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0359 Tax Handbook

Note to Readers:

**This volume includes legislation enacted
in the First Regular Session
of the 58th General Assembly,
beginning January 9, 1991,
and ending May 8, 1991,
and
in the First Extraordinary Session
beginning June 4, 1991,
and ending June 9, 1991.**

TAX HANDBOOK

State and Local Taxes in Colorado

**Report to the
Colorado General Assembly**

**Colorado Legislative Council
Research Publication No. 359
June 1991**

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June 10, 1991

To Members of the Fifty-eighth Colorado General Assembly:

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

This edition includes actions of the first regular session (January 9 to May 8, 1991) and of the first extraordinary session (June 4 to June 9, 1991) of the Fifty-eighth General Assembly.

The Handbook will continue to 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 Eloffson, Assistant Director; and Scott Nachtrieb, Senior Fiscal Analyst. Phyllis Nuss, Administrative Officer, provided the word processing format.

Respectfully submitted,

Charles S. Brown
Director

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INTRODUCTION

The following pages present an outline of state and local taxes imposed in Colorado. The Colorado Lottery has also been included as it is a significant source of income for several governmental purposes. Not included in this report are specific license and registration fees, permits, and revenues from fines and court costs.

Constitutional and Statutory Fiscal Requirements

Below are outlined the requirements placed on the state and on local governments under which these governments operate within a balanced budget, a certain level of financial reserves, and limitations on percentage increases on state appropriations and local revenues.

Requirement	Citation
State shall have a balanced budget	Article X, Section 16, Colorado Constitution
Required reserve for state government (3 percent of general fund expenditure for FY 1990-91 and FY 1991-92)	24-75-201.1 (1) (d), C.R.S.
Through FY 1990-91: Restriction on state appropriations (7 percent increase of general expenditures over the previous year)	24-75-201.1 (1) (a), C.R.S.
Beginning FY 1991-92: (The lesser amount of 5 percent of Colorado personal income or 6 percent over the previous year's total state appropriation)	House Bill 91-1262
Restriction on local government revenues (increased revenue from property taxes may not be in excess of 5 1/2 percent, with certain exceptions such as increased revenue from new construction and annexations)	29-1-301 (1), C.R.S.

Total Tax Collections

Table I on the following page shows that Colorado state government collected nearly \$3.2 billion in taxes for FY 1990 from seventeen tax sources. Of total collections, about two-thirds — 67.8 percent — were collected from two sources: personal income tax and sales tax. In addition to tax revenues, the state collected approximately \$20.0 million in court receipts, \$26.4 million from other sources, and \$16.0 million from interest income during fiscal year 1990 which are not included in Table I.

Several tax revenues are earmarked for special purposes. Earmarked taxes include unemployment insurance, motor fuel, tourism promotion, and severance taxes as well as the Colorado Lottery. Revenues from some other taxes are earmarked, e.g., the first part of collections from liquor and sales taxes goes to the Old Age Pension Fund.

TABLE I
TOTAL STATE TAX COLLECTIONS FOR FY 1990 ^{1/}
Collections Without Regard to Fund Disposition
(\$ in Millions)

Tax	Fiscal 1990	Percent of Total
Individual Income (net)	\$1,380.7	44.5%
Sales	768.1	24.8%
Motor Fuel	327.0	10.5%
Unemployment Insurance ^{2/}	179.7	5.8%
Corporate Income (net)	104.2	3.4%
Insurance Premiums	82.5	2.7%
Use	62.5	2.0%
Cigarette	56.3	1.8%
Lottery	40.9	1.3%
Gross Ton-Mile	21.4	0.7%
Estate (Including Inheritance and Gift)	21.7	0.7%
Liquor	21.4	0.7%
Severance	14.4	0.5%
Tourism Promotion	8.7	0.3%
Pari-Mutuel Racing	8.3	0.2%
Tobacco Products	3.2	0.1%
Controlled Substances	-	-
TOTAL	\$3,101.2	100.0%

SOURCE: Division of Accounts and Control (and Department of Revenue for Lottery, Gross Ton-Mile, Severance, and Tourism).

^{1/} Gross (total) collections unless otherwise noted.

^{2/} Unemployment insurance taxes are for calendar year 1990.

I. GENERAL FUND

All monies 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 include personal income, sales and use, corporate income, and several excise taxes. Other taxes credited to the fund are: cigarette; tobacco; insurance premiums; liquor; pari-mutuel racing; and the estate taxes. State inheritance and gift taxes are no longer levied but some collections continue from previous years' liabilities.

The constitutional provision, and the implementing legislation enacted in 1991, concerning limited gaming in three Colorado cities provides for distribution of funds remaining in the limited gaming fund at the end of each fiscal year. Beginning June 30, 1992, the general fund will receive 49.8 percent and the state tourism promotion fund 0.2 percent of such monies (Article XVIII, Section 9, Colorado Constitution; Senate Bill 91-149).

CHART I

Fiscal Year 1990 General Fund Tax Receipts

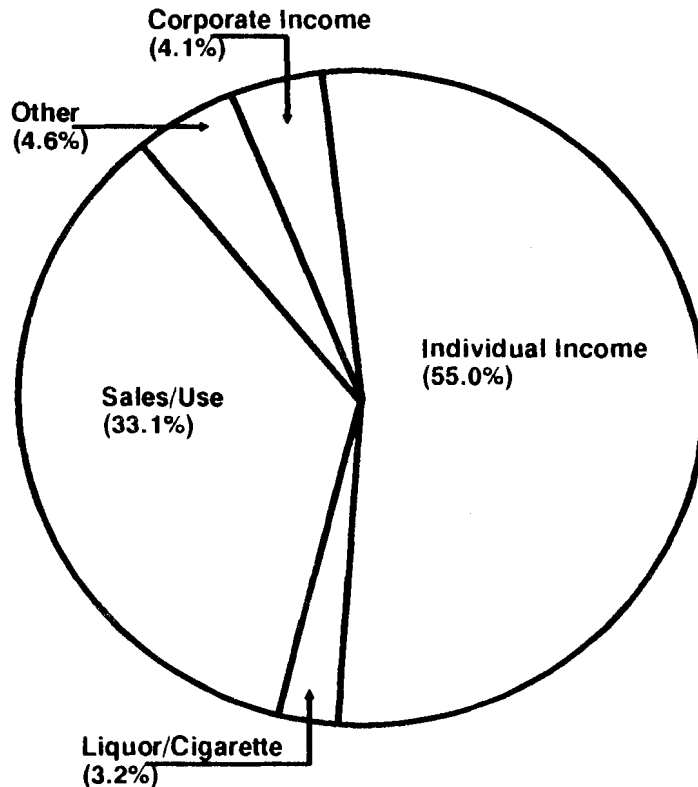


Table II compares 1981 and 1990 general fund tax receipts by source and depicts the amount and percentage each tax contributed to the general fund. The personal income tax and sales and use taxes accounted for approximately 88 percent of general fund tax receipts in 1990. There has been a dramatic increase in the importance of individual income taxes as a major source of support for the general fund — an increase from 39.1 percent of general fund revenue in FY 1981 to 55.0 percent in FY 1990.

Among the tax sources that have a smaller percentage contribution to general fund receipts in FY 1990 than in FY 1981 are cigarette, corporate income, liquor, sales and use, insurance premiums, liquor, and pari-mutuel racing, the latter two showing lesser amounts collected in 1990 than in 1981. Of the taxes contributing smaller percentage collections, the most significant decrease occurred with the sales tax collections, with 39.6 percent of general fund receipts in 1981 but 30.6 percent of collections in 1990.

TABLE II
TAX RECEIPTS FOR STATE GENERAL FUND
Comparison of FY 1981 and FY 1990
(\$ in Millions)

Tax	Fiscal 1981	Percent of 1981 Total	Fiscal 1990	Percent of 1990 Total
Cigarette	\$ 37.0	3.0%	\$ 56.3	2.2%
Tobacco	—	—	3.2	0.1%
Estate				
I. Estate	4.9	0.4%	21.7	0.9%
II. Inheritance	2.0	0.2%	0.0	0.0%*
III. Gift	0.4	0.0%	0.0	0.0%*
Other Excise	3.1	0.3%	2.0	0.1%
Income				
I. Corporate	84.8	6.9%	104.2	4.1%
II. Individual	479.4	39.1%	1,380.7	55.0%
Insurance Premiums	41.6	3.4%	82.5	3.3%
Liquor	24.7	2.0%	21.4	0.9%
Pari-Mutuel Racing	8.8	0.7%	8.3	0.3%
Sales and Use				
I. Sales	485.8	39.6%	768.1	30.6%
II. Use	54.4	4.4%	62.5	2.5%
TOTAL	\$1,226.9	100.0%	\$2,510.9	100.0%

* Less than \$100,000 revenue collections.

SOURCE: Division of Accounts and Control.

Tax Collections History

Table III on the following page provides an historical perspective of collection figures for each tax source from FY 1981 to FY 1990. The sales tax was the largest source of state revenue in FY 1981. Sales tax collections have increased each year since 1987, although the 1990 collection total includes the one-time receipt of \$28.1 million as the result of a court settlement involving telephone access charges for long-distance service. (Local governments also received approximately \$13 million in this decision.)

Corporate income tax collections were erratic in the 1980s, with a low of \$66.5 million in FY 1983 and a high of \$167.0 million in FY 1989. Individual income tax receipts have increased every year for the last ten years; the last decrease, due to tax credits, occurred between FY 1979 and FY 1980. Income tax rates were revised following the federal tax reform of 1986. Individual income taxes have contributed the largest percentage of any tax to the state general fund since FY 1982.

Significant increases in motor fuel revenues in FY 1987 and FY 1990 are the result of tax rate increases for gasoline and diesel fuel. Alcoholic beverage taxes continue a gradual decline from 1982. The increases in Lottery collections for FY 1990 were boosted as a result of the introduction of Lotto games. Unemployment insurance tax collections in 1990 fell below \$200 million for the first time since FY 1983.

TABLE III
ACTUAL STATE REVENUES BY TAX SOURCE
FY 1981 THROUGH FY 1990
(\$ in Millions)

Tax Source	1981	1982	1983	1984	1985	1986	1987	1988	1989	1990
Sales	\$485.8	\$541.6	\$566.4	\$731.9	\$673.8	\$662.9	\$648.3	\$669.0	\$694.8	\$768.1
Use	54.4	74.1	66.1	66.8	73.0	76.1	68.6	55.6	54.7	62.5
Cigarette	37.0	37.2	36.7	47.4	52.3	50.9	66.1	61.9	59.0	56.3
Tobacco	—	—	—	—	—	—	2.7	3.1	3.0	3.2
Other Excise	3.1	2.0	2.0	2.1	1.9	1.9	1.9	2.0	2.0	2.0
Income (net)										
Individual	479.4	621.0	703.3	796.4	921.7	973.2	1,081.9	1,195.0	1,311.0	1,380.7
Corporate	84.8	88.8	66.5	94.1	78.8	124.4	136.7	112.9	167.0	104.2
Insurance	41.6	47.9	51.6	56.6	64.7	75.0	84.1	80.7	81.1	82.5
Pari-Mutuel	8.8	9.5	8.4	8.6	7.7	8.5	9.0	8.4	8.4	8.3
Inheritance /Estate	6.6	12.3	8.9	10.7	14.0	13.7	18.4	13.4	15.5	21.7
Gross Ton Mile	24.6	24.3	23.7	28.6	30.2	30.1	31.7	31.0	31.8	21.3
Liquor	24.7	25.8	25.1	25.3	25.0	24.4	23.6	22.6	21.5	21.4
Lottery	—	—	41.7	41.4	32.0	29.2	35.0	33.0	18.5	40.9
Motor Fuel	111.5	141.6	146.0	192.0	189.9	197.5	295.5	306.2	306.9	327.0
Severance	31.6	48.7	26.3	28.8	23.8	21.7	11.6	15.3	21.6	14.4
Tourism	—	—	0.0	2.9	3.3	3.6	3.9	6.8	8.2	8.7
Unemployment Insurance	61.5	86.9	122.6	247.3	264.4	251.7	227.3	208.6	214.9	190.4

SOURCES: Division of Accounts and Control (sales through inheritance/estate and liquor), Department of Revenue (gross ton mile, lottery, motor fuel, severance, and tourism), and Department of Labor and Employment (unemployment insurance).

Fund Transfers

In the early and mid-1980's, the state experienced a series of revenue shortfalls. One mechanism used in dealing with these financial problems was for the General Assembly to adopt budget transfers to meet the constitutional provision requiring a balanced budget. The following is a summary of those transfers. Footnotes are on the following page.

TABLE IV

**FUND TRANSFERS
USED AS STATE BUDGET BALANCING MEASURES
AND FOR GENERAL FUND PURPOSES**

**1982 TO 1990
(\$ in Millions)**

Fiscal Year	Transfer from Fund	Amount Transferred	Amount Repaid	Date Repaid	Fund or Agency Receiving Money
1982	Special Reserve	\$30.0 ^{1/}	\$30.0 ^{1/}	7-01-82	Public School
1983	Special Reserve	\$51.0 ^{1/}	\$51.0 ^{1/}	7-01-83	Public School
	Severance Tax	49.9	^{2/}	6-30-86	Fiscal Emergency
	CWCBCF*	24.6	31.1	6-30-85	Fiscal Emergency
	HUTF**	15.9	17.9	6-30-85	Fiscal Emergency
	Lottery	12.5	13.3	6-30-85	Fiscal Emergency
1984	Dept. of State Cash Fund	1.5			General Fund
	Severance Tax	14.5	^{2/}	6-30-86	General Fund
	Fire and Police Pension	6.0			General Fund trans- fer was not made
1985	Severance Tax	11.1	^{2/}	9-01-86	Capital Construction
	Severance Tax	3.0 ^{3/}			CATI***
	Dept. of State Cash Fund	1.0			General Fund
1986	Severance Tax		^{2/}		Capital Construction
	CWCBCF*	20.0	^{4/}	6-30-87	Capital Construction
1987	Fire and Police Pension	20.0			No General Fund transfer in FY 1987 (Transfer in subsequent years changed from April 30 to September 30)
	Severance Tax	19.7			General Fund

1988	Fire and Police Pension	14.5 ^{5/}			Payment to FPPF on 9/30/88 was \$5.5 M
	Severance Tax	7.1 ^{6/}			General Fund
1989	Severance Tax	10.7 ^{6/}			General Fund
1990	Reserve	26.0 ^{7/}			Capital Construction to relieve prison overcrowding
	Severance Tax	7.5			General Fund

- * Colorado Water Conservation Board Construction Fund
- ** Highway Users Tax Fund
- *** Colorado Advanced Technology Institute

- 1/ These funds represent a delay in payment to school districts of monies from the public school fund. Payments to the public school fund (and school districts) from the special reserve fund (section 24-75-201.1, C.R.S.) were delayed at the end of FY 1982 to the beginning of FY 1983 and from the end of FY 1983 to the beginning of FY 1984.
- 2/ The amount of money borrowed from the severance tax fund from 1983 to 1986 equaled about \$75.5 million. House Bill 1010, 1986 Second Extraordinary Session, delayed \$30 million of the transfer until September 1, 1986. In House Bill 1375, 1985 Session, the General Assembly transferred the amount which constituted the repayment of the severance tax fund (\$74.8 million) to the capital construction fund with no provision for repayment.
- 3/ These funds were appropriated to the Colorado Advanced Technology Institute and remained available until the superconducting supercollider accelerator project was awarded. Since Colorado was not awarded the project, the funds were transferred back to the general fund in FY 1990 (Senate Bill 143, 1989 Session).
- 4/ Senate Bill 196, 1987 Session, provided that all but \$5.0 million be repaid by the end of FY 1987 and the remaining \$5.0 million be repaid in FY 1988.
- 5/ Senate Bill 243, 1987 Session, reduced the general fund transfer to the fire and police pension fund to \$5.5 million for FY 1988.
- 6/ Senate Bill 238, 1987 Session, required a diversion of the state share of gross receipts from the severance tax trust fund to the general fund for FY 1988. House Bill 1351, 1988 Session, continued this transfer through FY 1989.
- 7/ House Bill 90-1323 reduced the general fund reserve requirement from 4% to 3% and allowed monies which would have carried forward to FY 1991 for capital construction to be appropriated to reduce prison overcrowding in FY 1990. Senate Bill 141, 1989 Session, and Senate Bill 90-164 extended the diversion of state severance tax funds to the general fund for FY 1990 and FY 1991, respectively. Senate Bill 91-207 continued the diversion through FY 1992.

II. OTHER MAJOR STATE FUNDS

In addition to the general fund, a number of special funds have been created by either the constitution or statute for specific purposes. This section provides a summary of the other major state funds referred to 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, Colorado Constitution). The provisions of this article were amended by the electorate 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 provides minimum assistance for needy persons who are 60 years of age and older, who reside in Colorado, and whose income is not sufficient to maintain necessary health services and to allow these persons to retain their independence, self-care, and self-support. Small amounts of the fund are used for burial expenses of clients and for persons hospitalized at non-penal institutions such as the Colorado State Hospital. The majority of the persons receiving OAP benefits are also eligible for some of the low-income benefit payments of the federal government, e.g., SSI and food stamps, so the OAP program acts as a supplement to other programs.

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

- 85 percent of all sales, use, and excise taxes;
- 85 percent of all retail license fees;
- 85 percent of liquor taxes and license fees connected therewith;
- unexpended monies 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;
- such monies as the General Assembly may allocate.

The monies from the sources listed above greatly exceed the amounts

expended by the OAPF. Approximately 95 percent of the revenues from these sources flow to the general fund with the remaining 5 percent credited to the OAPF.

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 monies are credited to the general fund. Listed below is the disposition of those monies expended by the OAPF.

**OAPF REVENUE DISPOSITION
FY 1990**

Fund	Amount
<u>Constitutional Requirements</u>	
OAPF Grants	\$29,604,249
Stabilization Fund	5,000,000
Medical Care Fund	10,000,000
SOURCE: Department of Social Services.	

Beginning with the FY 1989-90 long appropriations bill, the appropriations for OAPF home care allowance and adult foster care have been combined with similar non-OAP programs and moved to the Medical Assistance Division of the State Department of Social Services. These programs are now funded directly out of the state general fund, not from the OAPF.

Highway Users Tax Fund

Constitutional and statutory citations. The highway users tax fund (HUTF) was created pursuant to Article X, Section 18 of the Colorado Constitution. Statutory sections relevant to the HUTF are 43-2-116, 43-2-129, and 43-4-201 through 43-4-216, C.R.S.

