of Total of All Tax Sources
(1984 collections in millions)

State	Income Taxes: Personal	Income Taxes: Corporate	Income Taxes: Combined	Sales & Use	Motor Fuel	Oil & Gas/ Severance	Public Utilities
Alabama	--	--	$847.0 31.3%	$735.3 27.2%	$254.9 9.4%	$119.3 4.4%	$238.5 8.8%
Alaska	--	$305.8 15.5%	--	--	32.2 1.6%	1,393.0 70.6%	
Arizona	--	--	725.6 28.7%	1,140.7 45.2%	193.3 7.7%		2.8 0.1%
Arkansas	$540.3 35.1%	--	--	562.7 36.5%	139.8 9.1%	27.1 1.8%	6.6 0.4%
California	9,238.5 36.1%	3,222.4 12.6%	--	8,787.0 34.3%	1,212.9 3.6%	17.5 0.1%	
Colorado	--	--	851.4 39.9%	791.4 37.1%	188.7 8.9%	30.0 1.4%	2.3 0.1%
Connecticut	--	680.5 22.1%	--	1,339.1 43.4%	246.7 8.0%	--	257.6 8.4%
Delaware	343.5 48.2%	44.9 6.3%	--	64.9 9.1%	37.4 5.3%	--	24.4 3.4%
Florida	--	365.5 5.0%	--	3,981.0 54.3%	623.6 8.5%	157.8 2.2%	149.6 2.0%
Georgia	--	--	1,781.7 45.1%	1,361.6 34.4%	372.8 9.4%	--	
Hawaii	--	--	439.8 35.[illegible]%	639.3 5[illegible]%	34.6 2.8%		59.6 4.8%
Idaho	--	--	253.[illegible] 36.[illegible]%	24[illegible].8 [illegible]%	79.8 11.6%	1.3 0.2%	[illegible] 0.4%
Illinois	--	--	3,525.0 40.5%	2,651.1 30.5%	533.2 6.1%	-	640.1 [illegible]
Indiana	--		1,344.9 33.3%	1,49[illegible].5 37.1%	331.6 8.2%		
Iowa	--	--	920.1 41.1%	736.3 32.8%	196.1 8.8%	--	
Kansas	--	--	704.1 39.4%	518.9 29.0%	143.4 8.0%	117.0 6.6%	
Kentucky	--	--	908.7 32.5%	754.3 27.0%	200.7 7.2%	201.6 7.2%	--
Louisiana	--	--	669.2 21.4%	885.5 28.3%	195.9 6.3%	792.1 25.3%	39.0 1.3%
Maine	--	-	314.0 34.1%	315.4 34.3%	85.2 9.3%	--	25.8 2.8%
Maryland	--	--	1,802.6 45.7%	988.3 25.0%	290.3 7.4%	--	84.6 2.1%

