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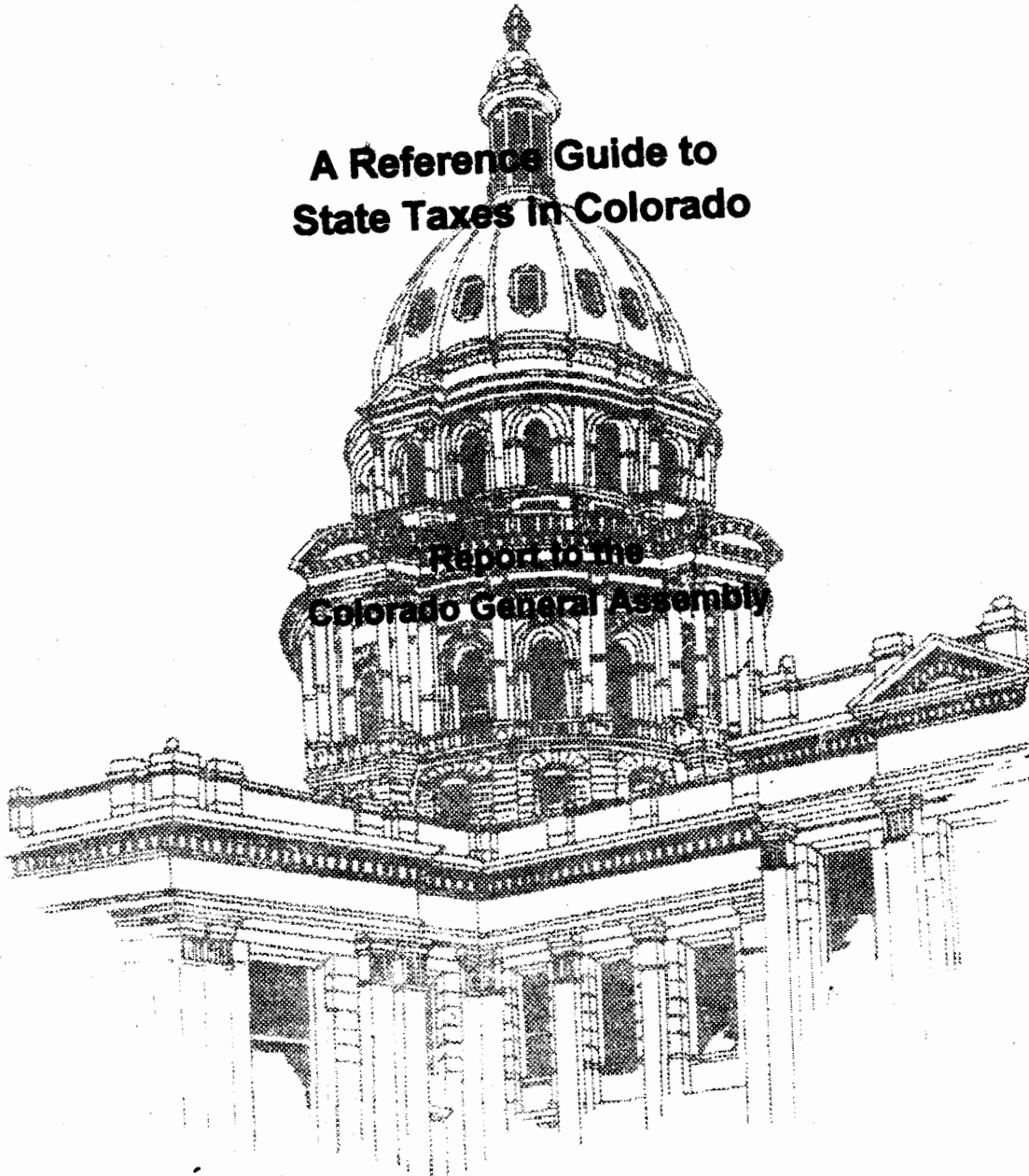
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## 0471 Tax Handbook: A Reference Guide to State Taxes in Colorado

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# **Tax Handbook**

**A Reference Guide to  
State Taxes in Colorado**



**Colorado Legislative Council**  
**Research Publication No. 471**  
**March 2000**

# **TAX HANDBOOK**

## **State and Local Taxes in Colorado**

**Report to the  
Colorado General Assembly**

**Colorado Legislative Council  
Research Publication No. 471  
March 2000**

The **Tax Handbook** was prepared by the Legislative Council Staff. The Legislative Council Staff is the non-partisan research office of the Colorado General Assembly. Questions, comments, or suggestions about the content of this handbook may be directed to Ron Kirk or Deb Godshall at (303) 866-3521. Electronic messages regarding this publication can be sent to [ron.kirk@state.co.us](mailto:ron.kirk@state.co.us).

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# INTRODUCTION

This report presents an overview of state taxes imposed in Colorado. As such, it does not include revenues to the state from a variety of other different sources. For example, it does not include license and registration fees, permit fees, fines and court costs, interest earnings, and Medicaid transfers.

The 2000 Tax Handbook provides information on Colorado state taxes, tax rates of neighboring states, and federal taxes for tax years 1999 and 2000. The handbook is organized into three sections as follows:

- Section 1 reflects total taxes collected by the state and includes information on how selected taxes in Colorado compare to other states;
- Section 2 provides information on each of the taxes levied by the state; and
- Section 3 begins with a general overview of TABOR and provides information on surplus revenues and taxpayer refunds for FY 1996-97 through FY 1999-00.