Administration. The HUTF is administered by the Department of Transportation. However, most revenues for the fund are collected by the Department of Revenue.

Purpose. The HUTF is to provide a collection and distribution fund adequate for the state's highway construction and maintenance needs. The state's share of the HUTF is deposited into the state highway fund.

Revenue sources and disbursements.

HUTF REVENUE SOURCES AND RECEIPTS	
FY 1989-90 (\$ in Millions)	
Basic Fund:	
7 cent motor fuel tax	\$112.3
Gross ton-mile and passenger-mile tax	21.3
Motor vehicle registrations	48.1
Motor vehicle penalty assessment	3.6
Miscellaneous	19.4
Interest	1.4
Basic Fund Total	\$206.1
General fund transfer	\$ 10.0
Additional fuel taxes (includes bridge and road fund)	209.8
Increased fuel taxes, registration and license fees (House Bill 1012, 1989)	25.5
Subtotal	\$245.3
TOTAL	\$451.3
HUTF DISBURSEMENTS	
FY 1989-90	
Deductions ("off the top")	\$ 66.6
State share	223.0
County share	101.2
City share	60.5
TOTAL	\$451.3
SOURCE: Department of Highways.	

Sales and use tax diversion ("Noble Money"). House Bill 1350, 1987 session, phased out the general fund diversion to the HUTF and, instead, allocated state income tax revenues attributable to federal and state tax reform, not to exceed \$40 million, to the HUTF for FY 1988. The transfer was to be made after meeting general fund appropriations, the reserve requirement, and fund paybacks. In FY 1989, the general fund transfer was reduced to \$30 million and in FYs 1990 and 1991 the transfer is \$10 million each year. The transfer is repealed beginning July 1, 1991. The fund distribution for these years is as follows:

FY 1989	\$20 million to state highway fund \$ 6 million to counties \$ 4 million to municipalities
FY 1990 and FY 1991	\$ 6 million to counties \$ 4 million to municipalities

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 use of construction fund monies and from 10 percent of federal mineral lease revenues.

House Bill 1158, 1987 session, transferred \$15 million for FYs 1990 and 1991 and \$20 million for FY 1992 from the general fund to the WCBCF. The money is to be distributed 50 percent to the fish and wildlife resources account, 25 percent to the fund, and 25 percent to the Colorado Water Resources and Power Development Authority. For FY 1989, \$5 million was appropriated to the Water Rights Final Settlement Fund which provides tribal development funds for the Southern Ute Indian and Ute Mountain Indian tribes. Senate Bill 90-41 authorized \$1.2 million in loans for new water projects.

Capital Construction Fund

The capital construction fund (CCF) was created by section 24-75-302, C.R.S., to finance the state's capital construction needs. The monies for the fund are appropriated by the General Assembly from the general fund and the CCF automatically receives 50 percent of the net lottery proceeds. House Bill 1340, 1986 session, continued the suspension of the 1/2 percent credit on personal income tax through December 31, 1990. This bill designated that specific amounts raised by the suspension of the credit be transferred to the CCF, beginning July 1, 1988. The bill designated \$15 million for FYs 1989 and 1990 and \$25 million for FY 1991 for these transfers.

For FY 1990 and each year thereafter, 50 percent of general fund revenues in excess of general fund appropriations and the required reserve are to be transferred to the CCF (section 24-75-201.1 (1) (c) (V), C.R.S.). Recommendations for capital construction expenditures are prepared by the Capital Development Committee and submitted to the Joint Budget Committee, the General Assembly, and to the Governor. (For changes in lottery fund distribution, see page 46.)

TOTAL CAPITAL CONSTRUCTION APPROPRIATIONS

FY 1981 TO FY 1990
(\$ in Millions)

Fiscal Year	Total Capital Construction	Percent of General Fund
1981	\$ 20.0	1.5%
1982	8.0	0.5%
1983 ^{1/}	22.6	1.3%
1984	36.3	2.0%
1985	101.3 ^{2/}	5.4%
1986	40.6	2.0%
1987	50.2	2.4%
1988	39.5	1.7%
1989	107.4 ^{3/}	4.4%
1990	117.5 ^{3/}	4.4%
Ten-Year Total	\$543.4	
Ten-Year Average	\$ 54.3	2.56%
^{1/} Appropriations from FY 1984 to present include state lottery. ^{2/} Includes the transfer of \$74.8 million from the severance tax. ^{3/} Includes the following amounts for prison construction: 1989 - \$24.8M (Senate Bill 6, 1989 Special Session) 1990 - \$71.6M (House Bill 90-1327)		

Severance Tax Funds

The Department of Local Affairs reported that in 1990 nearly \$19.3 million of the local severance tax fund and mineral lease fund monies were awarded for various public projects. Severance tax revenues began to increase in FY 1989 for the first time since FY 1983 when this revenue source entered into a decline.

Fifty percent of the severance taxes are credited to the state severance tax fund and 50 percent are credited to the local government severance tax fund. Income from investment of the state fund is credited to the state general fund.

State Severance Tax Trust Fund. Senate Bill 90-164 continued the allocation to the general fund for FY 1991 of gross receipts from severance taxes imposed on minerals and mineral fuels. These monies would have otherwise been credited to the state severance tax trust fund. Similar allocations were made in FYs 1988, 1989, and 1990. The state severance tax trust fund 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 (section 39-29-109, C.R.S.).

Local Severance Tax Trust Fund. The local government severance tax trust fund was created by section 39-29-110, C.R.S. Fifty percent of the severance taxes are credited to the local government severance tax fund. Of the local share, 15 percent is distributed to counties or municipalities based on the portion of employees of natural resource industries residing in their incorporated and unincorporated areas. The Department of Local Affairs distributes the remaining 85 percent of the local fund to local governments impacted by development of natural resources.

Mineral Lease Fund. The mineral lease fund is established in Article 63 of Title 34, C.R.S. The fund is the depository of monies received by the state from the federal government for Colorado's share of sales, bonuses, royalties, and rentals of public lands within the state. Public schools and political subdivisions impacted by energy development have priority use of the fund. The amount distributed for calendar year 1990 totaled \$45,665,666. The distribution formula provides moneys to the following governmental units, state funds, and state agency:

- Counties from which the funds were derived;
- The state school fund;
- The local government mineral impact fund;
- The Colorado water conservation board construction fund (CWBCBF);
- School districts within affected counties;
- Municipalities within affected counties;
- The Department of Local Affairs for grants and for distribution to cities and counties.

The distributions from the fund for the years of 1986 through 1990 are shown in the table that follows.

**Mineral Lease Fund Distribution
CY 1986 through 1990
(\$ in Millions)**

Entity	CY 1986	CY 1987	CY 1988	CY 1989	CY 1990
Counties	\$ 3.9	\$ 3.3	\$ 3.1	\$ 3.5	\$ 3.6
School Districts	1.7	1.4	1.2	1.4	1.5
Towns	1.1	0.7	0.5	0.7	1.0
CWBCBF	4.1	3.4	3.0	3.5	4.6
State School Fund	22.4	19.4	17.8	19.6	24.8
Department of Local Affairs Grants	7.7	5.7	4.7	5.8	9.3
Department of Local Affairs Direct Distribution	0.5	0.2	0.0	0.2	0.8
TOTAL	\$41.4	\$34.1	\$30.3	\$34.7	\$45.7

Conservation Trust Fund

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

Public School Fund

The state public school fund is created in section 3 of Article IX of the Colorado Constitution. The statutory provisions relating to the investment and use of the fund are contained in Article 41 of 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 revert (escheat) to the state, 25 percent of mineral lease monies, and grants, gifts, or other devises 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 (FY 1989, \$7.2 million) may 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 create 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 made by local governments, employers, employees, and the state. From 1979 through 1990, the state made annual contributions of roughly \$21 million to assist local governments. State contributions are to terminate when the fund is determined to be actuarially sound.

The FY 1990 contributions were distributed as follows:

- approximately \$16.2 million to fund the unfunded liabilities of the "old" funds;
- approximately \$2.4 million, which decreases 10 percent per year until local governments assume full funding in 1994, to the death and disability account; and
- approximately \$2.3 million to match the local levy of up to 1/2 mill for volunteer firemen's pensions.

Water Pollution Control Revolving Fund

The water pollution control revolving fund is established under section 37-95-107.6, C.R.S. The fund is administered by the Colorado Water Resources and Power Development Authority and is designed to provide assistance loans to governmental agencies for the construction of publicly owned wastewater treatment plants. The fund receives Environmental Protection Agency grant dollars and must match those funds with 20 percent state dollars. The authority is able to obtain matching EPA dollars by creating separate accounts in the fund. The accounts may be pledged and assigned as security for issuing revenue bonds.

Grants received from the EPA in the last three years and projects for 1990 and 1991 for which monies have been expended or to which the funds have been committed are listed below.

Year	Amount of Grant	Projects Funded or Committed
1989	\$ 8,585,700	
1990	\$16,416,200	Cities of Englewood and Littleton (\$25.5 M) Metro Wastewater; Adams, Arapahoe, Denver, and Jefferson Counties (\$21.3 M) Durango West; La Plata County (\$500,000) Nucla Sanitation District; Montrose County (\$180,000) Upper Eagle Sanitation District; Eagle County (\$10.0 M)
1991	\$25,500,000	

Aviation Fund

Constitutional and statutory citations. The aviation fund was created in 1988 and was amended in the first special session of 1991 (House Bill 91S-1009). The Colorado Constitution, Article X, Section 18, states that any taxes imposed upon aviation fuel are to be used exclusively for aviation purposes and the statutes provide for the distribution of funds collected from aviation fuel. References to the statutory provisions are 39-27-102 (1) (a) (IV), C.R.S. (tax imposed) and 43-10-109, C.R.S. (aviation fund created).

Purpose. The fund is to assist the development of aviation in this state and may be used for aviation purposes as defined in section 28-6-102 (3), C.R.S.

Revenue sources. The following monies flow to the aviation fund:

Non-turbo prop and non-jet fuel	Motor fuel tax, 6 cents per gallon (No sales tax)
Turbo-prop and jet fuel, not including regularly scheduled carriers	Motor fuel tax, 4 cents per gallon (Sales tax is applied)
Interstate, intrastate, and foreign air transportation	State sales tax of 3 percent, plus any local sales tax (No motor fuel tax)

Distribution.

A. Administration	Five percent of total collections may be used for administrative purposes.
Of the remainder:	
B. Motor fuel taxes	Four cents are returned to the airport of origin. Two cents of the 6 cent motor fuel tax on non-turbo and non-jet fuel tax is credited to the aviation fund.
C. Sales and use taxes	75 percent is distributed to the airport of origin. 25 percent is distributed through the aviation fund grant program for local airport improvements.

If Denver enters into an intergovernmental agreement with the state of Colorado or with the Colorado Housing and Finance Authority to provide financial incentives for locating a United Airlines maintenance facility at the new Denver International Airport, the Denver share (75 percent of Denver's sales tax collections from fuel purchased) will be transferred annually to the Colorado Business Incentive Fund for payment of long-term obligations entered into in order to secure the facility.

Business Incentive Fund

The Colorado business incentive fund was created in 1991 consisting of moneys transferred from the aviation fund to be expended for economic development purposes (House Bill 91S-1005, first special session, 1991). The legislation provides that three-fourths of the sales tax collections from aviation fuel sales at Stapleton International Airport and the new Denver International Airport would be transferred to the fund. These moneys would be used by Denver, working under an intergovernmental agreement with either the state or the Colorado Housing and Finance Authority, for payment of bonds issued to provide moneys for economic development purposes. The total incentives financed for any person or entity under intergovernmental agreements are not to exceed \$115 million. Denver will use these funds if agreement can be reached with United Airlines for the location of a maintenance facility and other operations centers at the new airport.

III. STATE TAXES

The following information is presented in this section for each state levied tax:

- * *Date of Enactment*
- * *Constitutional and Statutory Citations*
- * *Tax Base*
- * *Present Rate*
- * *Administration and Collection*
- * *Disposition of Revenue*
- * *Collections after Refunds*
- * *Similar Taxes in Neighboring States and in Other States*
- * *Similar Federal Taxes Levied*

The descriptions for each tax are summarized to provide a basic understanding of each tax. Technical details may have been omitted.

This information was obtained from the Colorado Revised Statutes and the Session Laws of Colorado, 1877 through 1990. The revenue collection figures are from the annual reports of the Department of Revenue and the Division of Accounts and Control, Department of Administration, unless otherwise noted. Information on taxes in other states and federal taxes was obtained from the Commerce Clearing House State Tax Guide and Federal Tax Guide and by use of comparative data published by the Colorado Public Expenditure Council.

CIGARETTE TAX

Enacted: 1964.

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: 20 cents per package of twenty cigarettes or ten mills (1 cent) per cigarette. Cigarettes are not subject to 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 inspected, read, and set once a month. At the time of inspection the metering machine is set to a number requested by the wholesaler. The amount of tax is determined based on the setting, less a discount of 4 percent of the face value of the stamps. Payment is due on or before the tenth day of the month following the month of purchase. Wholesalers purchasing stamps must pay the tax on or before the tenth day of the month following the month of purchase to receive the 4 percent discount.

History of Tax Rate: Cigarettes were subject to the state sales and use tax 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
July 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
November 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. To qualify for these monies, 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. Since July 1, 1987, local governments have been apportioned an amount equal to 27 percent of the proceeds from the entire 20 cent tax. The funds are distributed 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
1985	\$35.2	\$17.0
1986	34.3	16.7
1987	48.4	15.9
1988	43.8	17.0
1989	40.8	16.6
1990	40.4	16.1

Collections:

**Cigarette Tax Receipts
(\$ in Millions)**

Fiscal Year	Collections	Percent Change	Fiscal Year	Collections	Percent Change
1981	\$37.0		1986	\$50.9	-2.7%
1982	37.2	0.5%	1987	64.3	26.3%
1983	36.7	-1.3%	1988	60.7	-5.6%
1984	47.4	29.2%	1989	57.5	-5.3%
1985	52.3	10.3%	1990	56.5	-1.7%

SOURCE: Division of Accounts and Control for both tables. Totals show net receipts after rebates. Totals may not agree due to rounding.

Other States: Cigarette taxes are imposed in all 50 states. The tax ranges from 2 cents per pack in North Carolina to 41 cents per pack in Texas. Hawaii's tax rate is 40 percent of the wholesale price. The national average, excluding Hawaii, is approximately 22.8 cents per pack. Tax rates for neighboring states are as follows.

State	Rate per Pack of 20 Cigarettes
Arizona	18 cents
Kansas	24 cents
Nebraska	27 cents
New Mexico	15 cents
Oklahoma	23 cents
Utah	23 cents
Wyoming	12 cents

Federal Tax:

Effective January 1, 1991:	
Small cigarettes (weighing no more than 3 pounds per thousand)	\$10.00 per thousand ^{1/} (20 cents per pack)
Large cigarettes (weighing more than 3 pounds per thousand)	\$21.00 per thousand (42 cents per pack)

^{1/} The federal tax rate will increase to 24 cents a pack on January 1, 1993.

CONTROLLED SUBSTANCES TAX

Enacted: 1988.

Statutory Citation: Title 39, Article 28.7, C.R.S.

Tax Base: This tax is imposed on the possession of marijuana and other controlled substances.

Present Rate:

Marijuana	\$100 per ounce (and a proportionate rate for a greater or lesser amount)
Controlled Substances	\$1,000 per ounce (and a proportionate rate for greater or lesser amounts)

A penalty of ten times the tax is imposed for failure to pay the tax.

Administration and Collection: House Bill 1167, 1988 session, provides that any individual possessing controlled substances or marijuana without stamps sold by the Department of Revenue affixed to the package are subject to the tax. No other provisions are made for tax collection.

Exemptions: Persons lawfully in possession of these substances pursuant to provisions set out in statute.

Disposition of Revenue: Credited to the general fund.

Collections: For FY 1990, revenues collected from imposing this tax were \$14,299. Penalties for not paying the tax have been assessed for \$850. Revenue collected from the tax and penalties was \$15,149 through June 30, 1990.

Other States: The rates in adjacent states are as follows:

Arizona	Cannibus	\$ 10 per ounce
	Controlled substance	\$125 per ounce
Kansas	Marijuana	\$3.50/gram, or portion of a gram, of marijuana 40 cents/gram of wet domestic plant 90 cents/gram of dry domestic plant
	Controlled substance	\$200/gram, or portion of a gram

Nebraska	Marijuana	\$100/ounce, or portion of an ounce
	Controlled substance	\$150/gram, or portion of a gram, of substance sold by weight \$500/50 dosage units, or portion thereof, not sold by weight
New Mexico	Schedule includes tax rates of varying amounts for unlawful possession, sales or use of 8 different controlled substances or illegal drugs.	
Oklahoma	Marijuana	\$3.50/gram, or portion thereof
	Controlled substance	\$200/gram, or portion thereof \$1,000/50 units of substance not sold by weight
Utah	Marijuana	\$3.50/gram
	Controlled substance	\$200/gram \$2,000/50 units of substance not sold by weight

Other states with this tax are Alabama, Georgia, Illinois, Iowa, Louisiana, Maine, Minnesota, Nevada, North Carolina, North Dakota, Rhode Island, Texas, and Wisconsin.

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.

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	0.0%
Over \$40,000 to \$90,000	\$ 0	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
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

If The Adjusted Taxable Estate is	The Maximum Tax Credit Shall Be	Plus % Applied To Excess Over
Over \$3,040,000 to \$3,540,000	\$190,800	9.6% over \$3,040,000
Over \$3,540,000 to \$4,040,000	\$238,000	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, the amount of Colorado tax due may be reduced by the lesser of the following two amounts:

- (1) The amount of tax paid in the other state that is a credit against the federal tax; or
- (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 and Collection: Department of Revenue due 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 present estate tax law taxes all beneficiaries at the same rate and does not consider a beneficiary's 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.

Collections:

**Inheritance and Estate Tax Receipts
(\$ in millions)**

Year	Inheritance/Gift	Estate Tax	Total	Percent Change
1981	\$ 2.400	\$5.0	\$7.4	
1982	1.700	11.0	12.7	71.6%
1983	0.300	8.5	8.8	-30.7%
1984	0.060	10.3	10.4	18.2%
1985	0.050	13.8	13.8	32.7%
1986	0.150	12.9	13.0	-5.8%
1987	0.130	18.1	18.2	40.0%
1988	-0.170	13.3	13.5	-25.8%
1989	0.190	16.0	16.2	20.0%
1990	0.050	21.3	21.4	32.1%

SOURCE: Department of Revenue. Totals on this table differ from the totals in Table II on page 4 which are from the Division of Accounts and Control. The Department of Revenue provided the breakdown between estate and gift tax receipts.