State	Income Taxes Personal	Income Taxes Corporate	Income Taxes Combined	Sales & Use	Motor Fuel	Oil & Gas/ Severance	Public Utilities
Massachusetts	2,790.1 47.8%	729.6 12.5%	--	1,248.1 21.4%	274.9 4.7%	--	--
Michigan	3,383.8 39.5%	1,290.0 15.1%	--	2,273.1 26.5%	551.1 64.0%	73.3 0.8%	--
Minnesota	--	--	2,621.0 51.6%	1,250.8 24.6%	332.6 6.6%	74.1 1.5%	70.7 1.4%
Mississippi	--	--	370.3 21.3%	866.0 49.8%	122.4 7.0%	103.0 5.9%	3.5 0.2%
Missouri	--	--	1,069.3 35.0%	1,328.5 43.5%	197.0 6.5%	--	--
Montana	--	--	205.7 35.3%	--	79.2 13.6%	134.6 23.1%	9.8 1.7%
Nebraska	--	--	371.2 34.7%	374.5 35.0%	130.0 12.2%	4.5 0.4%	--
Nevada	--	--	--	411.4 47.8%	71.6 8.3%	0.8 .0%	2.8 0.3%
New Hampshire	--	95.7 22.6%	--	--	64.5 15.2%	--	6.1 1.4%
New Jersey	1,732.0 24.3%	895.2 12.5%	--	2,054.0 28.8%	301.2 4.2%	--	872.4 12.2%
New Mexico	--	--	128.3 9.3%	578.4 42.0%	107.1 7.8%	367.5 26.7%	5.4 0.4%
New York	9,374.0 49.8%	1,524.6 8.1%	--	3,900.4 20.7%	422.2 2.2%	--	1,081.4 5.8%
North Carolina	--	--	2,153.0 46.4%	1,002.1 21.6%	398.6 8.6%	1.3 .0%	335.6 7.2%
North Dakota	--	--	117.7 17.2%	204.3 29.9%	53.8 7.9%	199.6 29.2%	10.1 1.5%
Ohio	2,486.8 65.8%	524.9 7.8%	--	2,604.2 32.6%	616.0 7.7%	6.6 0.1%	610.1 7.6%
Oklahoma	--	--	755.1 28.4%	456.7 17.2%	145.5 5.5%	703.7 26.4%	14.0 0.5%
Oregon	1,217.8 65.8%	144.1 7.8%	--	--	105.4	28.7	8.7
Pennsylvania	2,536.9 26.4%	865.3 9.3%	--	2,720.7 28.3%	598.5 6.3%	--	707.2 7.7%
Rhode Island	285.1 35.2%	59.3 7.3%	--	247.8 30.6%	45.4 5.6%	--	58.9 7.3%
South Carolina	--	--	954.8 40.0%	798.9 33.5%	237.4 10.0%	-	32.0 1.3%
South Dakota	--	17.9 5.0%	--	179.2 49.9%	57.7 16.1%	8.9 2.5%	--

State	Income Taxes Personal	Income Taxes Corporate	Income Taxes Combined	Sales & Use	Motor Fuel	Oil & Gas/ Severance	Public Utilities
Tennessee	--	281.0 11.2%	--	356.7 54.0%	290.0 11.6%	--	30.0 1.2%
Texas	-	630.1 6.5%	--	3,803.6 38.7%	515.5 5.3%	2,217.2 22.6%	300.0 3.1%
Utah	386.1 32.3%	45.0 3.8%	--	529.1 44.2%	88.0 7.4%	38.4 3.2%	2.5 0.2%
Vermont	--	--	154.8 37.5%	101.0 24.5%	37.0 9.0%		14.2 3.4%
Virginia	1,760.7 43.3%	242.7 6.0%	--	949.5 23.4%	325.0 8.0%	1.4 .0%	121.8 3.0%
Washington	--	--	--	1,950.2 42.9%	338.6 7.5%	--	134.9 3.0%
West Virginia	394.7 23.0%	92.2 5.4%	--	262.7 15.3%	159.7 9.3%	--	5.1 0.3%
Wisconsin	--	--	2,575.4 50.3%	1,374.6 26.9%	343.9 6.7%	0.9 .0%	134.7 2.6%
Wyoming	--	--	--	177.1 22.1%	36.5 4.6%	388.3 48.4%	--

ADDITIONAL TAXES IN OTHER STATES HAVING MORE THAN A 2% YIELD

Property Tax-State Levied	Revenue (millions)	Percent of Yield
Alabama	$56.6	2.1%
Florida	244.8	3.3
Kentucky	229.6	8.2
Maryland	119.7	3.0
Montana	38.8	6.7
Nevada	32.3	3.7
New Hampshire	16.2	3.8
Pennsylvania	300.6	3.1
Washington	469.5	10.3
Wisconsin	168.3	3.3
Franchise Tax		
Delaware	81.8	11.5
New York	1,524.6	8.1
Stamp Tax		
Florida	297.7	4.1

ADDITIONAL TAXES IN OTHER STATES HAVING MORE THAN A 2% YIELD

Gambling Taxes	Revenue (millions)	Percent of Yield
Nevada		
(entertainment)	15.0	1.8
(gambling)	164.9	19.2
New Jersey (gambling)	152.8	1.8
Dividend and Interest Tax		
New Hampshire	$22.2	5.[illegible]
Motor Vehicle Excise Tax		
Oklahoma	63.6	2.4
Virginia	116.0	2.9
Meals and Room		
Vermont	22.5	5.5
Compensating		
Washington	150.1	3.3
Business and Occupations		
Washington	596.4	13.1
West Virginia	524.1	30.6