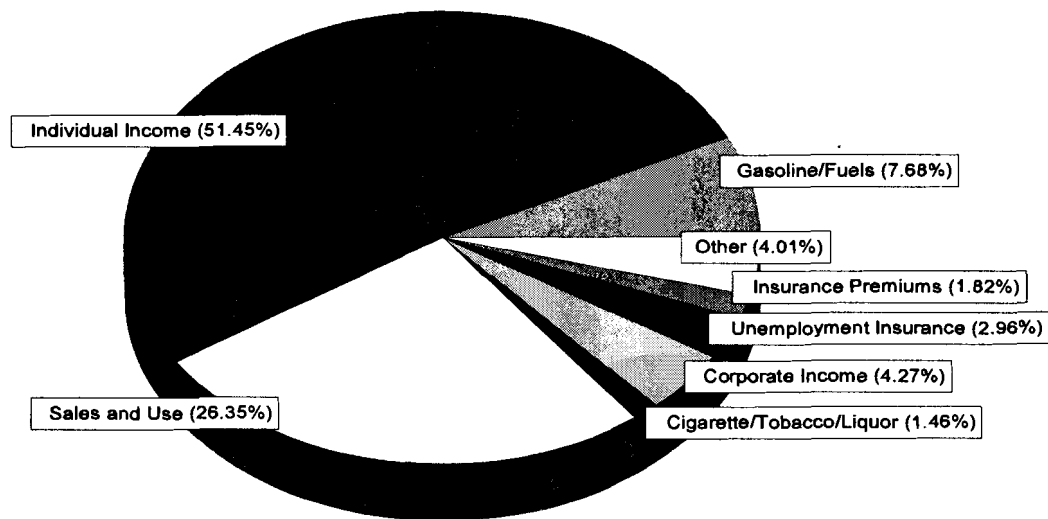
A historical appendix has been added which includes a table listing constitutional and statutory fiscal requirements and a summary of tax legislation enacted during the 1999 session.

# SECTION 1

## State Tax Collections

The state collected about \$6.5 billion in taxes in FY 1998-99. The major taxes collected include individual income, sales and use, gasoline, special fuel, corporate income, unemployment insurance, and insurance premiums. Other taxes collected include: cigarette, tobacco, liquor, gaming, estate, workers compensation, severance, pari-mutuel, and aviation gasoline. Graph 1.1 shows the major taxes that contribute to total tax revenues.

**Graph 1.1**  
**FY 1998-99**  
**State Tax Revenues**



**Table 1.1**  
**FY 1998-99 State Tax Revenues**  
(\$ in millions)

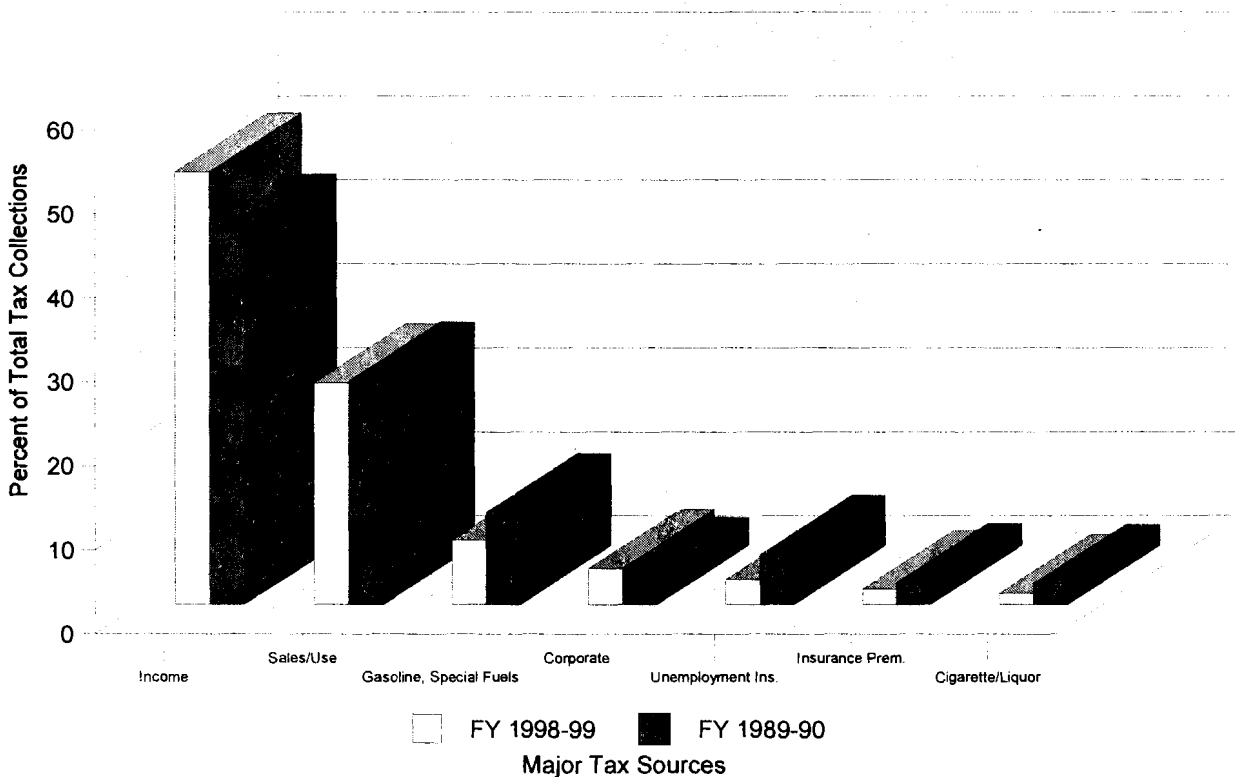
Revenue Source	Amount	Revenue Source	Amount
Individual Income	\$3,326.8	Corporate Income	\$276.2
Sales and Use	\$1,703.9	Unemployment Ins.	\$191.1
Gasoline/Fuels	\$496.4	Insurance Premiums	\$117.9
Other	\$259.0	Cigarette/Tobacco/Liquor	\$94.4
Total State Taxes			\$6,465.7



## Major Tax Sources

Individual income taxes account for the largest portion of total taxes followed by sales and use taxes. The revenues from these three sources rose from 71 to 78 percent of total tax collections over the last ten years. In FY 1989-90, individual income taxes made up 44 percent of total taxes as compared with 51 percent in FY 1998-99. Sales and use taxes made up about 27 percent of total taxes in FY 1989-90 as compared with 26 percent in FY 1998-99. Other tax revenues from gasoline, special fuels, unemployment insurance, insurance premiums, cigarette, and liquor decreased as a percentage of the total over the same time period. Corporate income taxes increased from about 3 to 4 percent. Graph 1.2 shows how these major tax sources changed as a percent of total tax collections during this ten-year period.

**Graph 1.2**  
**Major Tax Sources as a Percent of Total Collections**



Other tax sources such as workers compensation, severance, pari-mutuel, and aviation gasoline taxes comprised a smaller percentage contribution to total tax receipts in FY 1998-99 than in FY 1989-90. In terms of actual moneys collected, pari-mutuel taxes decreased over the comparison time period. Table 1.2 compares total tax revenues by source for fiscal years 1989-90 and 1998-99 and depicts the percentage each source contributed to total tax revenues.