The state continues to collect inheritance tax even though the provisions were repealed in 1980. This is due to provisions allowing for extended payments of tax liability. An additional 10 percent fee is imposed on any inheritance tax due is imposed under provisions of the Colorado Public Assistance Act for the benefit of the Old Age Pension Fund (section 26-2-113 (2) (a) (II), C.R.S.).

Other States: Estate or inheritance taxes are imposed by all 50 states. Nineteen states have both an inheritance and estate tax in effect. Thirty states impose an estate tax only (tax on the net estate of decedent). Colorado's neighboring states all impose estate taxes based on the federal credit. Kansas and Nebraska impose an inheritance tax in addition to their estate tax.

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

II. Gift Tax

Enacted: 1937.

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

Tax Base: Although a small amount of state revenue is still received from this 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 create 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.

Lowest and Highest Tax Ranges for Gift Taxes

	<u>Class A</u> Parent, spouse, child	<u>Class B</u> In-law, grandparent, brother, sister	<u>Class C</u> Uncle, aunt, niece, nephew	<u>Class D</u> Other persons and corporations
Low	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
High	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 (Collections Rounded to Nearest \$1,000)

Fiscal Year	Revenue	Fiscal Year	Revenue
1981	\$432,000	1986	\$3,000
1982	198,000	1987	20,000
1983	43,000	1988	4,000
1984	2,000	1989	53,000
1985	2,000	1990	40,000

SOURCE: Department of Revenue.

GROSS TON-MILE TAX

Enacted: 1927. Repealed: 1990

Statutory Citation: Section 42-3-123 (14) through (17), C.R.S. (GTM tax was repealed and replaced with higher registration fees on January 1, 1990.)

Tax Base: The gross ton-mile (GTM) tax 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. Senate Bill 159, 1989 Session, replaced the GTM tax with higher motor vehicle registration fees.

Rate at time of repeal: 0.8 mill (.08 of one cent) upon each gross ton-mile of empty vehicle weight; and 2 mills (.2 of one cent) upon each gross ton-mile of cargo weight.

Collections:

Gross Ton-Mile Tax Receipts (\$ in Millions)

Fiscal Year	Collections	Percent Change	Fiscal Year	Collections	Percent Change
1981	\$24.6		1986	\$ 30.1	-0.3%
1982	24.3	-1.2%	1987	31.7	5.3%
1983	23.7	-2.5%	1988	31.0	-2.2%
1984	28.6	20.7%	1989	31.8	2.6%
1985	30.2	5.6%	1990	21.3	-32.7%

SOURCE: Department of Revenue. Totals include the collections from the passenger-mile tax which averages approximately \$300,000 per year.

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, C.R.S.

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

Present Rate and Rates to 1993:

Tax Years Beginning On or After July 1, 1990, But Before July 1, 1991

Taxable Income	Rate
\$50,000 or Less	5.0%
Over \$50,000	\$2,500 plus 5.3% on net income above \$50,000

Tax Years Beginning On or After July 1, 1991

Same as above, except for the following rate changes on net income above \$50,000	
July 1, 1991	5.2%
July 1, 1992	5.1%
July 1, 1993 and after	5.0%

History of Tax Rates:

Tax Years Beginning On or After January 1 of Year Shown

1937	1947	1951-56	1957	1958-80
4%	5%	5% with 20% credit	5% with 15% credit (one year only)	5%

Tax Years Beginning On or 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 On or 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

On or After January 1, 1983, Through June 30, 1986

Rate	Flat 5% on taxable income
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On or After July 1, 1986, But Before July 1, 1987

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

On or After July 1, 1987, But Before July 1, 1988

\$50,000 or Less	5.5%
Over \$50,000	\$2,750 plus 6.0% on net income above \$50,000

On or After July 1, 1988, But Before July 1, 1989

\$50,000 or Less	5.0%
Over \$50,000	\$2,500 plus 5.5% on net income above \$50,000

On or After July 1, 1989, But Before July 1, 1990

\$50,000 or Less	5.0%
Over \$50,000	\$2,500 plus 5.4% on net income above \$50,000

Determination of Corporate Income: Prior to 1986, Colorado employed the worldwide unitary method of computing corporate income. Under this method, corporate income from all sources was considered in the determination of taxable income. As amended in 1985 session (House Bill 1010), foreign source income is effectively excluded from the computation of Colorado taxable income. Also, corporations with 80 percent or more of their property and payroll located outside of the United States are not included in the unitary tax return.

The actual determination of taxable income in Colorado closely follows federal corporate taxable income. There are, however, various modifications and credits that may change the final income figure and the tax paid. Some income tax credits have expired but claims for carry-forward provisions are still valid.

The most important tax credits for corporations are an investment tax credit, a new business facilities tax credit, and a commercial energy tax credit. The latter two credits have expired but the carry-forward provisions allow taxpayers to continue to claim the credits in future tax years.

The investment tax credit in current law allows taxpayers to claim a 1 percent investment tax credit, using pre-tax reform definitions of property that qualifies for an ITC. This credit applies to tax years beginning on and after January 1, 1988, for property used in Colorado and may not exceed \$1,000 for any tax year. Other credits apply to businesses that are making increased use of coal produced in Colorado, for costs incurred in the preservation of historic properties, and for investment in the development of new technologies for plastic recycling. The cost of equipment used in the manufacture of products made from postconsumer waste is subject to income tax credits under House Bill 91-1245.

Several separate tax credits are in effect in enterprise zones. Primary among these credits are the enterprise zone new business facility employee credit, a 3 percent investment tax credit, and a credit for monetary or in-kind contributions for zone administrators in implementing development plans. Another of the credits is for rehabilitation of commercial buildings that are over 20 years old and that have been vacant for two or more years.

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: General Fund. A small portion, slightly over 1 percent in 1990, of all income tax collections are apportioned to cities and towns and to unincorporated areas as a method of distributing a share of cigarette tax revenues

(39-22-623, C.R.S.). In addition, House Bill 1002, 1988 special session, transferred \$10.0 million of all income taxes to the highway users tax fund for FY 1991 (see highway users tax fund, page 10). 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
1981	\$84.8		1986	\$ 124.4	57.8%
1982	88.8	4.7%	1987	136.7	9.9%
1983	66.5	-25.1%	1988	112.9	-17.4%
1984	94.1	41.5%	1989	167.0	47.9%
1985	78.8	-16.3%	1990	104.2	-36.6%

SOURCE: Division of Accounts and Control

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 rates for corporations as individuals. Colorado's neighboring states impose a corporate income tax at the rates summarized below.

State	Flat or Graduated Rate	Number of Taxable Classes	Tax is Based on	Range of Rates
Arizona	Flat	1	FTI *	9.3%
Kansas	Flat, with surtax	1	FTI *	4.5% plus surtax of 2.25% on income above \$25,000
Nebraska	Graduated	2	FTI *	5.58% (first \$50,000) 7.81% (over \$50,000)
New Mexico	Graduated	3	FTI *	4.8% (first \$500,000) 7.6% (over \$1 M)
Oklahoma	Flat	1	FTI *	6.0%
Utah	Flat	1	Gross income, less deductions	5.0%
Wyoming	No income tax			

* Federal Taxable Income, with modifications.

Federal Tax. New federal corporate tax rates were fully effective on July 1, 1987. Corporations whose tax year includes this date must prorate their tax allowing the use of lower rates after July 1, 1987. The old rates (ranging from 15 through 46 percent) were 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%
Over \$100,000	5% surtax up to maximum of \$11,750 to phase out graduated rate benefits

The federal corporate income tax rates prior to passage of the tax reform act of 1986 are shown on page 34 of the **1988 Tax Handbook** and are not repeated here.

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; Article X, Section 19, Colorado Constitution, adopted by vote of the people November 6, 1962; Title 39, Article 22, C.R.S.

1987 Tax Reform: The 1987 General Assembly enacted House Bill 1331 which reformed Colorado's income tax laws. The purposes of the reform were stated as simplifying state tax preparation, aiding in tax law interpretation through use of federal determinations, and improving enforcement.

Tax Base: The Colorado personal income tax follows federal law to arrive at an individual's filing status and federal taxable income (which is the basis for calculating Colorado tax liability). Federal taxable income includes the federal personal exemption (\$2,000 for 1989; \$2,050 for 1990) and standard deduction (\$3,250 single and \$5,450 married, for 1990). Colorado taxable income is determined by adding or subtracting the following modifications from the federal taxable income (Section 39-22-104, C.R.S.).

Additions	Subtractions
Federal net operating loss deduction carryover prior to 1987	Pension, annuity, and self retirement income exclusion of up to \$20,000 for persons age 55 or older
Lump-sum distribution from a pension or profit-sharing plan	U.S. Government bond interest
Interest income of out of state municipal bonds or other state's bonds	Gain or loss resulting from sale of property having a higher Colorado basis than federal basis
	Colorado net operating loss deduction carried over from a taxable year prior to January 1, 1987
	Interest income from "Colorado investment deposits" up to \$20,000 per year for loans to small business enterprises. Section 39-22-104 (4) (a.5) provides a narrow definition of the "investment deposits."

Once Colorado taxable income is determined, taxable income is multiplied by the 5 percent tax rate to determine Colorado gross tax liability. The gross tax liability is then reduced by the amounts of allowable tax credits to determine the net tax liability.

Present Rate: Five percent "flat tax" based on federal taxable income.

Alternative minimum tax. In addition to the 5 percent flat tax, an alternative minimum tax (AMT) is imposed at a rate of 3.75 percent. The AMT is imposed on the federal alternative minimum taxable income after applying Colorado modifications. The AMT is payable only to the extent it is in excess of the normal tax.

Administration and Collection: Department of Revenue.

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

History of Tax Rates:

Net Taxable Income	1937	1947	1959	1963 - 1986			1987
				Statutory Rate	Effective Rate with 1/2% Credit ^{1/}	1978 ^{2/}	
0 to \$ 999	1.0%	1.0%	3.0%	3.0%	2.5%	3.0%	5.0% ^{3/}
\$1,000 to 1,999	1.0%	1.5%	3.5%	3.5%	3.0%	3.5%	
\$2,000 to 2,999	2.0%	2.0%	4.0%	4.0%	3.5%	4.0%	
\$3,000 to 3,999	2.0%	2.5%	4.5%	4.5%	4.0%	4.5%	
\$4,000 to 4,999	3.0%	3.0%	5.0%	5.0%	4.5%	5.0%	
\$5,000 to 5,999	3.0%	4.0%	5.5%	5.5%	5.0%	5.5%	
\$6,000 to 6,999	4.0%	5.0%	6.0%	6.0%	5.5%	6.0%	
\$7,000 to 7,999	4.0%	6.0%	6.5%	6.5%	6.0%	6.5%	
\$8,000 to 8,999	5.0%	7.0%	7.0%	7.0%	6.5%	7.0%	
\$9,000 to 9,999	5.0%	8.0%	8.0%	7.5%	^{5/}	7.5%	
\$10,000 to 10,999	6.0%	9.0%	9.0% ^{4/}	8.0%	^{5/}	8.0%	
\$11,000 and over	10.0%						

^{1/} This was the effective tax rate for years when the 1/2 percent credit applies.

^{2/} Rates from 1978 through 1986 were adjusted annually by an annual inflation factor (AIF).

^{3/} Tax rate of 5% on federal taxable income, as modified for Colorado.

^{4/} 1959 - All net income \$10,000 and above was taxed at 9 percent and the income bracket of \$11,000 and over was eliminated.

^{5/} The 1/2 percent credit did not apply to taxable income above \$9,000.

Recent Colorado Changes: Military retirees under age 55 were entitled to a \$2,000 pension exclusion for military retirement pay on their state income tax returns filed for tax years prior to 1989, while retirees over age 55 were entitled to a \$20,000 pension exclusion. Colorado law now permits persons who claimed the \$2,000 military exclusion to file amended returns to qualify for the additional benefit in the event that a pending decision of the Colorado Supreme Court holds that the difference in treatment of the pension plans is discriminatory. Depending on the court decision, anyone who filed a return using the \$2,000 military pension total may receive an additional refund on a retired military pension over \$2,000 up to \$20,000. There are deadlines for filing amended returns that must be observed to qualify for this possible benefit. As the statutes were amended, beginning in 1989 only persons 55 and over qualify for \$20,000 exemption with limited exemptions for certain persons under age 55.

Beginning with the 1990 tax return, taxpayers whose federal adjusted gross income is more than \$15,000 are being charged to help fund a health insurance plan for Colorado residents who are medically uninsurable with any other health insurance plan. Taxpayers who file a joint return are to pay \$4.00 for this fund and those filing any other return are assessed \$2.00 (e.g., single or married separate return). If a person's federal adjusted gross income is \$15,000 or less, no payment is required.

House Bill 91-1319 created an Operation Desert Storm grant program from which residents of Colorado who served on active duty during that war, or the estate of a person who died while in such service, may receive a one-time grant from contributions made to the fund. The state income tax forms for tax years 1991 and 1992 will contain a line in which individual taxpayers may designate an amount as a contribution to the fund.

Previous Colorado provisions. Since the beginning of the Colorado personal income tax, a surtax was imposed at a flat rate on dividends from corporate stock, interest from money, notes, credits, bonds, and other securities. Colorado also allowed certain percentage credits against the Colorado personal income tax. In addition, Colorado adopted an annual inflation factor (AIF) or indexing in 1978. This factor was set each year by the General Assembly and applied to the tax brackets, the standard deduction, and the personal exemption to prevent an increase in tax liability due primarily to inflation. The provisions were repealed with enactment of the "Tax Reform Act of 1987," except the personal exemption which was set at zero. For additional information on these provisions see the 1986 **Tax Handbook**, pages 29 and 30.

Disposition of Revenue: Revenues go to the state general fund except for a small portion, slightly over 1 percent in 1990, that is apportioned to cities and towns and to unincorporated areas as a method to distribute a share of cigarette taxes to local governments (39-22-623, C.R.S.).

Collections:

**Personal Income Tax Receipts
(\$ in Millions)**

Fiscal Year	Collections	Percent Change	Fiscal Year	Collections	Percent Change
1981	\$479.4		1986	\$ 973.2	5.6%
1982	621.0	29.5%	1987	1,081.9	11.2%
1983	703.3	13.3%	1988	1,195.0	10.5%
1984	796.4	13.2%	1989	1,311.0	9.7%
1985	921.7	15.7%	1990	1,380.7	5.3%

SOURCE: Division of Accounts and Control.

Tax Checkoff Programs: Currently, there are four voluntary tax checkoff programs authorized under state law:

- Homeless Prevention Activities;
- U.S. Olympic Committee;
- Nongame Wildlife Program; and
- Domestic Abuse Program.

Section 39-22-1001, C.R.S., declares that all programs funded by voluntary contributions of income tax refunds created after June 2, 1985, are to have a sunset clause restricting the program to no more than three income tax years, unless the program is reestablished.

REVENUES
VOLUNTARY INCOME TAX CHECKOFFS
FY 1985 through FY 1990

Year	Nongame Wildlife	Domestic Abuse	Olympic Committee	Veterans Memorial	Homeless Prevention
1985	\$397,533	\$231,316	\$117,627		
1986	372,660	218,757	161,292		
1987	406,464	221,788	61,643		
1988	371,782	261,077	* 4,702		
1989	514,799	273,686	131,183	\$190,236	
1990	407,468	248,254	101,426	8,144	\$244,862

* The Olympic Committee checkoff sunset in 1987 but was reinstated for the 1988 tax year. Totals used for determination of whether the checkoff program shall be continued in the next year are based on collections from January 1 through September 30. A program must receive at least 10 percent of total collections to be continued, except that the Olympic Committee is exempt from this provision for 1991. The totals above from the department's annual report differ slightly from the July 1-September 30 totals.
SOURCE: Department of Revenue.

Other States: Nine states, including Colorado, levy a flat income tax rate, and seven states — Alaska, Florida, Nevada, South Dakota, Texas, Washington, and Wyoming — do not levy a personal income tax. In Connecticut, New Hampshire, and Tennessee, the individual income tax is limited to income from interest and dividends received. Sixteen states allow a local option to impose some form of local income tax. Neighboring states impose personal income taxes as summarized on the following page.

State	Flat or Graduated	Based on Federal Income	Number of Joint Filing Taxable Classes	Allow Local Income Tax
Arizona	Graduated	Yes	5	No
Kansas	Graduated	Yes	2 ^{1/}	Yes ^{2/}
Nebraska	Graduated	Yes	4	No
New Mexico	Graduated	Yes	7	No
Oklahoma	Graduated	Yes	8 ^{1/}	No
Utah	Graduated	Yes	6	No
Wyoming	No income tax			

^{1/} The number of classes for married joint returns for persons not deducting federal income tax.

^{2/} County gross earnings tax is permitted.

Federal Income Tax: The federal income tax is assessed on a graduated tax schedule. Federal law before the 1986 tax reform contained 14 or 15 percentage rates which ranged from 11 to 50 percent, depending on taxable income.

Beginning in the 1987 tax year, the 14 or 15 different tax rates were reduced to the five 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%
	\$27,001 - 54,000	35%
	\$54,001 and above	38.5%

Starting in 1988, the number of rates was reduced to two, with a 5 percent surcharge added to high-income taxpayers. This surcharge had the effect of eliminating the graduated rate and charging a flat 28 percent rate against higher income taxpayers.

The levels of income and tax rates for 1990 personal income are as follows.

Single return	First \$19,450 - 15% Over \$19,450 to \$47,050 - 28% Above \$47,050 - 33%
Joint return	First \$32,450 - 15% Over \$32,450 to \$78,400 - 28% Above \$78,400 - 33%

For income in federal tax year 1991, the income numbers will be reduced from 33 percent to 31 percent. The personal exemption (\$2,050 for 1990) will be phased out for individuals with incomes above \$100,000 and for married couples with incomes above \$150,000.

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: Two and one-fourth 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: Division of Insurance, Department of Regulatory Agencies.

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 Companies with 50 percent or more of their assets in Colorado bonds or warrants were exempt
1949	2.0%	Surplus line insurance (insurance not otherwise available in Colorado purchased through licensed brokers from "unauthorized" insurance companies like Lloyds of London)

1959	2.25% 1.0%	All companies Companies with 50 percent or more of their assets in Colorado bonds or warrants
1960	2.25% 1.0%	All companies Companies with 30 percent or more of their assets in Colorado bonds or warrants
1969	2.25% 1.0%	All companies 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: Monies are credited to the general fund, except that substantial amounts have been transferred to the fire and police members' benefit fund for purposes of meeting the FPPF unfunded liability, for death and disability insurance, and for volunteer firemen. The FY 1987 fund transfer was not made and the amount transferred for FY 1988 was reduced to \$5.5 million (Senate Bill 196 and Senate Bill 243, 1987 session). (See page 16 for fire and police members' benefit fund.)

Collections:

**Insurance Premium Tax Receipts
(\$ in Millions)**

Fiscal Year	Collections	Percent Change	Fiscal Year	Collections	Percent Change
1981	\$41.6		1986	\$75.0	15.9%
1982	47.9	15.1%	1987	84.1	12.1%
1983	51.6	7.7%	1988	80.7	-4.0%
1984	56.6	9.7%	1989	81.1	0.5%
1985	64.7	14.3%	1990	82.5	1.7%

SOURCE: Division of Accounts and Control.

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. Commerce Clearing House **State Tax Guide** reports that many states impose a tax on fire insurance companies for the support of the fire marshal 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 is imposed on the manufacturer or the first wholesaler within the state and 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 21 years old or older (House Bill 1320, 1987 session).

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.

Present Rates:

Fermented malt beverage	8 cents per gallon
Malt liquors	8 cents per gallon
Vinous liquors	
All vinous liquors	8.33 cents per gallon (includes 1 cent surcharge) ^{1/}
Colorado vinous liquors	11.33 cents per gallon (includes 4 cent surcharge) ^{1/}
Spirituous liquors	60.26 cents per liter
^{1/} House Bill 90-1068 imposes a surcharge on all wine sold in Colorado that is in addition to the excise tax shown and an excise tax on grapes used in the production of wine in Colorado. See discussion immediately following.	

Special provisions are included for "limited wineries". These establishments manufacture not more than 100,000 gallons of vinous liquors annually, using Colorado-grown products to the extent of at least 50 percent in the first five years of operation and 75 percent thereafter. Exceptions to these requirements may be made in the event of poor growing conditions.

The Colorado wine industry development act (House Bill 90-1068) created the wine industry development board to promote and serve as a resource for the wine industry in this state. Activities of the board are financed through the surcharges described below.

This legislation repealed the previous tax differential that provided a lower excise tax for products from Colorado wineries as opposed to products from out of state. Two surcharges are imposed in addition to the excise tax of 7.33 cents for vinous liquors sold in Colorado. The first surcharge is 1 cent imposed on all wines sold. This surcharge is in effect until July 1, 2000.

In addition, a surcharge of 3 cents is charged on wines produced by Colorado licensed wineries, increasing the tax to 11.33 cents per liter. The Colorado winery surcharge will increase to 4 cents per liter on July 1, 1992 (total tax of 12.33 cents), and to 5 cents per liter on July 1, 1995 (total tax of 13.33 cents).

An excise tax of \$5.00 per ton of grapes used in the production of wine in Colorado by a licensed winery is in effect through June 30, 1993. On that date this tax will increase to \$8.00 per ton and then to \$10.00 per ton on July 1, 1996.

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 Prior to 1990
(All numbers in cents)**

	1935	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	N/A	N/A	N/A	.05	.05	.70
more than 14% alcohol				.01	.01	.70
Spirituos 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.

Collections:

Liquor Tax Receipts

Fiscal Year	Beer*	Wine	Spirituuous Liquor	Total ^{1/}	Percent Change
1981	\$6,516,359	\$2,054,645	\$15,447,147	\$24,018,151	
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	-4.1%
1987	6,784,453	2,604,373	13,783,955	23,172,781	-2.8%
1988	6,543,123	2,370,103	13,051,467	21,964,693	-5.2%
1989	6,505,153	2,089,968	12,572,862	21,167,985	-3.6%
1990	6,421,866	2,006,288	12,406,637	20,834,792	-1.5%

* 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%)
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
1987	1,049,616	5,734,837
1988	928,578	5,614,544
1989	1,145,030	5,360,123
1990	142,471	6,279,394

^{1/} Totals on this chart differ from totals for liquor revenues on Table III on page 6. The data for this page is taken from the Department of Revenue and earlier totals are from the Division of Accounts and Control. The Department of Revenue data provided the breakdown for beer, wine, and spirituuous liquor receipts.

Other States: The range of tax rates on alcoholic beverages varies greatly among the 50 states. The lowest tax on beer is about 1.9 cents per gallon. The lowest rate for distilled spirits is about 25 cents a liter. These rates do not include local taxes, licenses, surtaxes, or surcharges 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	Arizona	Kansas	Nebraska	New Mexico	Oklahoma	Utah	Wyoming
Wort/liquid malt (per gallon)		\$.20					\$.02
Beer 3.2% or less (per gallon)	\$.16	.18	\$.23	\$.18	\$.40	\$.35	.02 _{3/}
Beer over 3.2% (per gallon)	.16	.18	.23	.18	.40	.35	.02
Wine 14% or less (per liter) ^{1/}	.22	.079	.197	.25	.165	13% _{2/}	.075
Wine over 14% (per liter) ^{1/}	1.05	.197	.355	.25	.328	13% _{2/}	.075
Spirituuous liquor (per liter) ^{1/}	.79	.658	.763	1.04	1.31	13% _{2/}	.25
Other		clubs (10% of gross receipts)	.013 (farm wineries)	Local wine: 5 cents per liter on first 80,000 liters; 10 cents above 80,000 liters	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.

^{3/} Tax is imposed on any malted beverage containing more than 1 percent alcohol.

Federal Tax: Effective January 1, 1991:

Beverage	Rate
Distilled spirits	\$13.50 per proof gallon
Wines:	
14% or less alcohol	\$ 1.07 per wine gallon
14 to 21% alcohol	\$ 1.57 per wine gallon
21 to 24% alcohol	\$ 3.15 per wine gallon
Artificially carbonated wines	\$ 3.30 per wine gallon
Champagne and other sparkling wines	\$ 3.40 per wine gallon
Beer, regardless of alcoholic content	\$18.00 per barrel (generally 32 cents per 6-pack)

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: Department of Revenue, State Lottery Division.

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. In 1987, House Bill 1274 was enacted expanding Colorado's lottery to include the electronic game "lotto."

Modifications to the distribution formula in House Bill 1274 include: (a) capping the amount of lottery funds transferred to the Conservation Trust Fund (CTF) at \$10.96 million, and the Department of Natural Resources (DNR) at \$2.74 million; (b) distributing funds to the Capital Construction Fund (CCF) to be used for state correctional facilities, in addition to other capital construction purposes; and (c) increasing the percent of lottery funds until resuming the original formula in FY 1996-97; and (d) distributing funds in excess of the incremental balance of \$36 million used for prison construction to the CTF, DNR, and CCF.

Collections:

Lottery Receipts (Distributions to three state funds)* (\$ in Millions)

Fiscal Year	Collections	Percent Change	Fiscal Year	Collections	Percent Change
1983	\$41.7		1987	\$35.0	19.9%
1984	41.4	-0.7%	1988	33.0	-5.7%
1985	32.0	-22.7%	1989	18.5	-43.9%
1986	29.2	-8.75%	1990	40.9	121.1%

* Receipts after distribution of prize monies (50 percent). The amounts shown are distributions to the Conservation Trust Fund, Division of Parks and Outdoor Recreation, and State Capital Construction Fund. Collection totals do not include administrative expenses for operation of the lottery.

House Bill 1274, 1988 session, expanded the term lottery to include the game of lotto. The additional funds from lotto distributed to the Capital Construction Fund are earmarked to pay anticipation warrants used for the construction of state correctional facilities.

Other States: Thirty-three states conduct a lottery.^{1/} The following 17 states do not conduct a lottery:

Alabama	New Mexico
Alaska	North Carolina
Arkansas	North Dakota
Georgia	Oklahoma
Hawaii	South Carolina
Mississippi	Tennessee
Nebraska	Texas
Nevada	Utah
	Wyoming

^{1/} Total includes Louisiana which is expected to have its lottery in effect before July 1, 1991.

MOTOR FUEL TAXES

I. Gasoline

Enacted: 1919.

Constitutional and Statutory Citations: Article X, Section 18, Colorado Constitution; Title 39, Article 27, Part 1, C.R.S.

Tax Base: Tax is imposed on sales of gasoline and gasohol.

Present Rate: 22 cents per gallon.

Administration and Collection: Department of Revenue.

Collection Period: On or before the 25th day of the calendar month following the month in which the fuel was used or imported.

History of Tax Rates:

Fiscal Year	Gasoline	Gasohol	Fiscal Year	Gasoline	Gasohol
1919	1 cent		1969	7 cents	
1923	2 cents		1978	7 cents	2 cents
1927	3 cents		1981	9 cents	4 cents
1929	4 cents		1984	12 cents	7 cents
1947	6 cents		1987	18 cents	18 cents
1966 ^{1/}	7 cents		1990 ^{2/}	20 cents	20 cents
1967 ^{1/}	6 cents		1991 ^{2/}	22 cents	22 cents

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

^{2/} Rate of 20 cents per gallon began August 1, 1989, and continued through December 31, 1990. Rate of 22 cents per gallon began January 1, 1991.

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. The "off-the-top" deductions are funded from revenues from the first seven cents of the tax on motor fuels, registration fees, 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 1982 and subsequent fuel tax increases are subject to

a different formula. The first 16 percent of motor fuel taxes above the first 7 cents is dedicated for bridge repair. The remaining 84 percent is distributed to the state, cities, and counties as shown below.

Motor Fuel Tax Distribution

First 7 Cents (1969 Law)		Additional Revenues (Amendments in 1981, 1983, 1986, and 1989)	
A.	"Off-the-top" deductions	A.	Bridge repair (16%)
B.	Remaining funds: 65% to state highway fund 26% to counties 9% to cities	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
1981	\$111.5		1986	\$197.5	4.0%
1982	141.6	27.0%	1987	295.5	49.6%
1983	146.0	3.1%	1988	306.2	3.6%
1984	192.0	31.5%	1989	306.9	0.2%
1985	189.9	-1.1%	1990	327.0	6.5%

SOURCE: Department of Revenue.
• Includes special fuel collections.

Other States: All 50 states impose a motor fuel tax. The tax rates per gallon on January 1, 1991, for bordering states are listed below (local taxes are not included).

State	Gasoline
Arizona	18 cents
Kansas	16 cents ^{1/}
Nebraska	26.5 cents
New Mexico	16.2 cents
Oklahoma	16 cents
Utah	19 cents ^{2/}
Wyoming	9 cents

^{1/} Rate is to increase to 17 cents per gallon on July 1, 1991 and to 18 cents on July 1, 1992.

^{2/} An environmental surcharge of .5 cents is imposed on petroleum sold.

Georgia and Florida also impose sales taxes on motor fuels. Several other states periodically adjust the tax rate in accordance with the wholesale or retail price.

Thirty-four states impose the same state tax for diesel as for gasoline. Six states have lower tax rates for diesel than for gasoline – Arkansas, Colorado, Kentucky, Oklahoma, Tennessee, and Virginia.

Federal Tax: The federal taxes on motor fuels, effective December 1, 1990, are listed below.

Gasoline	14 cents per gallon
Gasohol	14 cents per gallon

MOTOR FUEL TAXES

II. Aircraft Fuel

Enacted: 1988.

Constitutional and Statutory Citations: Article X, Section 18, Colorado Constitution; Title 28, Article 6, C.R.S. (House Bill 1250, 1988 Session).

Tax Base: Gasoline used in general aviation and products specially prepared, sold, and used in jet propelled aircraft, excluding regularly scheduled commercial aircraft.

Present Rates:

Non-turbo prop and non-jet fuel	Motor fuel tax, 6 cents per gallon (No sales tax)
Turbo-prop and jet fuel, not including regularly scheduled carriers	Motor fuel tax, 4 cents per gallon (Sales tax is applied)
Not part of the motor fuel tax base: Interstate, intrastate, and foreign air transportation	State sales tax of 3 percent, plus any local sales tax (No motor fuel tax)

Administration and Collection: Department of Revenue, using the same mechanism of the motor fuel tax collection system (39-27-102, C.R.S.).

Collection Period: On or before the 25th day of the calendar month following the month in which the fuel was used or imported.

History of Tax Rates and Collections: Tax was imposed beginning January 1, 1989. FY 1990 collections were \$1.2 million.

Disposition of Revenue: Distribution of funds is made by the Colorado Aeronautical Board, Department of Transportation. The board will transfer to each airport on a monthly basis an amount equal to 4 cents per gallon of gasoline sold at that airport based on fuel sales reports. Such moneys are to be used only for airport operation or "aviation purposes", defined as follows:

Construction, planning, or repairing a public airport or portion thereof and may include any work involved in construction or maintaining access roads;

The removal, lowering, relocation, and marking and lighting of any hazard to the safe operation of aircraft utilizing federal rules and regulations as guidelines for determining such hazards;

The acquisition of navigational aids used by aircraft landing at or taking off from such airport;

The acquisition of safety equipment necessary for the enhancement of the state aviation system;

Any research study, proposal, or plan for the expansion, location, or distribution of aviation facilities or resources that are directly related to the state aviation system; and

Any acquisition of land, of any interest therein, or of any easement through or other interest in airspace, including land for future airport development, which is necessary to permit any such work or to remove, mitigate, prevent, or limit the establishment of any hazard to the safe operation of aircraft. (43-10-102 (3), C.R.S.)

MOTOR FUEL TAXES

III. Special Fuels

Enacted: 1919.

Constitutional and Statutory Citations: Article X, Section 18, Colorado Constitution; Title 39, Article 27, Part 2, C.R.S.

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

Present Rate: Effective January 1, 1990 through December 31, 1991: 18.0 cents per gallon. The tax is scheduled to increase on January 1, 1992, to 20.5 cents per gallon (House Bill 1012, 1989 Special Session). The liquified petroleum gas tax applies to all vehicles using such fuel or the following license fee may be paid in lieu of the tax.

Gross Weight in Pounds	Annual Fee
1 - 10,000	\$ 70
10,001 - 16,000	100
Over 16,000	125

Administration and Collection: Department of Revenue — taxes are paid to the state by both distributors and users. Distributors collect and pay the tax on fuel sold to a vendor or on fuels used by the distributor on state highways. Users pay taxes on fuel imported into the state or on ex tax purchases. Ex tax purchasers may buy fuel from a distributor without paying the tax. An ex tax purchaser must maintain fuel bulk storage of at least 250 gallons, establish a special fuel user tax account with the department, file a surety bond, and submit a report by the 25th day of each month or quarterly stating the amount of fuel consumed in Colorado for the previous month. Tax payment is due with the report.

Collection Period: Tax payments are due on or before the last day of the month following the end of the quarter in which the fuel was used or imported. Persons purchasing a ton-mile tax permit must report on or before the 25th day of each month or on a quarterly basis.

History of Tax Rates:

Year	Rate	Year	Rate
1919	1 cent	1969	7 cents
1923	2 cents	1978	7 cents
1927	3 cents	1981	9 cents
1929	4 cents	1983	13 cents
1947	6 cents	1986	20.5 cents
1966	7 cents ^{1/}	1989	18.5 and 20.5 cents ^{2/}
1967	6 cents	1990	18.0 cents

^{1/} One cent increase, to 7 cents, was in effect for the "highway flood disaster relief fund" from August 1, 1965, through August 31, 1966.

^{2/} The 18.5 cent rate was effective for the month of July, 1989, and the 20.5 cent rate was effective from August 1, 1989, to January 1, 1990. The rate changed January 1, 1990, to the current level of 18.0 cents.

* Additional registration fees are imposed on certain trucks to offset the different rates between gasoline and diesel fuels.

Disposition of Revenue: Revenues are credited to highway users tax fund. (See gasoline tax, pages 48 through 50).

Exemptions:

- fuel used by farm vehicles on farms,
- fuel used by construction equipment within the area of a highway construction project, and
- fuel used by the United States government, the state, and its political subdivisions.

Collections: (Included with collections of motor fuel taxes, see page 48.)

Other States: All 50 states impose a similar motor-fuel tax. The tax rates in bordering states on special fuel are listed below (local taxes are not included).

State	Special Fuel
Arizona	18 cents
Kansas	18 cents
Nebraska	26.5 cents
New Mexico	16.2 cents
Oklahoma	13 cents
Utah	19 cents
Wyoming	9 cents

^{1/} Rate is to increase to 19 cents per gallon on July 1, 1991, and to 20 cents on July 1, 1992.

^{2/} Environmental surcharge of .5 cents is imposed on all petroleum sold.

Federal Tax: The federal taxes on special fuels, effective December 1, 1990, are listed below.

Diesel fuel	20 cents per gallon
Special motor fuels (including alcohol fuels from petroleum)	14 cents per gallon
Alcohol fuels from natural gas	5.4 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 handle – the gross receipts from wagering on horse and greyhound racing events, prior to the distribution of the winnings. Pari-mutuel wagering on simulcast racing events – races that are broadcasts of live races – is permitted at tract facilities under provisions of Senate Bill 91-99.

Present Rate and Distribution:

Type of Racing Operation	Rate	Distribution
Greyhound	4.5% On all wagers	General Fund
Horse Racing	1.0% On all wagers plus:	75% of collections to General Fund
	5.0% On win, place, or show and	25% of collections for equine research at Colorado State University
	1.5% On all other wagers	
	(Total tax is 6.0% on win, place, or show and 2.5% on all other wagers)	

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% excess of \$200,000 but not over \$300,000 5% excess of \$300,000 but not over \$500,000 6% excess of \$500,000
1969	5%	4% of first \$200,000 5% excess of \$200,000 but not to over \$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	4%	4.0% commercial, all wagers; 0.5% on win, place or show 3.5% other wagers 4.0% fair circuit, all wagers; 5.5% on win, place or show 6.0% other wagers 1.0% non-profit year-round, all wagers or cash fee, whichever is greater; 0.5% on win, place or show 3.5% other wagers
1991	Present rate	(For present rate, see page 54.)