**Table 1.3**  
**Total Tax Revenues, FY 1989-90 through FY 1998-99**  
*(dollars in millions)*

Revenues	FY 1989-90	FY 1990-91	FY 1991-92	FY 1992-93	FY 1993-94	FY 1994-95	FY 1995-96	FY 1996-97	FY 1997-98	FY 1998-99	Compound Avg. Annual Growth Rate
Sales Taxes	\$768.1	\$779.8	\$844.5	\$928.9	\$1,036.6	\$1,131.8	\$1,218.7	\$1,310.0	\$1,426.0	\$1,563.7	8.22%
Use Taxes	62.5	66.9	69.1	69.1	82.5	91.1	102.8	115.8	120.3	140.2	9.39%
Cigarette Taxes	56.3	57.5	57.3	56.6	57.0	59.7	58.2	60.0	59.9	60.0	0.71%
Tobacco Products Taxes	3.2	3.9	4.3	4.6	5.5	5.9	7.0	8.2	8.1	8.6	11.61%
Liquor Taxes	21.4	19.1	21.2	23.2	22.6	23.3	24.3	24.0	25.1	25.8	2.10%
Other Taxes	2.0	3.7	3.2	3.6	3.6	4.1	4.4	3.2	0.0	0.0	NA
<b>TOTAL EXCISE TAXES</b>	<b>\$913.5</b>	<b>\$930.9</b>	<b>\$999.6</b>	<b>\$1,086.0</b>	<b>\$1,207.8</b>	<b>\$1,315.9</b>	<b>\$1,415.4</b>	<b>\$1,521.1</b>	<b>\$1,639.4</b>	<b>\$1,798.3</b>	<b>7.82%</b>
Individual Income Taxes	1380.7	1462.4	1608.5	1759.8	1919.9	2106.4	2318.5	2572.6	3051.6	3326.8	10.26%
Corporate Income Taxes	104.2	115.0	112.2	138.4	146.8	191.1	205.7	237.1	263.1	276.2	11.44%
<b>TOTAL INCOME TAXES</b>	<b>\$1,484.9</b>	<b>\$1,577.4</b>	<b>\$1,720.6</b>	<b>\$1,898.2</b>	<b>\$2,066.7</b>	<b>\$2,297.5</b>	<b>\$2,524.2</b>	<b>\$2,809.7</b>	<b>\$3,314.7</b>	<b>\$3,603.0</b>	<b>10.35%</b>
Gas/ Special Fuels Taxes	342.1	342.8	374.5	397.4	421.4	434.4	439.8	451.7	471.8	496.4	4.22%
Unemployment Insurance Taxes Taxed	184.9	166.6	179.7	196.9	206.2	205.8	192.7	192.6	194.2	191.1	0.37%
Insurance Premiums Tax	82.5	84.7	89.1	92.1	101.9	105.1	110.4	111.8	113.8	117.9	4.05%
Gaming Taxes	0.0	0.0	10.8	30.0	40.3	44.0	50.7	54.2	61.7	74.2	NA
Estate Taxes	21.7	15.3	34.3	19.7	33.9	27.6	31.8	34.6	109.6	67.1	13.36%
Workers Compensation Taxes	23.3	28.8	38.7	33.5	43.5	38.8	45.1	38.7	40.8	43.1	7.07%
Severance Taxes	22.8	21.9	16.8	23.5	4.3	24.6	12.7	32.3	30.0	32.8	4.12%
Pari-mutuel Taxes	8.3	8.4	8.3	8.5	8.5	8.2	8.1	7.5	7.1	6.2	-3.19%
Aviation Gasoline Taxes	1.1	1.1	1.0	1.0	1.0	1.0	0.9	1.1	1.2	1.4	2.72%
Aviation Fund From Sales/Use	0.0	0.0	0.0	7.0	6.2	7.9	7.4	8.6	8.7	5.3	NA
Other Taxes	39.0	30.8	37.6	47.7	44.4	51.0	35.7	31.3	46.5	29.0	-3.24%
<b>Total Other Taxes</b>	<b>\$725.7</b>	<b>\$700.4</b>	<b>\$790.8</b>	<b>\$857.3</b>	<b>\$911.6</b>	<b>\$948.4</b>	<b>\$935.3</b>	<b>\$964.4</b>	<b>\$1,085.4</b>	<b>\$1,084.5</b>	<b>4.35%</b>
<b>Total State Collections</b>	<b>\$3,124.1</b>	<b>\$3,208.7</b>	<b>\$3,511.0</b>	<b>\$3,841.5</b>	<b>\$4,186.1</b>	<b>\$4,561.8</b>	<b>\$4,874.9</b>	<b>\$5,295.2</b>	<b>\$6,039.5</b>	<b>\$6,465.7</b>	<b>8.42%</b>

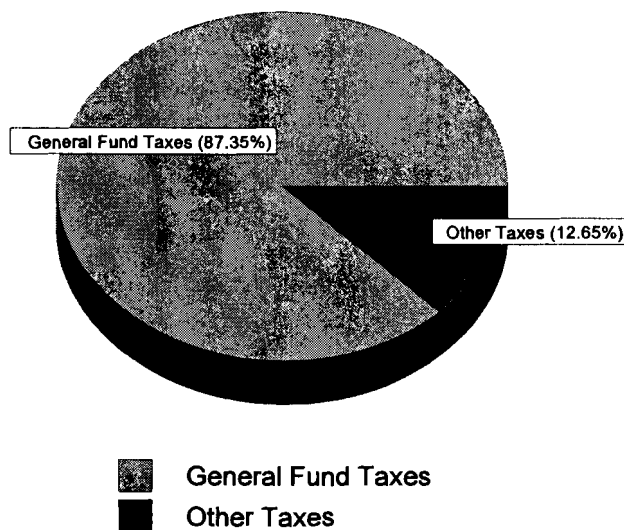
NOTE: Numbers may not add due to rounding.

SOURCE: Controller's Annual Reports; Accounts and Control.

## General Fund Taxes

All moneys not earmarked by the constitution or statute for specific funds are credited to the General Fund, the state's primary operating fund. About \$5.6 billion, or 87.4 percent of the \$6.5 billion in total tax collections, was deposited into the General Fund in FY 1998-99. Graph 1.3 illustrates the percentage of General Fund taxes that make up total taxes.