Collections:

**Pari-Mutuel Tax Receipts
(\$ in Millions)**

Fiscal Year	Collections	Percent Change	Fiscal Year	Collections	Percent Change
1981	\$8.8		1986	\$8.5	10.4%
1982	9.5	8.0%	1987	9.0	5.9%
1983	8.4	-11.6%	1988	8.4	-6.7%
1984	8.6	2.4%	1989	8.4	0.0%
1985	7.7	-10.5%	1990	8.3	-1.2%

SOURCE: Division of Accounts and Control.

1989 Revenue by Type of Racing

Greyhound	\$8,174,493
Horse Racing (non-profit year round)	none
Fair Circuit	\$ 86,879

Other States: According to the U.S. Department of Commerce, 34 states impose a tax on pari-mutuel betting. For regional states, the taxes are imposed as listed below. Utah does not allow pari-mutuel wagering.

Arizona	<p>Dog Racing: County population less than 900,000 5 1/2% on first \$100,000 7 1/2% over \$100,000 County population over 900,000 7 1/2%</p> <p>Horse Racing: 2% of first \$1 million 5% over \$1 million</p>
Kansas	<p>The effective tax rate ranges between 3% and 3.5%. The state constitution provides that the tax may not be less than 3% nor more than 6% of all money wagered. The tax is computed on the basis of the daily takeout which is the portion of the total withheld from the total wagered to pay the taxes, purses, and track operators. The takeouts range between 18% and 22% of the total wagers. Horse race tracks, for example, are taxed at 3/18 of the 22% daily takeout, which results in an effective tax rate of 3%. Greyhound tracks are scheduled to have the tax share from the daily takeout increased from 3/18 to 4/18 and 5/18 over a period of years of track operation.</p>
Nebraska	<p>First \$10 million per year is not taxed. Amount over \$10 million to \$80 million is taxed at a rate of 2 1/2% but 2% of this amount is retained by the track for maintenance and is a credit against the tax. Thus, the effective rate of the tax is 1/2%. Any amount of the annual wagering above \$80 million is taxed at 4%.</p>
New Mexico	<p>2% with the following conditions: - first \$250,000 may be offset for capital improvements - amount over \$250,000 to \$350,000 may be offset for advertising and promotion - any amount over \$350,000 is taxed at 2%</p>
Oklahoma	<p>Totals for year for win, place, or show (excluding exotics and "pick six"): - First \$100 million per race (breed), per year: 2% to state - Over \$100 million but not to exceed \$150 million: 4% to state - Over \$150 million: 6% to state</p>
Wyoming	<p>1 1/2% of the handle</p>

PASSENGER-MILE TAX

Enacted: 1931.

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 25th day of each month for miles traveled the preceding month.

History of Tax Rates: The tax rate has not changed since first imposed in 1931.

Disposition of Revenue: Revenues are credited to the highway users tax fund (see page 10).

Collections: The tax has been 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.

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; Title 29, Article 2, Part 1, C.R.S. — Local.

Tax Base: Gross receipts from 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.

Administration and Collection: The Department of Revenue administers all state sales taxes collected by merchants. The department also administers sales taxes for 158 municipalities, 37 counties, the Regional Transportation District, and the Cultural and Scientific Facilities District. There are 41 home rule cities 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: Old age pension fund, as required by the Colorado Constitution; aviation fund as required under House Bill 91-1028; and general fund. (See page 9 for OAPF, page 3 for general fund, and page 17 for aviation fund.).

Sales and use tax diversion "Noble Money". During the 1980s, 7 percent of the sales and use taxes that were attributable to the sales or use of motor vehicles and related items were transferred to the highway users tax fund. House Bill 1350, 1987 session, abolished the sales tax diversions and allocated state income tax revenues (not to exceed \$40 million) attributable to federal tax reform to the HUTF for FY 1988. The transfer was to have been made after meeting the state's fiscal reserve requirement and fund paybacks. (For further information see page 10.)

Exemptions:

The following sales transactions have been excluded from the state sales tax (see section 39-26-102 (10), 39-26-203, and 39-26-114, C.R.S):

- food marketed for consumption as is commonly sold by grocers and sales of food purchased with food stamps;
- 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;
- cigarettes;
- all commodities subject to use taxes;
- special fuel defined as diesel, kerosene, liquified petroleum gases, and natural gas;
- sales tax paid on the amount of the federal excise tax for lubricating oil used other than in motor vehicles (subject to refund from the Department of Revenue);
- gasoline;
- drugs dispensed by prescription;
- insulin dispensed by a physician;
- glucose used for treatment in insulin reactions;
- urine and blood testing kits;
- insulin measuring and injecting devices including hypodermic syringes and needles;
- prosthetic devices;
- wheelchairs and hospital beds;
- corrective eye glasses, contact lenses, and hearing aids;
- therapeutic devices or appliances which are used to treat or correct a disability or when recommended by a doctor;
- sales of drugs or materials furnished by a doctor as part of professional services provided to a patient;
- 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;
- transfer of 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 corporation owns at least 80 percent of the subsidiary;
- transfer of a 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 corporation and closely-held subsidiary which are owned by the same shareholders;
- purchases of machinery or machine tools in excess of \$500 by a person engaged in manufacturing in Colorado;
- purchases of machinery or machine tools, including mining equipment, in excess of \$500 by a person engaged in manufacturing and to be used solely in an enterprise zone;
- materials for the construction or repair of machinery or machine tools in excess of \$500 for use in enterprise zones;
- sales of bags or containers to a retail vendor of food which are to be furnished to a consumer;
- newspapers and preprinted newspaper supplements;
- newsprint and printer's ink;
- property purchased by a business for manufacture or for resale;

- sales of electricity, coal, gas, fuel oil, coke, or nuclear fuel for use in processing or manufacturing;
- 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;
- construction and building materials of railroads used in construction and maintenance of railroad tracks;
- personal property purchased in another state by a Colorado resident in amounts of \$100 or less;
- transfer of property to out-of-state vendee for use in selling products normally sold at wholesale by the corporation;
- 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;
- the part of the trade of one vehicle for another that does not involve financial consideration if both vehicles are subject to licensing in Colorado;
- neat cattle, sheep, lambs, poultry, swine, goats, and mares and stallions for breeding;
- live fish for stocking;
- farm close-out sale when an operation is being abandoned;
- livestock feed, seed, and orchard trees;
- straw and other bedding for livestock use and for 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 on the purchase of a new home only;

State Sales Tax Rates and Food and Prescription Drug Exemptions in Neighboring States

State	State Sales Tax Rate ^{1/}	Local Taxes	Food Exemption	Prescription Drugs Exemption
Arizona	5.00%	Yes	Yes (exempt)	Yes (exempt)
Kansas	4.25%	Yes	No	Yes
Nebraska	5.00%	Yes	Yes	Yes
New Mexico	5.00%	Yes	No	No
Oklahoma	4.50%	Yes	Yes	Yes
Utah	5.00%	Yes	No	Yes
Wyoming	3.00%	Yes	No	Yes

^{1/} Use tax rate is the same as the sales tax rate in these states.

SALES AND USE TAXES

II. Use Tax

Enacted: 1937.

Statutory Citations: 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 3 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.

Exemptions: Items exempt from state sales tax are also exempt from the state use tax (see sales tax exemptions, beginning on page 59).

Collections:

**Use Tax Receipts
(\$ in Millions)**

Fiscal Year	Collections	Percent Change		Fiscal Year	Collections	Percent Change
1981	\$54.4			1986	\$76.1	4.2%
1982	74.1	36.2%		1987	68.6	-9.9%
1983	66.1	-10.8%		1988	55.6	-19.0%
1984	66.8	1.1%		1989	54.7	-1.6%
1985	73.0	9.3%		1990	62.5	14.3%

SOURCE: Division of Accounts and Control.

Other States: See "Other States" discussion of sales tax on pages 62 and 63.

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 Rate
1st \$11 million	exempt
over \$11 million	2.25%

A credit of up to 50 percent of the tax liability is allowed for payment of property tax.

Molybdenum. The severance tax on molybdenum ore is as follows:

Date	Tax
January 1, 1988 through June 30, 1994	5 cents per ton
Beginning July 1, 1994	10 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	\$ 500 plus 3% in excess of \$ 25,000
\$100,000 but under \$300,000	\$ 2,750 plus 4% in excess of \$100,000
\$300,000 and over	\$10,750 plus 5% in excess of \$300,000

Oil from a well producing 10 barrels of oil or less per day is 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 10 barrels or less per day.

Coal. The rate of the severance tax on coal is 36 cents per ton until July 1, 1994, at which time the rate will be 60 cents per ton. Until July 1, 2000, the first 25,000 tons extracted in each yearly quarter are exempt from taxation and, after that date, the first 8,000 tons extracted per quarter will be exempt. (The rate and amount exempted after July 1, 2000 will return to the same levels as before July 1, 1988.)

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 1 1/2 percent decrease or increase in the U.S. Department of Labor's Producer Price Index, the rate is correspondingly increased or decreased by 1 percent. Such determinations are made by the executive director of the Department of Revenue.

Oil shale. Oil shale is taxed at 4 percent of gross proceeds. The term "gross proceeds" means the value at the point of extraction with direct and indirect expenditures for equipment, machinery, transportation, refining, and royalties 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 state severance tax fund and 50 percent to the local government severance tax fund. (See pages 13 and 14 for discussions of these funds.)

Collections:

**Total Severance Tax Receipts
(\$ in Millions)**

Fiscal Year	Oil and Gas Production	Coal	Metallic Minerals and Molybdenum	Total Collections	Change
1981	\$16.9	\$10.6	\$4.1	\$31.6	
1982	33.9	11.7	3.1	48.7	54.1%
1983	14.7	11.2	.4	26.3	-46.0%
1984	18.1	10.4	.3	28.8	9.5%
1985	12.6	8.8	2.4	23.8	-17.4%
1986	11.6	9.1	1.0	21.7	-8.8%
1987	5.0	6.1	.5	11.6	-46.5%
1988	7.3	7.8	.2	15.3	31.9%
1989	15.2	6.0	.4	21.6	41.2%
1990	8.5	5.4	.5	14.4	-33.3%

SOURCE: Department of Revenue.

Other States: Thirty-three states impose some form of a severance tax. These taxes are imposed on 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.

According to the Department of Commerce, **State Government Tax Collections in 1989**, Colorado ranks 20th in severance tax revenue collections. Texas collected the most revenue, followed by Alaska. These two states collected almost half of all severance tax revenue in the United States in 1989, a total of \$4.1 billion for all states. Colorado collected \$13.8 million during the same period. The 1989 revenue collection figures for adjacent states are listed below.

State	Collections
Kansas	\$79,723,000
Nebraska	2,284,000
New Mexico	256,171,000
Oklahoma	371,573,000
Utah	30,630,000
Wyoming	231,741,000

SOURCE: U.S. Department of Commerce, **State Government Tax Collections in 1989.**

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 tenth day of the month following the quarterly report.

History of Tax Rates: Not changed since tax became effective July 1, 1986.

Disposition of Revenue: Fifteen percent of the revenue 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.

Collections:

Tobacco Products Receipts (\$ in Millions)

Fiscal Year	Receipts	Percent Change
1987	\$2.7	
1988	3.1	14.81%
1989	3.0	-3.23%
1990	3.2	6.67%

SOURCE: Division of Accounts and Control.

Other States: Thirty-four other states levy a tax on tobacco products in addition to the cigarette tax. Wyoming is the only neighboring state that does not impose a tobacco products tax. The rates for neighboring states imposing the tax are listed below.

Tobacco Products Taxes in Neighboring States

State	Rate
Arizona – Tobacco and snuff – Cavendish, plug or twist – Cigars – small – cigars 5 cents each or less – cigars over 5 cents	2 cents per ounce 1/2 cent per ounce 4 cents each 20 cigars 2 cents each 3 cigars 2 cents each cigar
Kansas	10% of wholesale price
Nebraska	15% of purchase price
New Mexico	25% of product value
Oklahoma – cigars under 3 lbs. per 1,000 – cigars over 3 lbs. per 1,000 – all other cigars – smoking tobacco – chewing tobacco	9 mills per cigar 1 cent per cigar \$20 per 1,000 40% of factory list price 30% of factory list price
Utah	35% of sales 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 Citations: Title 39, Article 26.1, C.R.S.; Title 24, Article 32, Part 13, 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. Beginning June 30, 1992, this fund will receive 0.2 percent of the balance of funds remaining in the limited gaming fund at the end of each fiscal year (Senate Bill 91-149).

Present Rate: Two-tenths 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. House Bill 1214, 1987 session, increased the rate and extended imposition of the tax until July 1, 1993.

Fiscal Year	Rate
1983	0.1%
1987	0.2%

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 (\$ in Millions)

Fiscal Year	Collections	Fiscal Year	Collections
1983	\$.002	1987	\$ 3.9
1984	2.9	1988	6.8
1985	3.3	1989	8.2
1986	3.6	1990	8.7
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.

The tax is applicable to the first \$10,000 of annual earnings paid each employee.

Present Rate: For new employers the standard rate of taxation is 2.7 percent of the employees' taxable wages and the state average tax rate for experienced employers was 1.6 percent on taxable payrolls. Employers newly subject to this tax may pay taxes at the standard rate or at the actual experience rate, 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.

Employers are also subject to the federal unemployment tax. Receipts from this tax are used to pay the administrative costs of unemployment insurance programs.

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

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 greatest.

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 ^{1/}
^{1/} House Bill 1012, 1986 session, provided that the taxable wage would increase from \$9,000 to \$10,000 on January 1, 1988, if the trust fund resources were less than \$350 million on June 30, 1987. The trust fund was less than the required amount, resulting in the automatic increase in the taxable wage base.						

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)**

Calendar Year	Collections	Percent Change	Calendar Year	Collections	Percent Change
1981	\$61.5		1986	\$204.8	-21.0%
1982	86.9	41.3%	1987	207.2	1.2%
1983	122.6	41.1%	1988	224.5	8.3%
1984	247.3	101.7%	1989	201.8	-10.1%
1985	259.1	4.8%	1990	179.7	-11.0%
SOURCE: Division of Employment and Training, Department of Labor and Employment.					

Other States: All 50 states administer this tax as required by the federal government.

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 them broader taxation powers than for statutory cities and towns. County home rule authority was created in Article XIV, Section 16 of the Colorado Constitution. Municipalities may not impose income taxes because the General Assembly has the exclusive power in this area of taxation (Article X, Section 17).

Specific constitutional and statutory citations have been presented for each tax where applicable. 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, 1988 edition. The Colorado Municipal League staff was able to update data on some but not all of the municipal tax rate changes. Therefore, there may be some municipal tax changes that are not included in the following information. Department of Revenue data was used for rates of sales and use taxes for the cities and counties; that information is current as of July 1, 1990.

COUNTY LODGING TAX

Constitutional and Statutory Authority: Article XX, Colorado Constitution; Section 30-11-107.5, C.R.S.

Description of Tax: Senate Bill 23, 1987 Session, authorizes counties to impose a county lodging tax in municipalities and unincorporated parts of a county, subject to voter approval. The tax does not apply in municipalities already levying a lodging tax but cities may voluntarily abandon their lodging tax ordinances to create a uniform county lodging tax. Tax revenues are earmarked for advertising and marketing local tourism and are exempt from the 7 percent sales tax limitation. Counties may impose the tax on charges to persons for rooms or accommodations.

Rate: The statutory limit is not more than 2 percent. However, due to the increase in the state tourism promotion fund tax on lodging accommodations, the effective rate of a county lodging tax may not exceed 1.9 percent.

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. Some home rule cities impose a separate lodger's tax and others impose their sales tax.

Rates: Fifty-seven cities reported imposing the city sales tax or an equivalent rate, while the 18 cities listed below reported levying rates in addition to their sales tax rates.

Lodger's Tax in Addition to City Sales Tax

Municipality	Rate		Municipality	Rate
Arvada	2.0%		Green Mountain Falls	2.0%
Avon	1.8%		Lakewood	3.0%
Breckenridge	2.0%		Manitou Springs	2.0%
Colorado Springs	2.0%		Montrose	0.9%
Cortez	2.0%		Ouray	\$1.00 per bed
Durango	2.0%		Pueblo	3.5%
Englewood	2.0%		Snowmass Village	0.1%
Fort Collins	3.0%		Steamboat Springs	1.0%
Glenwood Springs	1.5%		Thornton	7.0%
Greeley	3.0%		Westminster	5.0%
			Wheat Ridge	5.0%

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 an entertainment, athletic event, theater, or ski lift. Some cities apply their sales tax to admission fees while others impose a separate admissions tax. The Supreme Court of Colorado has ruled that non-home rule (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 Separate Admissions Taxes
(Tax In lieu of city sales tax, unless otherwise indicated)**

Municipality	Rate		Municipality	Rate
Arvada	4.0%		Edgewater	15.0%
Aurora	3.5%		Englewood	3.0%
Boulder	5.0%		Glendale	3.5%
Cherry Hills	10.0% (professional sports events only)		Manitou Springs	5.0%
Colorado Springs	2.5% movie tickets		Northglenn	3.0%
Denver	10% paid entrance to "city-owned" facility		Pueblo	3.0% movie tickets
			Westminster	3.0% movie tickets
			Wheatridge	4.0%

SOURCE: Municipal Taxes, 1988. Colorado Municipal League

LIMITED GAMING

Constitutional and Statutory Authority: Article XVIII, Section 9, Colorado Constitution; Article 47.1, Title 12, C.R.S. (Senate Bill 91-149).

Tax Base: Tax is imposed on the adjusted gross proceeds of gaming permitted in Central City, Black Hawk, and Cripple Creek. Gaming will be lawful in these cities beginning October 1, 1991.

Determination of Rate: The tax rate will be determined by the Colorado Limited Gaming Commission at a rate not to exceed 40 percent of the adjusted gross proceeds from the games permitted. Criteria for the commission to consider in setting the rate are set forth in the statute (section 12-47.1-401, C.R.S.).

Disposition of Revenue: At the end of every fiscal year, the State Treasurer is to distribute the funds remaining in the Limited Gaming Fund on the following basis:

State General Fund	49.8 percent
Colorado Tourism Promotion Fund	0.2 percent
State Historical Society	28.0 percent
Governing bodies of Gilpin and Teller Counties	12.0 percent
Governing bodies of Central City, Black Hawk, and Cripple Creek	10.0 percent

Administration and Collection: Division of Gaming, Department of Revenue.

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. Although the most common form is an annual flat fee, the rate may be based on a graduated scale, 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 11-50 employees -- \$200 50 or more employees -- \$400
Aurora	\$2.00 per employee per month, matched by employer
Basalt	\$20 per business
Bayfield	\$25 per business, \$5 per employee over 2 employees
Black Hawk	\$50 per business
Breckenridge	Firms with: 5 employees or less -- \$100 6-10 employees -- \$200 11-20 employees -- \$400 21-30 employees -- \$500 31 or more employees -- \$600
Central City	\$200 per business
Denver	Employee Occupational Privilege Tax: \$5.75 per employee per month for employees earning over \$500 per month and \$4.00 per employee to be paid by employer
Dillon	\$60 per business
Durango	Firms with: 5 employees or less -- \$38.50 6-10 employees -- \$66 11-20 employees -- \$93.50 Over 20 employees -- \$110

Municipality	Rate (Annual Rate Unless Noted)
Eagle	\$50 per business
Edgewater	\$50 per business, \$2 per employee
Erie	\$25 home occupation \$50 per business \$100 manufacturing plus \$5 per employee
Estes Park	\$50 per business
Evans	\$25 per business
Fruita	\$25 per business
Green Mountain Falls	\$25 per business
Greenwood Village	\$2.00 per employee per month, matched by employer
Hot Sulphur Springs	City sales tax license, \$10.00 per year
Ignacio	\$25 plus \$5 per employee over 3 employees
Keenesburg	\$5 per business
Leadville	\$50 per business
Louisville	\$15 per business, \$8.00 sales tax license
Lyons	\$5 per business license
Manitou Springs	Renewal: \$35 per business nonretail \$50 per business \$50 per business retail \$100 per business retail
Mt. Crested Butte	Per employee: 0-2: \$100 3-7: \$275 8-15: \$475 16-24: \$1,000 25 or more: \$1,500
Palisade	\$25 per business
San Luis	\$25 per business
Snowmass Village	\$100 per business
Vail	\$100 to \$500 based on the number of employees
Ward	\$20 per business
Winter Park	\$60 per business
Woodland Park	Class 2 business – \$30 Multiple business – \$50 Vending machines – \$20 Newspaper vending racks – \$2 each

OCCUPATIONAL TAXES

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. In 1987, 92 cities reported imposing this tax. Annual fees ranged from \$100 to \$3,650.

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	High
Retail liquor store	86	37	39	10	0	\$22.50	\$989
Drug store	58	23	27	8	0	22.50	989
Hotel & restaurant	76	29	25	14	8	25.00	3,650
Club	61	24	29	6	2	15.00	3,225
Tavern	74	25	28	13	8	8.00	2,958
Beer & wine	56	18	27	9	2	15.00	1,080
3.2% beer:							
On premises	63	29	23	9	2	3.75	2,280
Off premises	62	28	30	4	0	3.75	750
On and off	58	25	22	9	2	3.75	2,080
Arts	19	9	9	1	0	10.00	989
Racetrack	9	3	4	1	1	48.25	2,958
Extended hours	31	21	8	1	1	30.00	1,500

OCCUPATIONAL TAXES

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 on utilities that are not required to obtain municipal franchises. These taxes may be based on a flat rate per account or other flat fee basis.

Rates:

Municipal Taxes or Fees on Utilities (Franchises in effect in 1987)

Type of Utility	Number of Municipalities	Range of Tax (% of Gross Receipts)
Electric ^{1/}	133	2% through 5%
Gas ^{2/}	136	1% through 5%
Cable TV ^{3/}	135	0.5% through 7%
Telephone ^{4/}	106	

^{1/} Four cities impose a flat tax or a fee based on the number of accounts per year.
^{2/} Three cities impose a flat fee.
^{3/} Seven cities levy fees on a per subscriber basis.
^{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.

Many of the franchise agreements run for 10, 15, or 20 years. Thus the summary of franchise fees in the table above is still largely accurate even though it is based on information collected in 1987.

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 dictates the three approaches an assessor must use to determine the actual value of a property: 1) cost, 2) market, 3) income. 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. The amendment also establishes the rate for the valuation for assessment of residential real property and all other property, except that 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 whenever a change in the level of value occurs. Exemptions for certain types of property are included in the constitutional amendment. The State Board of Equalization was given the power to order revaluations for counties and enforce conformance with 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, with public utilities and railroads assessed at the state level. 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 25 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 30 of each year. The certified abstract becomes the basis for the tax roll and is sent to each county treasurer not later than January 10. 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 school, 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 have an assessment study conducted 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 based on reappraised valuations.

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 February 28 and the second is due by July 31. Beginning in 1992, the second installment will be due by June 15. A penalty of one percent per month is imposed on overdue installment payments until the date of payment or the date of sale of tax liens.

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. Everything which is the subject of ownership but is not included within the term real property is considered personal property. Certain items of personal property – household furnishings, freestanding appliances, carpet and drapes, other personal effects, and personal property rented for 30 days or less – 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 reflects the property's worth during a specified period of time. Actual value is 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 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.

The time frame for determining the actual value of property is the 18 month period beginning January 1 and going to July 1 of the next year, the latter date being six months preceding the next assessment date (January 1). If sufficient data is not available to compute the level of value of a class of property, the five-year period prior to the July 1 immediately preceding the assessment date may be used. The level of value is adjusted to the final day of the data gathering period.

The actual value of property arrived at, using the appropriate one-and-one-half-year period and appraisal methods, must be within 10 percent of the current level of value. The assessor must revalue any property that does not meet this requirement.

Reassessment cycle. The actual value of property is currently computed based on a two-year reassessment cycle. Property was revalued in 1989 and again in 1991. The data gathering period for the 1991 reassessment is the one-and-one-half-year period prior to July 1, 1990. The two-year reassessment schedule will require revaluation again in 1993. In 1993, the one-and-one-half-year period will be from January 1, 1991, to July 1, 1992.

Following the 1996 revaluation, reassessments will occur annually and the 1997 valuations will be based on data collected in the one-and-one-half years prior to July 1, 1996 (House Bill 91-1328).

Assessed value. The assessed value of property is equal to the actual value multiplied by the appropriate assessment rate. Assessed value for residential real property is computed by multiplying the actual value by the rate set by the 1982 constitutional amendment. However, the 1982 amendment also required that the General Assembly insure that, whenever there is a change in the level of value, the percentage of the total statewide valuation for assessment attributed to residential real property remain the same as in the preceding year. Rate changes made pursuant to Article X, Section 3 are summarized below.

**Residential Assessment Rate Adjustments Since 1982
Percent of Actual Value**

Calendar Year	Rate		Reference
	Residential	Other	
1982	21.00%	29% ^{1/}	Constitution
1987	18.00%		H.B. 1003 (1987)
1988	16.00%		S.B. 184 (1988)
1989	15.00%		H.B. 1288 (1989)
1990	15.00%		
1991	14.34%		H.B. 1215 (1991)
1992	14.34%		

^{1/} For commercial, industrial, state assessed, vacant land, agricultural land, and natural resources.

Commercial, industrial, vacant land, agricultural land, natural resources, and state assessed property are to be assessed at 29 percent. Classes of property with assessment provisions based on production are oil and gas lands and leaseholds, and producing mines.

Mill. The rate of property taxation for real and personal property is expressed in mills. One mill will generate one dollar of taxes for each \$1,000 of assessed value.

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. Except for school districts, a taxing jurisdiction's mill levy

is determined by dividing the jurisdiction's budget by its total assessed value. However, each levy is subject to maximum levy limitations provided by law. The levies are then certified by the board of 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 total mill levy by the property's assessed value.

Communications to taxpayers. A notice of adjusted valuation (NOV) is mailed to any property owner whose property has changed in value from the prior year. This notice states the actual, rather than assessed, value in the current and previous year, and the amount of the adjustment. The NOV will also include the assessment rate to be applied to the actual value to compute assessed value. A form is included in the NOV mailing which, if returned by the property owner, initiates an appeal of the valuation. Under certain circumstances, an estimate of taxes may be included in the mailing.

Any mill levy amounts communicated to a taxpayer must convert the mill levy amount into the amount of dollars per \$1,000 of assessed value.

Exemptions. Article X, sections 3, 4, 5, and 6, of the Colorado Constitution provide the following exemptions from property taxation:

- household furnishings and personal effects not used to produce income;
- ditches, canals, and flumes used for irrigation;
- property of the state, 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 (subject to the specific ownership tax in lieu of the property tax);
- inventories of merchandise held for consumption or sale by a business;
- livestock and agricultural and livestock products;
- agricultural equipment used on a farm or ranch in agricultural production;
- non-producing unpatented mining claims.

Colorado statutes further clarify and define the constitutional exemptions. Some of the exclusions set forth in statute are:

- nonprofit domestic water companies;
- intangible property, such as stocks and bonds;
- works of art, such as paintings, mosaics, and unique architectural embellishments loaned to or in the custody of the state or a political subdivision or to a library, art gallery, or museum owned or operated by a charitable organization;
- property owned by a non-profit corporation that provides medical and dental services to needy persons with charges for the services based on the ability to pay;
- computer software, which has been defined as intangible personal property;
- transitional housing for homeless or abused persons, or persons whose incomes are below the poverty line; and
- property used by the state and its political subdivisions under installment sales or lease purchase agreement under which the public entity will own the property without further consideration at the end of the agreement.

The statutes also specify the extent to which religious organizations are exempt from property taxation when their property receives limited rental income or is used for ancillary activities such as day care for children (Senate Bill 237, 1989 Session; Senate Bill 91-228).

Residential Property:

As shown on the chart on page 83, the General Assembly set the rate for assessment of residential property at 15 percent of the actual value for tax years 1989 and 1990. This rate was then changed for 1991 and 1992 to 14.34 percent, although this number is subject to review by the State Board of Equalization. Mobile homes' valuation for assessment is the same as for 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. The Property Tax Administrator determines the actual value of the operating property and plant for each public utility. Public utilities include airline companies, railroads, 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, 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.

Actual value. Public utilities are valued at current value. To establish actual value, a factor is applied to adjust the current year level of value to the utility's level of value on the date used for valuing other properties (the final day of the data gathering period).

Valuation for assessment. Public utility and railroad properties are valued at 29 percent of actual value.

Administration. Each public utility is to file with the property tax administrator by April 1 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 property tax administrator 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.

Natural Resource Property:

Mines. Mines are divided into two classes – producing and non-producing. Producing mines are metalliferous mines 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. In accordance with a constitutional amendment approved in 1988, non-producing unpatented mining claims are exempt from property taxation.

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.

Agricultural Property:

The actual value of agricultural lands, exclusive of building improvements, is determined by considering the productive capacity of the land over a reasonable period of time, capitalized at a rate of 13 percent.

United States Property Used for Recreational Purposes:

Property owned by the federal government is generally exempt from property tax. However, if exempt property is leased to an individual or organization to conduct a for-profit business, the lessee may be subject to taxation as if he was the owner of the property. In the case of lands owned by the federal government and leased for recreational activities (ski areas), the possessory interest of the lessee is subject to taxation. The actual value of the possessory interest is determined by capitalizing the annual fee paid to the United States by the lessee

in the immediately preceding calendar year. A factor is applied to adjust the actual value to the level of value applicable to real property.

Tax Deferrals, Credits, and Abatements:

Tax deferral. Persons 65 years or older may defer payment of taxes for an owner-occupied non-income producing home, townhome, mobile home, condominium, or similar structure. The deferral is for one calendar year, but may be continued on an 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;
- 3) the taxpayer moves for reasons other than ill health;
- 4) the taxpayer begins to rent the property or otherwise receives income from it; or
- 5) the cumulative amount of the deferral plus interest exceeds the market value of the property less the value of any liens.

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.

Abatements and refunds. Property owners may petition for an abatement or refund of taxes for the prior two years if they feel the taxes have been levied erroneously or illegally, due to overvaluation, clerical error, or incorrect levies. If the petition is approved, the owner is entitled to a tax abatement, or if the taxes have already been collected, to a refund.

Property Tax/Rent and Heat/Fuel Grants (Rebates) for Elderly and Disabled Persons:

Colorado residents who meet the age definitions of elderly or who are disabled may qualify for a property tax/rent grant of up to \$500 and a heat/fuel grant of up to \$160. These grants are in the form of rebates filed with Colorado income tax returns (Title 39, Article 31, C.R.S.).

Eligibility. To qualify as an elderly couple, either the husband or wife must be 65 years of age or older or an individual must be 58 years of age or older. A disabled person does not need to meet the age requirements but must have been

disabled for the entire year and shall have received full disability payments from a bona fide public or private plan such as Social Security. A person claiming a grant must have paid property taxes on his personal residence or have paid rent on his living quarters or for a mobile home space. An applicant for a grant may not be claimed as a dependent by any other person for Colorado income tax purposes.

Income eligibility. The following income limitations apply to this program:

Single person	less than \$ 7,500
Married couple	less than \$11,200

Other limitations. A grant is not to exceed either the total amount of property taxes paid or 20 percent of the rent actually paid on the residence. Residents of nursing homes are not eligible for a grant for nursing home payments.

Property tax/rent grant. The maximum grant is \$500. This amount is reduced by 20 percent for income above \$5,000 for a single person and by 20 percent for income over \$8,700 for a married couple.

Examples for single person:	
(a)	Income of \$5,000 equals a grant of \$500.
(b)	Income of \$6,000 equals a grant of \$300. (\$500 less \$200 or 20% of the \$1,000 of income over \$5,000)
Examples for a married couple:	
(a)	Income of \$8,700 equals a grant of \$500.
(b)	Income of \$10,000 equals a grant of \$240. (\$500 less \$260 or 20% of the \$1,300 of income over \$8,700)

Heat/fuel grants. The maximum heat/fuel grant is \$160 per year and may not exceed the actual amount paid for heat and fuel. If the heating bill is included as part of the rental payments, the grant is based on 10 percent of the total rent. For persons who pay their own heating expense, the grant is based on the actual expenses for that year up to the \$160 maximum. Percentage reductions are made for individuals whose income is over \$5,000 and for couples whose incomes exceed \$8,700.

Administration. Department of Revenue. Request "Colorado Property Tax/Rent/Heat Rebate Form 104 PTC".

Local refunds. A number of municipalities refund a part of the municipal property taxes to senior citizens or to disabled citizens. Interested persons should check with the municipality in which they live concerning the availability of this refund.

Amount of grants. The amount refunded in FY 1990 was \$16.3 million. Over 43,000 income tax returns requested grants and the average credit allowed was \$372.

Property Tax Work-off Program:

This program, enacted in the 1991 session, permits a taxing entity to establish a work-off program whereby persons 60 years of age and older perform work for the entity in lieu of payment of property taxes. The property taxes due must be on the homestead of the taxpayer making application and the property shall not produce income. A local ordinance or resolution to adopt this program shall include procedures for application for the program, the maximum number of persons that may participate, and work verification procedures. The number of hours to be worked is determined by the amount of property taxes divided by the federal minimum wage (House Bill 91-1258).

Revenue Limitations:

Colorado law limits taxing entities to revenue increases of 5.5 percent above the previous year's revenue for taxes collected. 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. Other property tax revenues excluded from the limitation include those for payment of bonds, interest, and contractual obligations, reappraisal expenses, repayment of state equalization payments, and county assessor offices.

In prior years the statutes allowed taxing entities to accumulate into future years the percentage increases by not using the full 5.5 percent increase in a given year. These provisions are scheduled for repeal effective June 30, 1991.

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.

Property valuations that are excluded when computing the 5.5 percent revenue limitation 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.

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.

TABLE V
Property Tax Revenue for Selected Years
by Types of Governmental Units
and
Total State Assessed Valuation

1930-1990 ^{1/}
(in millions)

Year	State	County	Municipal	County Public School	General School ^{2/}	Special District ^{3/}	Total Revenue	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	15.5	—	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	37.5	—	81.3	1,644.6
1955	10.4	26.0	20.0	8.6	66.2	\$2.4	133.7	2,870.7
1960	7.9	38.0	26.5	25.7	99.2	6.8	204.1	3,582.1
1961	5.4	39.4	25.4	26.7	111.5	7.2	215.5	3,699.7
1962	5.3	35.8	32.3	24.4	126.4	8.1	232.2	3,810.4
1963	5.1	46.2	31.8	25.6	140.5	9.0	258.2	3,924.7
1964	5.2	48.3	33.2	26.7	155.4	9.7	278.5	3,989.8
1965	—	53.3	34.3	27.8	158.4	10.3	284.2	4,087.5
1966	—	55.3	36.0	28.8	174.7	11.2	306.0	4,235.8
1967	—	58.6	37.3	30.5	194.9	12.7	334.0	4,432.6
1968	—	61.7	38.7	32.9	213.9	13.9	361.1	4,661.2
1969	—	63.4	40.9	—	267.1	15.6	387.1	4,908.9
1970	—	72.3	43.6	—	304.1	19.0	439.1	5,158.7
1971	—	83.9	45.3	—	341.6	21.2	492.0	5,464.3
1972	—	87.3	48.9	—	371.7	24.1	532.0	5,984.8
1973	—	104.5	52.9	—	328.8	29.2	515.4	6,688.0
1974	—	122.1	60.6	—	395.1	36.6	614.4	7,490.1
1975	—	143.4	66.5	—	447.2	46.8	703.8	8,435.9
1976	—	155.4	70.9	—	517.3	47.5	791.1	10,058.8
1977	—	165.0	73.3	—	553.3	54.9	846.4	10,689.6
1978	—	180.7	77.9	—	570.1	59.2	888.0	11,586.3
1979	—	202.7	84.5	—	620.9	69.3	977.4	12,460.5
1980	—	239.5	92.4	—	705.4	83.2	1,120.6	13,717.8
1981	—	264.2	99.1	—	757.3	96.8	1,217.4	14,777.1
1982	—	292.5	105.5	—	835.9	116.5	1,350.4	15,730.5
1983	—	347.2	115.5	—	945.1	135.3	1,543.2	17,185.7
1984	—	371.2	121.8	—	996.3	148.8	1,638.1	17,905.1
1985	—	410.9	129.5	—	1,114.4	162.6	1,817.3	18,730.1
1986	—	435.8	138.1	—	1,181.4	187.9	1,943.1	19,215.7
1987	—	445.3	145.5	—	1,251.8	210.2	2,052.7	36,261.1
1988	—	479.5	153.7	—	1,309.8	235.2	2,178.2	31,660.6
1989	—	506.5	159.1	—	1,319.1	246.9	2,231.5	29,138.6
1990	—	558.7	117.9	—	1,315.2	257.8	2,249.5	29,082.0

^{1/} Division of Property Taxation, Twentieth Annual Report, 1990.