**Graph 1.3**  
**FY 1998-99**  
**General Fund Taxes Compared to Total Taxes**



During the past two decades, there has been a significant shift in two of the major General Fund tax sources. Since FY 1979-80, the state has become more reliant on individual income taxes and less dependent on sales and use taxes. Individual income taxes made up about 36 percent of General Fund taxes in FY 1979-80 as compared with about 59 percent in FY 1998-99. Sales and use taxes made up about 41 percent of General Fund taxes in FY 1979-80 as compared with about 30 percent in FY 1998-99. Graph 1.4 shows how General Fund revenue sources have changed from FY 1979-80 to FY 1998-99.

**Table 1.2**  
**Total Tax Revenues, FY 1989-90 and FY 1998-99**  
 (\$ in millions)

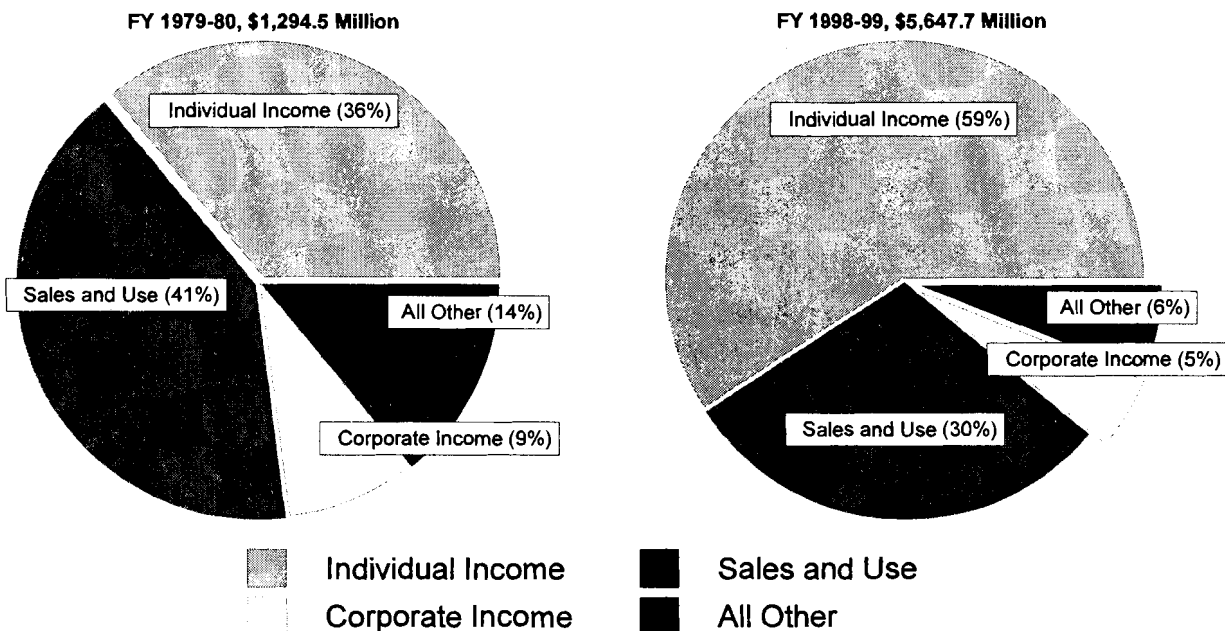
Revenues	FY 1989-90	Percent of FY 1989-90 Total	FY 1998-99	Percent of FY 1998-99 Total
Sales Taxes	\$768.1	24.6%	\$1,563.7	24.2%
Use Taxes	62.5	2.0%	140.2	2.2%
Cigarette Taxes	56.3	1.8%	60.0	0.9%
Tobacco Products Taxes	3.2	0.1%	8.6	0.1%
Liquor Taxes	21.4	0.7%	25.8	0.4%
Other Taxes	2.0	0.1%	0.0	0.0%
<b>TOTAL EXCISE TAXES</b>	<b>\$913.5</b>	<b>29.2%</b>	<b>\$1,798.3</b>	<b>27.8%</b>
Individual Income Taxes	\$1,380.7	44.2%	\$3,326.8	51.5%
Corporate Income Taxes	104.2	3.3%	276.2	4.3%
<b>TOTAL INCOME TAXES</b>	<b>\$1,484.9</b>	<b>47.5%</b>	<b>\$3,603.0</b>	<b>55.8%</b>
Gas/Special Fuels Taxes	\$342.1	11.0%	\$496.1	7.7%
Unemployment Ins. Taxes	184.9	5.9%	191.1	3.0%
Insurance Premium Taxes	82.5	2.6%	117.9	1.8%
Gaming Taxes	0.0	0.0%	74.3	1.2%
Estate Taxes	21.7	0.7%	67.1	1.0%
Workers Comp. Taxes	23.3	0.8%	43.1	0.7%
Severance Taxes	22.8	0.7%	32.8	0.5%
Pari-Mutuel	8.3	0.3%	6.2	0.1%
Aviation Gasoline	1.1	0.0%	1.4	0.0%
Aviation Fund (Sales/Use)	0.0	0.0%	5.3	0.1%
Other Taxes	\$39.0	1.3%	\$28.9	0.5%
<b>TOTAL OTHER TAXES</b>	<b>\$725.7</b>	<b>23.2%</b>	<b>\$1,064.4</b>	<b>34.1%</b>
<b>Total Tax Revenues</b>	<b>\$3,124.1</b>	<b>100.0%</b>	<b>\$6,465.7</b>	<b>100.0%</b>

NA: Not Applicable.

SOURCE: State Controller's Office.

Table 1.3 provides a historical perspective of collections for total taxes from FY 1989-90 to FY 1998-99. Total tax collections increased at a compound average annual rate of 8.4 percent during this ten-year period. The ten-year compound average annual growth rate for estate taxes was the highest at 13.4 percent followed by tobacco products at 11.6 percent. However, an unusually large estate settlement inflated the numbers in FY 1998-99. During this ten-year period, individual income taxes grew at a compound average annual rate of 10.3 percent; corporate income taxes grew at 11.4 percent.

**Graph 1.4**  
**20-Year Comparison of General Fund Taxes**



### How Colorado's State Taxes Compare With Other States

Rankings for state taxes provide a national perspective for analyzing the relative tax burdens of Coloradans and comparing differences in other state tax structures. States are ranked based on tax collections per \$1,000 of personal income. This statistic is used because it provides a more accurate measure of the ability of taxpayers to pay taxes than a per capita measure. In FY 1997-98, Colorado ranked 47<sup>th</sup> of 50 states for total state taxes paid. The national average for total state taxes paid per \$1,000 of personal income was \$73.85 and in Colorado, total taxes paid were \$56.10. Meanwhile, in FY 1995-96, Colorado ranked 41<sup>st</sup> for total *state and local* taxes paid. The national average for total state and local taxes paid per \$1,000 of personal income was \$113.33, while it was \$102.97 in Colorado.

For individual income taxes, Coloradans paid \$27.41 for each \$1,000 of personal income as compared with a national high of \$44.32 and a low of \$0.00 for those states that do not have a state income tax. Table 1.4 lists some of the major state taxes in Colorado and shows how Colorado ranked in relation to other states, along with the taxes paid for each \$1,000 of personal income. Figures for the national high, average, and low are provided to show how Colorado compares with the range for all other states.

**Table 1.4**  
**Colorado's Rank for Selected State Taxes**  
*(Per \$1,000 Personal Income, FY 1997-98)*

Tax	Colorado		National		
	Ranking	Tax	High	Average <sup>1</sup>	Low
Individual Income	25	\$27.41	\$44.32	\$27.20	\$0.00
Sales/Use	42	\$14.56	\$46.71	\$25.69	\$0.00
Corporate Income	43	\$2.58	\$18.12	\$4.99	\$0.00
Tobacco	44	\$0.64	\$2.63	\$1.24	\$0.09
Estate	15	\$1.03	\$2.38	\$0.93	\$0.35
Insurance Premiums	41	\$1.09	\$2.91	\$1.57	\$0.30
Liquor	41	\$0.24	\$1.56	\$0.59	\$0.10
Motor Fuel	29	\$4.78	\$10.30	\$5.13	\$0.90
Pari-Mutuel	14	\$0.07	\$0.27	\$0.07	\$0.00
Severance	18	\$0.31	\$42.4	\$3.85	\$0.00
Total State Taxes <sup>2</sup>	47	\$56.10	\$107.44	\$73.85	\$30.99

1. The national average is calculated for only those states that impose a specific tax.

2. Total taxes include other taxes that are not found in the table.

Table 1.5 provides a comparison of selected state taxes for Colorado and neighboring states. A ranking is provided for each state along with the amount of tax collected for each \$1,000 of income. For example, of the neighboring states for individual income taxes, Utah is ranked 10<sup>th</sup> of 50 states and taxpayers pay \$32.98 for every \$1,000 of personal income for this specific tax. For sales/use taxes, New Mexico has a greater tax burden than Colorado as it is ranked 3<sup>rd</sup> compared with a ranking of 42<sup>nd</sup> for Colorado. A lower ranking means that taxpayers pay less in taxes per \$1,000 of taxable income. In New Mexico, taxpayers pay \$43.73 in sales/use taxes for each \$1,000 of income as compared to a low of \$14.56 for Colorado. Of the neighboring states with a corporate income tax, Colorado has the least burdensome corporate income tax (\$2.58 per \$1,000 income) whereas corporations in New Mexico pay \$5.41 for every \$1,000 of income.

**Table 1.5**  
**Neighboring State-By-State Rankings for Selected State Taxes**  
*(Based on Collections per \$1,000 Personal Income, FY 1997-98)*

State	Individual Income		Sales/Use		Corporate Income		Tobacco		Motor Fuels	
	Rank	Tax	Rank	Tax	Rank	Tax	Rank	Tax	Rank	Tax
Colorado	25	\$27.4	42	\$14.5	43	\$2.58	44	\$0.64	29	\$4.78
Wyoming	No Tax		9	\$30.9	No Tax		45	\$0.56	38	\$4.19
Utah	10	\$32.9	10	\$30.6	24	\$4.61	31	\$1.05	5	\$7.36
Arizona	38	\$18.6	13	\$30.4	16	\$5.27	11	\$1.69	19	\$5.33
New Mexico	33	\$24.0	3	\$43.7	15	\$5.41	41	\$0.75	7	\$7.24
Oklahoma	22	\$27.9	35	\$19.6	35	\$3.30	26	\$1.15	20	\$5.26
Kansas	21	\$27.9	19	\$25.9	22	\$4.91	35	\$0.89	23	\$5.11
Nebraska	32	\$24.9	26	\$23.5	31	\$3.63	22	\$1.20	10	\$6.79

## SECTION 2

### State Taxes

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

- *Date of Enactment*
- *Constitutional and Statutory Citations*
- *Tax Base*
- *Tax Rate*
- *Administration and Collection*
- *Disposition of Revenue*
- *Net Collections*
- *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.

Revenue collection figures are from the annual reports of the Department of Revenue and the State Controller's Office of the Department of Personnel/General Support Services, 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*.



## Cigarette Tax

**Enacted:** 1964.

**Citations:** Title 39, Article 28, C.R.S., and Section 39-22-623, C.R.S.

**Tax Base:** Cigarettes, imposed at the wholesale level.

**Tax 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. The amount of tax less a discount of four percent of the face value of the stamps 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 due date to receive the four percent discount.