^{2/} Includes General, Capital Reserve, Bond Redemption, and Junior College funds.

^{3/} Special district totals are included in county totals until 1955.

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%		Gypsum	1.0%
Avon	2.0%		Snowmass Village	0.5%
Breckenridge	1.0%		Telluride	3.0%
Crested Butte	1.5%		Vail	1.0%
Glendale	1.0%		Winter Park	1.0%

SOURCE: Municipal Taxes, 1988 Edition, Colorado Municipal League.

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. With three exceptions – machinery or machine tools, residential power, and sales of food for off-premise consumption – counties and statutory cities must exempt the same items as the state. 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;
- 6) the dispute resolution process for deficient taxes; and
- 7) use of the same definition of food that the state uses if food is exempted from the local sales tax.

The Department of Revenue, at the request of a home rule city, may 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, except for the options noted above of machinery and machine tools, residential power, and food.

State statutes (29-2-108, C.R.S.) limit the total state, county, and municipal sales tax to 7 percent except that the rate may be 8 percent if necessary to allow a county to impose a 1 percent sales tax. Thus, a 4 percent municipal levy, in conjunction with the 3 percent state levy, could not prohibit a county from levying a 1 percent tax. The sales tax of the Cultural and Scientific Facilities District (CSFD), state and local tourism taxes, and county local improvement districts are not included in the statutory limit on sales taxes.

Counties and Municipalities Levying Tax: Presented below are the sales and use tax rates in the cities and counties of the state. The RTD and CSFD taxes are included where applicable.

TABLE VI
SALES TAX IN COLORADO
Rates for Counties, Municipalities, RTD,
Cultural and Scientific Facilities District (CFSD) and State

County - City	City Rate	RTD, CSFD, & County Rate	1/ Total Including State Rate	County - City	City Rate	RTD, CSFD, & County Rate	1/ Total Including State Rate
ADAMS 2/		0.70%	3.70%	Erie (part)	3.50%	0.70%	7.20%
Arvada (part)	3.00%	0.70%	6.70%	Lafayette	3.00%	0.70%	6.70%
Aurora (part)	3.50%	0.70%	7.20%	Longmont	2.75%	0.70%	6.45%
Bennett	2.00%	0.00%	5.00%	Louisville	3.00%	0.70%	6.70%
Brighton	3.00%	0.70%	6.70%	Lyons	3.00%	0.70%	6.70%
Broomfield (part)	3.50%	0.70%	7.20%	Nederland	3.00%	0.70%	6.70%
Commerce City	3.50%	0.70%	7.20%	Superior	2.00%	0.70%	5.70%
Federal Heights	3.00%	0.70%	6.70%	Ward	2.00%	0.70%	5.70%
Northglenn	3.50%	0.70%	7.20%	CHAFFEE		2.00%	5.00%
Thornton	3.50%	0.70%	7.20%	Buena Vista	2.00%	2.00%	7.00%
Westminster (part)	3.25%	0.70%	6.95%	Salida	2.00%	2.00%	7.00%
ALAMOSA		2.00%	5.00%	Poncha Springs	2.00%	2.00%	7.00%
Alamosa	2.00%	2.00%	7.00%	CHEYENNE		0.00%	3.00%
ARAPAHOE 2/		0.70%	3.70%	Cheyenne Wells	2.00%	0.00%	5.00%
Aurora (part)	3.50%	0.70%	7.20%	Kit Carson	2.00%	0.00%	5.00%
Cherry Hills Village	3.00%	0.70%	6.70%	CLEAR CREEK		1.00%	4.00%
Columbine Valley	3.00%	0.70%	6.70%	Empire	3.00%	1.00%	7.00%
Englewood	3.50%	0.70%	7.20%	Georgetown	3.00%	1.00%	7.00%
Glendale	3.50%	0.70%	7.20%	Idaho Springs	3.00%	1.00%	7.00%
Greenwood Village	3.00%	0.70%	6.70%	Silver Plume	3.00%	1.00%	7.00%
Littleton	3.00%	0.70%	6.70%	CONEJOS		0.00%	3.00%
Sheridan	3.50%	0.70%	7.20%	Antonito	2.00%	0.00%	5.00%
ARCHULETA		4.00%	7.00%	La Jara	2.00%	0.00%	5.00%
BACA		0.00%	3.00%	Manassa	1.00%	0.00%	4.00%
Springfield	2.00%	0.00%	5.00%	Romeo	1.00%	0.00%	4.00%
BENT		1.00%	4.00%	COSTILLA		1.00%	4.00%
Las Animas	2.00%	1.00%	6.00%	Blanca	2.00%	1.00%	6.00%
BOULDER 2/		0.70%	3.70%	San Luis	2.00%	1.00%	6.00%
Boulder	2.86%	0.70%	6.56%	CROWLEY		2.00%	5.00%
Broomfield (part)	3.50%	0.70%	7.20%	Ordway	2.00%	2.00%	7.00%
				CUSTER		1.00%	4.00%
				Silver Cliff	2.00%	1.00%	6.00%
				Westcliffe	2.00%	1.00%	6.00%

County - City	City Rate	RTD, CSFD, & County Rate	1/ Total Including State Rate
DELTA		2.00%	5.00%
Cedaredge	1.50%	2.00%	6.50%
Crawford	2.00%	2.00%	7.00%
Delta	2.00%	2.00%	7.00%
Hotchkiss	2.00%	2.00%	7.00%
Paonia	1.00%	2.00%	6.00%
DENVER, City&Co 2/	3.50%	0.70%	7.20%
DOLORES		0.00%	3.00%
Dove Creek	2.00%	0.00%	5.00%
Rico	2.00%	0.00%	5.00%
DOUGLAS 2/		0.70%	3.70%
Castle Rock	4.00%	0.00%	7.00%
Larkspur	2.00%	0.00%	5.00%
Parker	3.00%	0.70%	6.70%
EAGLE		1.00%	4.00%
Avon	4.00%	1.00%	8.00%
Basalt (Part)	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%
Elizabeth	1.50%	0.00%	4.50%
Simla	2.00%	0.00%	5.00%
EL PASO		1.00%	4.00%
Calhan	2.00%	1.00%	6.00%
Colorado Springs	2.50%	1.00%	6.50%
Fountain	3.00%	1.00%	7.00%
Green Mtn. Falls	2.00%	1.00%	6.00%
Manitou Springs	3.50%	1.00%	7.50%
Monument	3.00%	1.00%	7.00%
Palmer Lake	2.00%	1.00%	6.00%
FREMONT		1.50%	4.50%
Canon City	2.00%	1.50%	6.50%
Florence	2.00%	1.50%	6.50%
GARFIELD		0.25%	3.25%
Carbondale	3.00%	0.25%	6.25%
Glenwood Springs	2.75%	0.25%	6.00%
New Castle	3.00%	0.25%	6.25%
Parachute	3.00%	0.25%	6.25%
Rifle	2.50%	0.25%	5.75%
Silt	3.00%	0.25%	6.25%
GILPIN		0.00%	3.00%
Black Hawk	4.00%	0.00%	7.00%
Central City	4.00%	0.00%	7.00%
GRAND		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 Spgs	4.00%	1.00%	8.00%
Kremmling	4.00%	1.00%	8.00%
Winter Park	4.00%	1.00%	8.00%
GUNNISON		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%
HINSDALE		4.00%	7.00%
HUERFANO		1.00%	4.00%
La Veta	3.00%	1.00%	7.00%
Walsenburg	2.00%	1.00%	6.00%

County - City	City Rate	RTD, CSFD, & County Rate	1/ Total Including State Rate
JACKSON		3.00%	6.00%
JEFFERSON 2/		1.20%	4.20%
Arvada (part)	3.00%	1.20%	7.20%
Broomfield (part)	3.50%	1.20%	7.70%
Edgewater	3.50%	1.20%	7.70%
Golden	2.00%	1.20%	6.20%
Lakewood	2.00%	1.20%	6.20%
Morrison	3.00%	1.20%	7.20%
Mountain View	3.00%	1.20%	7.20%
Westminster (part)	3.25%	1.20%	7.45%
Wheat Ridge	2.00%	1.20%	6.20%
KIOWA		0.00%	3.00%
Eads	2.00%	0.00%	5.00%
KIT CARSON		0.00%	3.00%
Burlington	2.00%	0.00%	5.00%
Flagler	2.00%	0.00%	5.00%
LAKE		4.00%	7.00%
LA PLATA		2.00%	5.00%
Bayfield	1.00%	2.00%	6.00%
Durango	2.00%	2.00%	7.00%
Ignacio	2.00%	2.00%	7.00%
LARIMER		0.00%	3.00%
Berthoud	3.00%	0.00%	6.00%
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		2.00%	5.00%
Hugo	2.00%	2.00%	7.00%
Limon	2.00%	2.00%	7.00%
LOGAN		0.00%	3.00%
Sterling	3.00%	0.00%	6.00%
MESA		2.00%	5.00%
Collbran	2.00%	2.00%	7.00%
De Beque	2.00%	2.00%	7.00%
Fruita	2.00%	2.00%	7.00%
Grand Junction	2.75%	2.00%	7.75%
Palisade	1.00%	2.00%	6.00%
MINERAL		2.00%	5.00%
Creede	2.00%	2.00%	7.00%
MOFFAT		2.00%	5.00%
Craig	1.50%	2.00%	6.50%
MONTEZUMA		0.00%	3.00%
Cortez	3.50%	0.00%	6.50%
Dolores	3.50%	0.00%	6.50%
Mancos	2.00%	0.00%	5.00%
MONTROSE		0.00%	3.00%
Montrose	3.00%	0.00%	6.00%
Naturita	2.00%	0.00%	5.00%
Nucla	2.00%	0.00%	5.00%
Olathe	3.00%	0.00%	6.00%
MORGAN		0.00%	3.00%
Brush	3.00%	0.00%	6.00%
Fort Morgan	3.00%	0.00%	6.00%
Log Lane Village	2.00%	0.00%	5.00%
Wiggins	2.00%	0.00%	5.00%
OTERO		1.00%	4.00%
Fowler	2.00%	1.00%	6.00%
La Junta	3.00%	1.00%	7.00%

County - City	City Rate	RTD, CSFD, & County Rate	1/ Total Including State Rate
Manzanola	2.00%	1.00%	6.00%
Rocky Ford	3.00%	1.00%	7.00%
OURAY		1.00%	4.00%
Ouray	3.00%	1.00%	7.00%
Ridgway	3.00%	1.00%	7.00%
PARK		0.00%	3.00%
Alma	3.00%	0.00%	6.00%
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%
PITKIN		3.00%	6.00%
Aspen	1.70%	3.00%	7.70%
Basalt (Part)	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		1.00%	4.00%
Pueblo	3.50%	1.00%	7.50%
RIO BLANCO		2.00%	5.00%
RIO GRANDE		1.00%	4.00%
Del Norte	2.00%	1.00%	6.00%
Monte Vista	3.00%	1.00%	7.00%
ROUTT		1.00%	4.00%
Hayden	4.00%	1.00%	8.00%
Oak Creek	3.00%	1.00%	7.00%
Steamboat Spgs	4.00%	1.00%	8.00%
SAGUACHE		0.00%	3.00%
Center	2.00%	0.00%	5.00%
Saguache	3.00%	0.00%	6.00%
SAN JUAN		1.00%	4.00%
Silverton	3.00%	1.00%	7.00%
SAN MIGUEL		1.00%	4.00%
Norwood	2.00%	1.00%	6.00%
Telluride	4.00%	1.00%	8.00%

County - City	City Rate	RTD, CSFD, & County Rate	1/ Total Including State Rate
SEDGWICK		1.00%	4.00%
Julesburg	1.00%	1.00%	5.00%
Sedgwick	1.00%	1.00%	5.00%
Ovid	1.00%	1.00%	5.00%
SUMMIT		2.50%	5.50%
		3/	3/
Breckenridge	2.00%	2.50%	7.50%
Dillon	2.00%	2.50%	7.50%
Frisco	2.00%	2.50%	7.50%
Silverthorne	2.00%	2.50%	7.50%
TELLER		1.00%	4.00%
Cripple Creek	2.00%	1.00%	6.00%
Woodland Park	3.00%	1.00%	7.00%
Victor	3.00%	1.00%	7.00%
WASHINGTON		0.00%	3.00%
Akron	1.00%	0.00%	4.00%
Otis	2.00%	0.00%	5.00%
WELD		0.00%	3.00%
Ault	2.00%	0.00%	5.00%
Dacono	3.00%	0.00%	6.00%
Eaton	3.00%	0.00%	6.00%
Erie (part)	3.50%	0.00%	6.50%
Evans	3.00%	0.00%	6.00%
Firestone	2.00%	0.00%	5.00%
Frederick	2.00%	0.00%	5.00%
Fort Lupton	2.00%	0.00%	5.00%
Garden City	2.00%	0.00%	5.00%
Gilcrest	3.00%	0.00%	6.00%
Greeley	3.00%	0.00%	6.00%
Hudson	2.00%	0.00%	5.00%
Johnstown	2.00%	0.00%	5.00%
Keenesburg	2.00%	0.00%	5.00%
Kersey	2.00%	0.00%	5.00%
La Salle	2.00%	0.00%	5.00%
Lochbuie	2.00%	0.00%	5.00%
Mead	2.00%	0.00%	5.00%
Milliken	2.00%	0.00%	5.00%
Pierce	2.00%	0.00%	5.00%
Platteville	2.00%	0.00%	5.00%
Severance	2.00%	0.00%	5.00%
Windsor	3.00%	0.00%	6.00%
YUMA		0.00%	3.00%
Wray	1.00%	0.00%	4.00%
Yuma	2.00%	0.00%	5.00%

SOURCE: Department of Revenue. Rates in effect July 1, 1990.

- 1/ Total includes the combined sales tax rate for the municipalities, the counties, the Regional Transportation District (RTD) and Cultural and Scientific Facilities District (CSFD) where applicable, and the state. Beginning July 1, 1987, a sales tax of two-tenths of one percent (.2%) is levied on the sales of taxable food, drink, lodging services, skiing, auto rentals, and admissions to tourist attractions until June 30, 1993.
- 2/ Total for these counties, or parts of counties, includes RTD sales tax of .6 of 1 percent (32-9-119 (2), C.R.S.) and a sales tax of .1 of 1 percent for the Denver Metropolitan Scientific and Cultural Facilities District (32-13-107, C.R.S.). The .1 of 1 percent stadium district sales tax is not included in this table.
- 3/ County total includes .5 percent for county mass transit system.

District Sales Taxes:

The General Assembly has authorized the collection of sales taxes for specific purposes in certain areas of the state. The Regional Transportation District levies a sales tax of .6 of 1 percent (32-9-119 (2), C.R.S.) 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 electricity for home use are exempt from the tax.

House Bill 1138, 1987 session, established a "Denver Metropolitan Scientific and Cultural Facilities District" which comprises the same boundaries as the RTD. The bill authorizes the district to impose a sales tax of one-tenth of one percent (.1%). The voters approved the imposition of this tax during the 1988 General Election for collection beginning January 1, 1989.

The Denver metropolitan major league baseball stadium district was created in 1989 (House Bill 1341) and is authorized to levy one-tenth of 1 percent (0.1%) sales tax upon the awarding of a major league franchise in the area. Monies collected shall be used to plan and design a stadium, site acquisition, stadium construction, and for payment of any special obligation bonds. The stadium district boundaries are the same as the RTD boundaries. Voters approved this additional tax in August, 1990. The tax is scheduled to take effect August 1, 1991.

Counties outside of the jurisdiction of RTD are authorized, on approval of the voters, to impose a sales or use tax of up to .5 percent for the purpose of building mass transportation systems. This tax is exempt from the 7 percent limitation on total sales or use taxes imposed by a county (House Bill 90-108; 29-2-103.5, C.R.S.). Summit County approved this tax in 1990 with a .5 percent rate.

The southeastern portion of Jefferson County has formed a local improvement district in which a sales tax of .5 cents is imposed. Section 30-20-604, C.R.S., permits a tax of up to this amount in counties having a population of over 100,000 on approval of the voters in the area.

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 as an interstate carrier 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	0.50% 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. Also, the owner of class B and C vehicles who rents such vehicles may, after receiving authority from the county, collect an amount equal to 2 percent of the rental payment. The owner must report the amount of tax collections with payment of the taxes collected in the previous month by the twentieth of the following month.

Exemptions:

- Mobile homes;
- Vehicles displaying plates issued by the U.S. armed forces in a foreign country (45 day exemption);
- U.S. and Colorado government vehicles including vehicles leased by the state;
- Firefighting and police ambulances and patrol wagons;
- Mobile machinery and self-propelled construction equipment not operated on highways if the equipment is listed with and assessed by the county assessor;
- Farm tractors and implements used in agricultural operations;
- 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 vehicles is 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:

**Specific Ownership Tax Receipts
(\$ in Millions)**

Calendar Year	Collection	Percent Change	Calendar Year	Collection	Percent Change
1981	\$99.3		1986	\$143.3	8.6%
1982	105.1	5.8%	1987	138.7	-3.2%
1983	118.6	12.8%	1988	154.1	11.1%
1984	129.4	9.1%	1989	148.6	-3.6%
1985	131.9	1.9%	1990	160.6	8.1%

SOURCE: Department of Revenue and Division of Property Taxation.

APPENDIX

The appendix to this report contains eight tables taken from **How Colorado Compares: State and Local Taxes**, Colorado Public Expenditure Council, 1991 Edition. The Council (CPEC) derives its data from the Bureau of the Census, U.S. Department of Commerce, and use 1989 data, the latest available data. The tables presented are as follows:

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The reason for selecting these tables for this publication is to show the proportion of the state tax collections compared with local taxes in Colorado and other states. The following quotations from the CPEC publication summarize the Colorado and other state comparisons in regard to: (a) the mix of state and local taxes; and (b) the total collections by state and local governments:

As CPEC has reported in the past, Colorado is one of the most fiscally decentralized states in the nation. The comparative figures for fiscal year 1989 bear this out. TABLE I placed Colorado's state government 48th in its percentage of state and local tax revenue. Less than one-half (48.9%) of the total tax receipts were collected at the state level in Colorado. Nationwide, more than three-fifths of such revenue was collected by state governments. Conversely, TABLE II placed Colorado's local governments 3rd in the percentage of tax revenue collected at the local level. Local governments in Colorado have received more revenue than the state in each of the last five fiscal years.