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

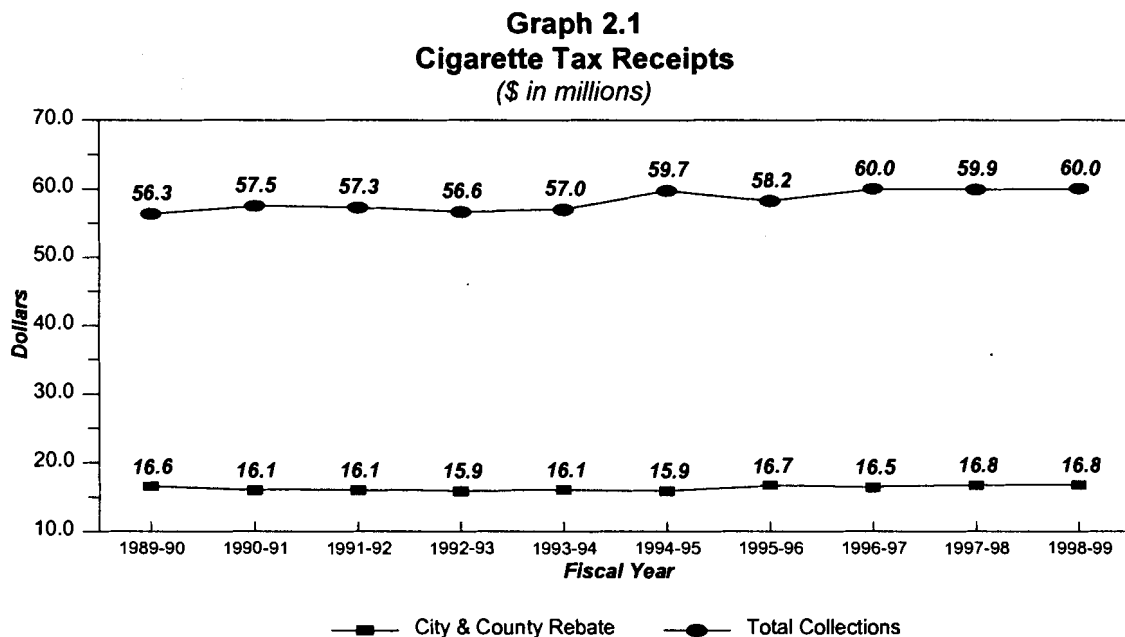
**Table 2.1**  
**History of Cigarette Tax Rates**

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 and Section 39-28-110, C.R.S., require that 15 percent of all cigarette tax revenues be distributed to the General Fund and 85 percent to the Old Age Pension Fund.

Since July 1, 1973, local governments have been entitled to a share of the proceeds of the state cigarette tax. To qualify for these moneys, local governments are prohibited from imposing fees, licenses, or taxes on any person as a condition for engaging in the sale of cigarettes, and they are prohibited from taxing cigarettes. Since July 1, 1987, local governments have been apportioned an amount equal to 27 percent of the gross proceeds from the cigarette 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 state sales tax collections in the unincorporated area of the county bear to sales tax revenues statewide. Distributions to local governments are made monthly.

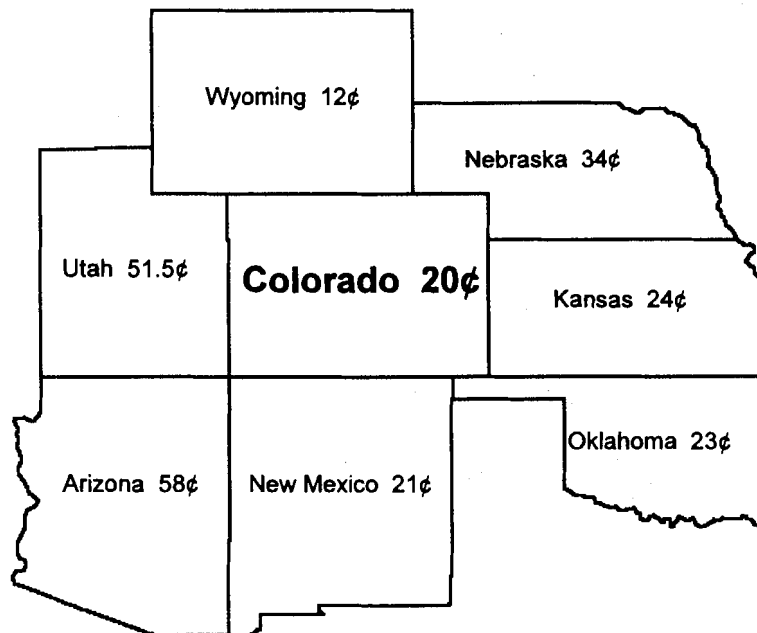
### *Collections:*



SOURCE: State Controller's Office.

**Other States:** Cigarette taxes are imposed in all 50 states and the District of Columbia. State tax rates range from 2.5 cents per pack in Virginia to \$1 per pack in Alaska and Hawaii. Thirty-five states and the District of Columbia impose higher rates than Colorado. The average state excise tax is 40.5 cents per pack while the median is 34.0 cents. Tax rates for neighboring states are as follows:

**Graph 2.2**  
**Cigarette Tax Rates Per Pack of 20 Cigarettes**  
**for Neighboring States**  
*(Rates as of March 2000)*



***Federal Tax:***

**Table 2.2**  
**Federal Cigarette Tax Rates**

Effective January 1, 2000:	
<b>Small Cigarettes</b> (weighing no more than 3 pounds per thousand)	\$17.00 per thousand (34.0 cents per pack)
<b>Large Cigarettes</b> (weighing more than 3 pounds per thousand)	\$35.70 per thousand (71.4 cents per pack)

## Estate Tax

**Enacted:** 1980 – The estate tax replaced the inheritance tax, which had been in effect since 1927.

**Constitutional and Statutory Citations:** Title 39, Article 23.5, C.R.S.

**Tax Base:** The estate tax is imposed on the transfer of the taxable estate of every deceased domiciliary, nondomiciliary, and alien in Colorado. If a federal estate tax return is required, a Colorado estate tax return is required, whether or not tax is due.

**Tax Rate:** The rate is an amount equal to the federal estate tax credit for allowable 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; however, since the Colorado estate tax is a credit for federal tax purposes, in some instances, there will be a tax at the state level that reduces the federal tax to zero.

**Table 2.3**  
**Estate Taxes and Value of Adjusted Taxable Estate**

If the Adjusted Taxable Estate is:	The Maximum Tax Credit Is:	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
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 Colorado domiciliary is subject to an estate tax by another state, the amount of Colorado tax due is 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 domiciliary's gross estate minus the value of the property of a domiciliary as defined by Colorado statute included in the gross estate and the denominator being the domiciliary's gross estate.

Colorado also taxes the transfer of the gross estate of a nondomiciliary 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.

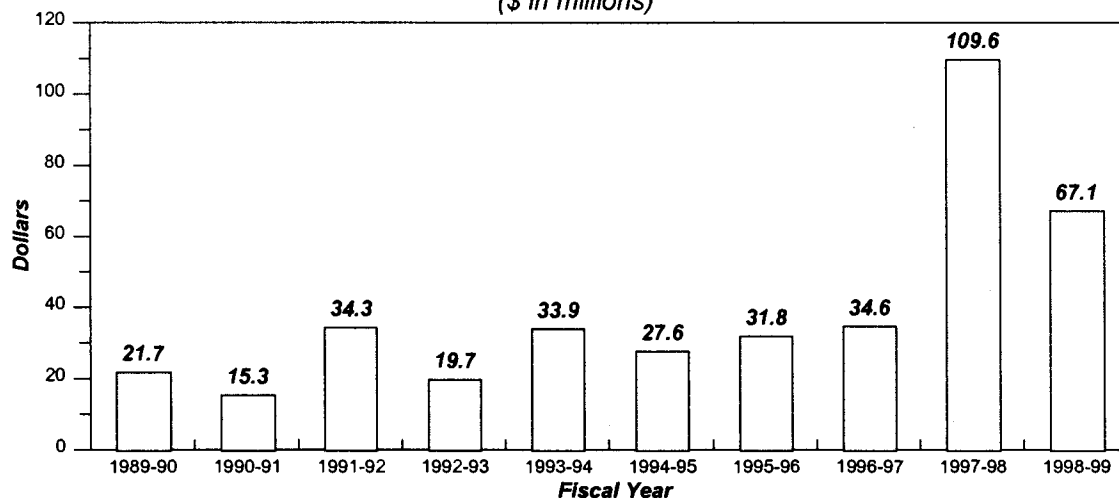
**Administration and Collection:** Department of Revenue. Taxes are due on or before the date the federal return is required to be filed. Any person making an estimated federal estate tax payment must make an estimated Colorado estate tax payment, not later than the date the application for federal extension of time for payment is filed.

**History of Tax Rates:** From 1927 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 federal estate tax law taxes all beneficiaries at the same rate and does not consider a beneficiary's relationship to the deceased with the exception of the allowance of the marital deduction for a surviving spouse.

**Disposition of Revenue:** After requirements of the Old Age Pension Fund have been satisfied, the remainder is credited to the General Fund.

**Collections:**

**Graph 2.3**  
**Estate Tax Receipts**  
(*\$ in millions*)



SOURCE: State Controller's Office.

**Other States:** Estate or inheritance taxes are imposed by all 50 states. Colorado's neighboring states impose estate taxes based on the federal credit. In addition to the estate tax, Nebraska imposes an inheritance tax based on the value of the inheritance and family status.

**Federal Estate Tax:** A federal estate tax is imposed on all transfers of a taxable estate for every decedent who is a resident or a citizen of the United States. The federal estate, gift, and generation-skipping transfer taxes are a portion of a unified transfer tax system. For 2000, the unified tax credit is \$220,550 which effectively exempts the first \$675,000 in cumulative transfers. This tax credit will increase over the next six years and exclude the first \$1,000,000 in transfers in 2006 and thereafter.

## Gaming Taxes

**Enacted:** 1991.

**Constitutional and Statutory Citations:** Article XVIII, Section 9, Colorado Constitution, adopted by a vote of the people on November 6, 1990. Title 12, Article 47.1, C.R.S. Gaming became legal on October 1, 1991.

**Tax Base:** The tax is applied to "Adjusted Gross Proceeds" (AGP) which is defined differently for poker and non-poker games. For non-poker games, AGP equals the total amount of all wagers made by players on limited gaming less all payments to players. For poker, AGP is the sum wagered in a poker hand which may be retained by the licensee as compensation within the minimum and maximum amounts established by the Colorado Limited Gaming Control Commission. Gaming is permitted in Central City, Black Hawk, and Cripple Creek. Gaming on Indian reservations in Colorado is exempt from the tax.

**Tax Rates:** The rates are set by the Colorado Limited Gaming Control Commission. The following rates have been in effect since July 1, 1999.

**Table 2.4**  
**Gaming Tax Rates**

Adjusted Gross Proceeds (AGP)	Tax Rate
\$2,000,000 or less	0.25%
\$2,000,001 to \$4,000,000	2%
\$4,000,001 to \$5,000,000	4%
\$5,000,001 to \$10,000,000	11%
\$10,000,001 to \$15,000,000	16%
\$15,000,001 and over	20%

*History of Tax Rates:*

**Table 2.5**  
**History of Gaming Tax Rates**

<b>Gaming Tax Rates for Year Beginning October:</b>			
<b>AGP:</b>	<b>Tax Rate:</b>	<b>AGP:</b>	<b>Tax Rate:</b>
<b>1991</b>		<b>1992</b>	
\$440,000 and less	4%	\$1,000,000 and less	2%
\$440,001 to \$1,200,000	8%	\$1,000,001 and above	20%
\$1,200,001 and above	15%		
<b>1993</b>		<b>1994 and 1995</b>	
\$1,000,000 and less	2%	\$2,000,000 and less	2%
\$1,000,001 to \$2,000,000	8%	\$2,000,001 to \$4,000,000	8%
\$2,000,001 to \$3,000,000	15%	\$4,000,001 to \$5,000,000	12%
\$3,000,001 and above	18%	\$5,000,001 and over	18%
<b>1996 – 1998</b>		<b>1999</b>	
\$2,000,000 and less	2%	\$2,000,000 and less	0.25%
\$2,000,001 to \$4,000,000	8%	\$2,000,001 to \$4,000,000	2%
\$4,000,001 to \$5,000,000	12%	\$4,000,001 to \$5,000,000	4%
\$5,000,001 to \$10,000,000	18%	\$5,000,001 to \$10,000,000	11%
\$5,000,000 and over	20%	\$10,000,001 to \$15,000,000	16%
		\$15,000,001 and over	20%

The state also imposes various licensing fees to be credited to the Limited Gaming Fund.

**Administration:** The Division of Gaming, within the Department of Revenue, administers the tax. The Colorado Limited Gaming Control Commission, within the Division of Gaming, oversees all licensing functions, rules and regulations, and setting of tax rates.

**Collection Period:** Gaming taxes are collected monthly and are due by the fifteenth day of the month following the end of the tax month.

**Disposition of Revenue:** After the expenses of the Commission and the Division, remaining revenues from the gaming tax and license and background fees are distributed as follows: 49.8 percent to the General Fund; 0.2 percent is distributed to the Colorado Tourism Promotion Fund; 28 percent to the State Historical Fund to be administered by the state historical society; 12 percent to Gilpin and Teller counties in proportion to the gaming revenues generated in each county; and 10 percent to the cities of Central City, Black Hawk, and Cripple Creek in proportion to the gaming revenues generated in each city.