As a result of this decentralized structure, Colorado's state government ranks low and its local governments place high when compared with other states. TABLE III ranked Colorado 46th in

per capita state government taxes. Colorado's \$875 in per capita state taxes was 24% below the national average of \$1,148. However, as shown on TABLE IV, Colorado placed 6th in per capita local government taxes. Colorado's \$915 in per capita local taxes was considerably higher than the national average of \$736.

When tax receipts were related to personal income, Colorado placed 48th in state government tax revenue (TABLE V), and 5th in local government tax revenue (TABLE VI).

Colorado placed 24th in its combined per capita state and local taxes as shown on TABLE VII. Colorado's per capita total of \$1,791 was 5% below the national average of \$1,888. Colorado ranked 34th when state and local taxes were related to personal income (TABLE VIII). Nationally, state and local taxes accounted for \$116 per \$1,000 of personal income and \$109 in Colorado. These two tables are the most significant when making interstate comparisons, as they depict the total state and local government tax burden.

TABLE I

STATE GOVERNMENT PERCENTAGE OF STATE
AND LOCAL TAX REVENUE - FISCAL YEAR 1989

Rank	State	State %
1.	Delaware	83.49%
2.	Hawaii	82.51%
3.	New Mexico	79.68%
4.	Kentucky	78.04%
5.	West Virginia	77.76%
6.	Arkansas	75.80%
7.	Mississippi	74.48%
8.	South Carolina	73.43%
9.	Alabama	71.80%
10.	Washington	71.61%
11.	Idaho	71.40%
12.	North Carolina	71.34%
13.	Oklahoma	69.71%
14.	North Dakota	68.34%
15.	Alaska	68.21%
16.	Minnesota	68.01%
17.	California	67.94%
18.	Nevada	67.29%
19.	Massachusetts	66.71%
20.	Maine	66.68%
21.	Indiana	66.59%
22.	Wisconsin	65.31%
23.	Louisiana	63.82%
24.	Iowa	63.34%
25.	Utah	62.82%
26.	Tennessee	62.67%
27.	Missouri	62.20%
28.	Arizona	62.06%
29.	Rhode Island	61.10%
30.	Wyoming	60.78%
	United States Average *	60.64%
31.	Georgia	60.51%
32.	Pennsylvania	60.49%
33.	Vermont	60.40%
34.	Michigan	60.25%
35.	Florida	60.08%
36.	Maryland	59.73%
37.	Connecticut	59.29%
38.	Virginia	58.99%
39.	Ohio	58.57%
40.	Montana	57.92%
41.	Kansas	57.84%
42.	New Jersey	55.81%
43.	Illinois	53.96%
44.	Nebraska	53.53%
45.	Texas	52.61%
46.	Oregon	50.78%
47.	South Dakota	49.48%
48.	COLORADO	48.89%
49.	New York	48.52%
50.	New Hampshire	34.39%

* Excludes District of Columbia

	Colo.	Rank	U.S.
1988	49.0%	48	60.9%
1987	48.5%	49	61.2%
1986	48.3%	49	61.4%
1985	48.8%	48	61.8%

SOURCE: U.S. Department of Commerce, Bureau
of the Census, Government Finances: 1988-89
(GF-89-5), pp. 45-96.

TABLE II

LOCAL GOVERNMENT PERCENTAGE OF STATE
AND LOCAL TAX REVENUE - FISCAL YEAR 1989

Rank	State	Local %
1.	New Hampshire	65.61%
2.	New York	51.48%
3.	COLORADO	51.11%
4.	South Dakota	50.52%
5.	Oregon	49.22%
6.	Texas	47.39%
7.	Nebraska	46.47%
8.	Illinois	46.04%
9.	New Jersey	44.19%
10.	Kansas	42.16%
11.	Montana	42.08%
12.	Ohio	41.43%
13.	Virginia	41.01%
14.	Connecticut	40.71%
15.	Maryland	40.27%
16.	Florida	39.92%
17.	Michigan	39.75%
18.	Vermont	39.60%
19.	Pennsylvania	39.51%
20.	Georgia	39.49%
	United States Average *	39.36%
21.	Wyoming	39.22%
22.	Rhode Island	38.90%
23.	Arizona	37.94%
24.	Missouri	37.80%
25.	Tennessee	37.33%
26.	Utah	37.18%
27.	Iowa	36.66%
28.	Louisiana	36.18%
29.	Wisconsin	34.69%
30.	Indiana	33.41%
31.	Maine	33.32%
32.	Massachusetts	33.29%
33.	Nevada	32.71%
34.	California	32.06%
35.	Minnesota	31.99%
36.	Alaska	31.79%
37.	North Dakota	31.66%
38.	Oklahoma	30.29%
39.	North Carolina	28.66%
40.	Idaho	28.60%
41.	Washington	28.39%
42.	Alabama	28.20%
43.	South Carolina	26.57%
44.	Mississippi	25.52%
45.	Arkansas	24.20%
46.	West Virginia	22.24%
47.	Kentucky	21.96%
48.	New Mexico	20.32%
49.	Hawaii	17.49%
50.	Delaware	16.51%

* Excludes District of Columbia

	Colo.	Rank	U.S.
1988	51.0%	3	39.1%
1987	51.5%	2	38.8%
1986	51.7%	2	38.6%
1985	51.2%	3	38.2%

SOURCE: U.S. Department of Commerce, Bureau
of the Census, Government Finances: 1988-89
(GF-89-5), pp. 45-96.

TABLE III

STATE GOVERNMENT TAX COLLECTIONS
PER CAPITA --- FISCAL YEAR 1989

Rank	State	Amount
1.	Alaska	\$2,674.95
2.	Hawaii	1,993.74
3.	Delaware	1,679.34
4.	Massachusetts	1,534.13
5.	Connecticut	1,484.55
6.	New York	1,480.57
7.	Minnesota	1,469.79
8.	California	1,418.08
9.	Washington	1,367.49
10.	New Jersey	1,357.47
11.	Maryland	1,319.98
12.	Wisconsin	1,316.56
13.	Maine	1,301.49
14.	New Mexico	1,237.19
15.	Wyoming	1,225.20
16.	Nevada	1,206.01
17.	Michigan	1,199.62
18.	Rhode Island	1,161.44
	United States Average *	1,147.53
19.	Arizona	1,141.90
20.	North Carolina	1,121.50
21.	Vermont	1,118.98
22.	Iowa	1,112.04
23.	Virginia	1,085.77
24.	Kentucky	1,083.43
25.	South Carolina	1,058.20
26.	Indiana	1,055.35
27.	Pennsylvania	1,048.90
28.	West Virginia	1,030.08
29.	Oklahoma	1,027.41
30.	Illinois	1,008.80
31.	North Dakota	1,007.29
32.	Idaho	996.96
33.	Kansas	993.37
34.	Ohio	991.51
35.	Georgia	986.20
36.	Florida	983.00
37.	Oregon	917.11
38.	Missouri	908.19
39.	Utah	905.96
40.	Louisiana	905.79
41.	Montana	903.19
42.	Arkansas	902.94
43.	Nebraska	900.06
44.	Alabama	889.40
45.	Mississippi	882.03
46.	COLORADO	875.44
47.	Tennessee	823.17
48.	Texas	822.46
49.	South Dakota	654.94
50.	New Hampshire	553.96

* Excludes District of Columbia

	Colo.	Rank	U.S.
1988	\$826	43	\$1,077
1987	777	41	1,017
1986	718	43	948
1985	707	43	904

SOURCE: U.S. Department of Commerce, Bureau of the Census, *Government Finances: 1988-89* (GF-89-5), pp. 45-96; population estimates for July 1989.

TABLE IV

LOCAL GOVERNMENT TAX COLLECTIONS
PER CAPITA --- FISCAL YEAR 1989

Rank	State	Amount
1.	New York	\$1,571.10
2.	Alaska	1,246.97
3.	New Jersey	1,074.88
4.	New Hampshire	1,056.75
5.	Connecticut	1,019.52
6.	COLORADO	915.21
7.	Maryland	889.92
8.	Oregon	889.09
9.	Illinois	860.69
10.	Michigan	791.51
11.	Wyoming	790.71
12.	Nebraska	781.48
13.	Massachusetts	765.52
14.	Virginia	754.76
15.	Texas	.94
16.	Rhode Island	.47
	United States Average *	35.90
17.	Vermont	733.77
18.	Kansas	724.03
19.	Ohio	701.47
20.	Wisconsin	699.25
21.	Arizona	698.24
22.	Minnesota	691.40
23.	Pennsylvania	685.09
24.	California	669.30
25.	South Dakota	668.63
26.	Montana	656.21
27.	Florida	653.24
28.	Maine	650.36
29.	Georgia	643.74
30.	Iowa	643.63
31.	Nevada	586.20
32.	Missouri	551.93
33.	Washington	542.25
34.	Utah	536.21
35.	Indiana	529.42
36.	Louisiana	513.55
37.	Tennessee	490.40
38.	North Dakota	466.67
39.	North Carolina	450.66
40.	Oklahoma	446.41
41.	Hawaii	422.58
42.	Idaho	399.25
43.	South Carolina	382.97
44.	Alabama	349.40
45.	Delaware	332.18
46.	New Mexico	315.55
47.	Kentucky	304.94
48.	Mississippi	302.28
49.	West Virginia	294.60
50.	Arkansas	288.35

* Excludes District of Columbia

	Colo.	Rank	U.S.
1988	\$860	6	\$691
1987	825	7	644
1986	768	5	596
1985	741	4	558

SOURCE: U.S. Department of Commerce, Bureau of the Census, *Government Finances: 1988-89* (GF-89-5), pp. 45-96; population estimates for July 1989.

TABLE V

STATE GOVERNMENT TAX COLLECTIONS
PER \$1,000 OF PERSONAL INCOME
FISCAL YEAR 1989

Rank	State	Amount
1.	Alaska	\$140.89
2.	Hawaii	120.50
3.	New Mexico	100.48
4.	Delaware	96.94
5.	Wyoming	89.22
6.	Minnesota	89.10
7.	Maine	87.36
8.	West Virginia	86.88
9.	Washington	85.04
10.	Wisconsin	85.03
11.	Kentucky	84.50
12.	South Carolina	82.85
13.	Idaho	79.61
14.	North Carolina	79.39
15.	Mississippi	79.38
16.	Arizona	77.74
17.	North Dakota	77.67
18.	California	77.62
19.	New York	76.87
20.	Oklahoma	76.69
21.	Iowa	76.01
22.	Utah	75.06
23.	Vermont	74.38
24.	Arkansas	74.24
25.	Massachusetts	74.00
26.	Louisiana	73.26
27.	Michigan	72.74
28.	Nevada	72.58
29.	Indiana	71.18
	<i>United States Average</i> •	70.34
30.	Montana	70.32
31.	Alabama	69.47
32.	Rhode Island	69.12
33.	Maryland	68.79
34.	Georgia	65.58
35.	Pennsylvania	64.82
36.	Connecticut	64.50
37.	Ohio	64.13
38.	Kansas	63.49
39.	Oregon	62.80
40.	Virginia	62.28
41.	New Jersey	61.84
42.	Nebraska	61.26
43.	Florida	60.82
44.	Tennessee	59.88
45.	Missouri	58.98
46.	Illinois	57.62
47.	Texas	56.89
48.	COLORADO	53.43
49.	South Dakota	51.49
50.	New Hampshire	29.08

• Excludes District of Columbia

	Colo.	Rank	U.S.
1988	\$53.06	49	\$70.32
1987	51.47	47	70.20
1986	48.99	49	69.12
1985	51.91	48	71.54

SOURCE: U.S. Department of Commerce, Bureau of the Census, *Government Finances: 1988-89* (GF-89-5), pp. 45-96; Bureau of Economic Analysis, *Survey of Current Business*, August 1990, p. 28; personal income for 1988.

TABLE VI

LOCAL GOVERNMENT TAX COLLECTIONS
PER \$1,000 OF PERSONAL INCOME
FISCAL YEAR 1989

Rank	State	Amount
1.	New York	\$81.57
2.	Alaska	65.68
3.	Oregon	60.88
4.	Wyoming	57.58
5.	COLORADO	55.85
6.	New Hampshire	55.47
7.	Nebraska	53.19
8.	South Dakota	52.56
9.	Texas	51.25
10.	Montana	51.09
11.	Illinois	49.16
12.	New Jersey	48.97
13.	Vermont	48.77
14.	Michigan	47.99
15.	Arizona	47.54
16.	Maryland	46.38
17.	Kansas	46.27
18.	Ohio	45.37
19.	Wisconsin	45.16
	<i>United States Average</i> •	45.11
20.	Utah	44.42
21.	Connecticut	44.29
22.	Rhode Island	44.01
23.	Iowa	43.99
24.	Maine	43.65
25.	Virginia	43.29
26.	Georgia	42.81
27.	Pennsylvania	42.34
28.	Minnesota	41.91
29.	Louisiana	41.54
30.	Florida	40.42
31.	Massachusetts	36.92
32.	California	36.63
33.	North Dakota	35.98
34.	Missouri	35.84
35.	Indiana	35.71
36.	Tennessee	35.67
37.	Nevada	35.28
38.	Washington	33.72
39.	Oklahoma	33.32
40.	North Carolina	31.90
41.	Idaho	31.88
42.	South Carolina	29.99
43.	Alabama	27.29
44.	Mississippi	27.20
45.	New Mexico	25.63
46.	Hawaii	25.54
47.	West Virginia	24.85
48.	Kentucky	23.78
49.	Arkansas	23.71
50.	Delaware	19.17

• Excludes District of Columbia

	Colo.	Rank	U.S.
1988	\$55.26	5	\$45.14
1987	54.63	6	44.44
1986	52.40	6	43.43
1985	54.44	6	44.16

SOURCE: U.S. Department of Commerce, Bureau of the Census, *Government Finances: 1988-89* (GF-89-5), pp. 45-96 and BEA; personal income for 1988.

TABLE VII

STATE AND LOCAL TAX COLLECTIONS
PER CAPITA --- FISCAL YEAR 1989

Rank	State	Amount
1.	Alaska	\$3,921.92
2.	District of Columbia	3,713.77
3.	New York	3,051.67
4.	Connecticut	2,504.07
5.	New Jersey	2,432.34
6.	Hawaii	2,416.32
7.	Massachusetts	2,299.65
8.	Maryland	2,209.90
9.	Minnesota	2,161.19
10.	California	2,087.38
11.	Wyoming	2,015.91
12.	Wisconsin	2,015.81
13.	Delaware	2,011.52
14.	Michigan	1,991.13
15.	Maine	1,951.86
16.	Washington	1,909.73
17.	Rhode Island	1,900.91
United States Average		1,887.89
18.	Illinois	1,869.49
19.	Vermont	1,852.75
20.	Virginia	1,840.52
21.	Arizona	1,840.13
22.	Oregon	1,806.20
23.	Nevada	1,792.21
24.	COLORADO	1,790.65
25.	Iowa	1,755.67
26.	Pennsylvania	1,733.99
27.	Kansas	1,717.40
28.	Ohio	1,692.98
29.	Nebraska	1,681.54
30.	Florida	1,636.24
31.	Georgia	1,629.94
32.	New Hampshire	1,610.71
33.	Indiana	1,584.77
34.	North Carolina	1,572.16
35.	Texas	1,563.40
36.	Montana	1,559.40
37.	New Mexico	1,552.73
38.	North Dakota	1,473.96
39.	Oklahoma	1,473.82
40.	Missouri	1,460.12
41.	Utah	1,442.17
42.	South Carolina	1,441.17
43.	Louisiana	1,419.35
44.	Idaho	1,396.21
45.	Kentucky	1,388.37
46.	West Virginia	1,324.68
47.	South Dakota	1,323.57
48.	Tennessee	1,313.57
49.	Alabama	1,238.81
50.	Arkansas	1,191.28
51.	Mississippi	1,184.31

	Colo.	Rank	U.S.
1988	\$1,686	22	\$1,772
1987	1,602	22	1,665
1986	1,485	19	1,547
1985	1,448	17	1,465

SOURCE: U.S. Department of Commerce, Bureau of the Census, Government Finances: 1988-89 (GF-89-5), pp. 45-96; population estimates for July 1989.

TABLE VIII

STATE AND LOCAL TAX COLLECTIONS
PER \$1,000 OF PERSONAL INCOME
FISCAL YEAR 1989

Rank	State	Amount
1.	Alaska	\$206.56
2.	District of Columbia	170.01
3.	New York	158.43
4.	Wyoming	146.80
5.	Hawaii	146.04
6.	Minnesota	131.01
7.	Maine	131.01
8.	Wisconsin	130.18
9.	New Mexico	126.11
10.	Arizona	125.28
11.	Oregon	123.69
12.	Vermont	123.15
13.	Montana	121.41
14.	Michigan	120.73
15.	Iowa	120.00
16.	Utah	119.48
17.	Washington	118.76
18.	Delaware	118.11
United States Average		115.63
19.	Maryland	115.17
20.	Louisiana	114.80
21.	Nebraska	114.45
22.	California	114.25
23.	North Dakota	113.65
24.	Rhode Island	113.13
25.	South Carolina	112.84
26.	West Virginia	111.72
27.	Idaho	111.49
28.	North Carolina	111.30
29.	Massachusetts	110.92
30.	New Jersey	110.81
31.	Oklahoma	110.01
32.	Kansas	109.76
33.	Ohio	109.50
34.	COLORADO	109.28
35.	Connecticut	108.79
36.	Georgia	108.39
37.	Kentucky	108.29
38.	Texas	108.14
39.	Nevada	107.86
40.	Pennsylvania	107.16
41.	Indiana	106.89
42.	Illinois	106.78
43.	Mississippi	106.59
44.	Virginia	105.57
45.	South Dakota	104.05
46.	Florida	101.24
47.	Arkansas	97.95
48.	Alabama	96.76
49.	Tennessee	95.55
50.	Missouri	94.82
51.	New Hampshire	84.55

	Colo.	Rank	U.S.
1988	\$108.32	32	\$115.62
1987	106.09	34	114.79
1986	101.39	40	112.69
1985	106.35	35	115.82

SOURCE: U.S. Department of Commerce, Bureau of the Census, Government Finances in 1988-89 (GF-89-5), pp. 45-96 and BEA; personal income for 1988.