Of the 49.8 percent transferred to the state General Fund, at least 11 percent must be transferred to the Local Government Limited Gaming Impact Fund and 2 percent must be distributed

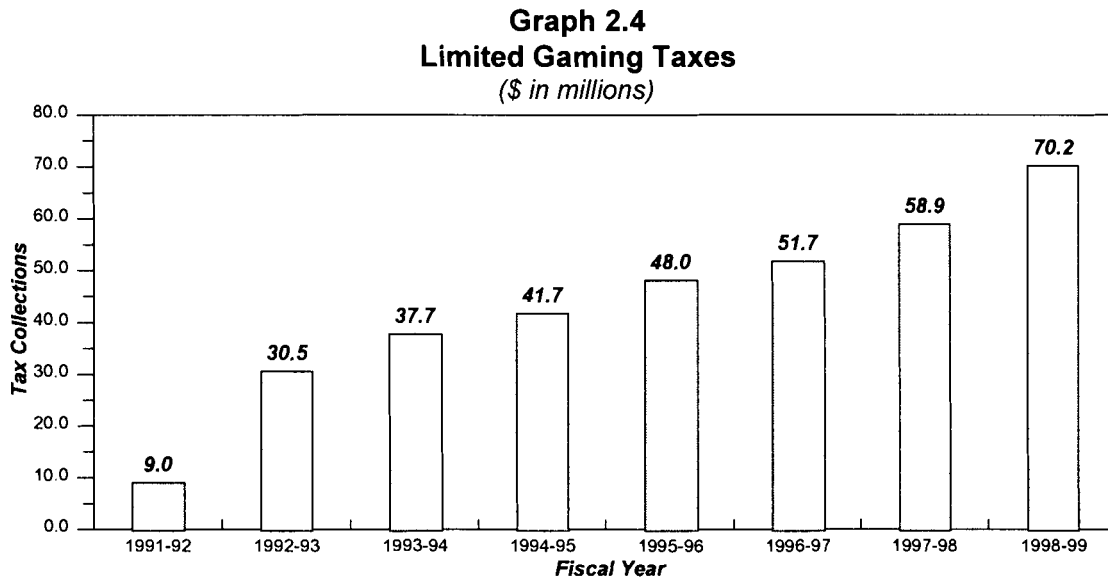


to the Municipal Limited Gaming Impact Fund for the municipalities of Woodland Park and Victor. In FY 2002-03, the minimum transfer to the Local Government Limited Gaming Impact Fund increases to 13 percent. Additionally, the statute directs the General Assembly to transfer money from the General Fund portion of gaming revenues to the state Highway Fund for highway needs that are associated with gaming. In FY 1998-99, moneys in the Limited Gaming Fund were allocated as follows.

**Table 2.6**  
**Distribution from the Limited Gaming Fund, FY 1998-99**

	Dollar Amount	Percent of Total
State General Fund	\$27,322,158	38.9%
Local Government Gaming Impact Fund	3,859,928	5.5%
Municipal Impact Fund		
Woodland Park (\$526,354)		
Victor (\$175,451)	701,805	1.0%
Colorado Department of Transportation	3,066,000	4.4%
Tourism Promotion Fund	140,361	0.2%
State Historical Fund	19,650,541	28.0%
City of Black Hawk (\$4,308,662)		
City of Central City (\$1,118,607)		
City of Cripple Creek (\$1,590,781)		
City Total	7,018,050	10.0%
Teller County (\$1,908,938)		
Gilpin County (\$6,512,723)		
County Total	8,421,661	12.0%
Total	\$70,180,504	100.0%

**Collections:** The following graph of limited gaming tax collections does not include device or license fees.



**Other States:** There are twelve states that do not have bingo gaming, casino or video machine gaming, riverboat gambling, a tax on boxing events based on gross receipts, or a pull-tab or tipboard tax. Eleven states impose a tax on bingo gaming, ten states have taxes on casino or video machine gaming, four states have a specific tax for riverboat gambling, ten states tax gross receipts for boxing events, and three states impose a specific tax on the sale of pull-tab or tipboard sales.

## Income Taxes

### Corporate Income Tax

*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. Colorado's taxable income for corporations is the same as federal taxable income except for changes due to Colorado modifications and apportionment of federal taxable income to Colorado if an interstate corporation.

***Tax Rate:*** The corporate income tax rate is 4.75 percent.

***History of Tax Rates:***

**Table 2.7**  
**History of Corporate Income Tax Rates**

<b>Taxable Periods Beginning:</b>	<b>Tax Rate:</b>
January 1, 1937, to December 31, 1946	4.0% on all taxable income
January 1, 1947, to December 31, 1950	5.0% on all taxable income
January 1, 1951, to December 31, 1956	5.0% on all taxable income, with a 20.0% credit
January 1, 1957, to December 31, 1957	5.0% on all taxable income, with a 15.0% credit
January 1, 1958 to December 31, 1980	5.0% on all taxable income
January 1, 1981, to December 31, 1981	4.0% on first \$25,000; plus 4.5% on income between \$25,000 and \$50,000; plus 5.0% on income above \$50,000
January 1, 1982, to December 31, 1982	4.0% on first \$25,000; plus 4.5% on income between \$25,000 and \$75,000; plus 5.0% on income above \$75,000
January 1, 1983, to June 30, 1986	5.0% on all taxable income
July 1, 1986, to June 30, 1987	5.25% on first \$50,000; plus 5.5% on income between \$50,000 and \$200,000; plus 6.0% on income above \$200,000
July 1, 1987, to June 30, 1988	5.5% on first \$50,000; plus 6.0% on income above \$50,000
July 1, 1988, to June 30, 1989	5.0% on first \$50,000; plus 5.5% on income above \$50,000
July 1, 1989, to June 30, 1990	5.0% on first \$50,000; plus 5.4% on income above \$50,000
July 1, 1990, to June 30, 1991	5.0% on first \$50,000; plus 5.3% on income above \$50,000
July 1, 1991, to June 30, 1992	5.0% on first \$50,000; plus 5.2% on income above \$50,000
July 1, 1992, to June 30, 1993	5.0% on first \$50,000; plus 5.1% on income above \$50,000
July 1, 1993, to December 31, 1998	5.0% on all taxable income
January 1, 1999, and after	4.75% on all taxable income

**Tax Credits:** Several tax credits are available for corporate taxpayers. The new investment tax credit (ITC) in current law allows taxpayers to claim one percent of the corporation's investment using pre-tax reform definitions of property that qualify for an ITC. The credit cannot exceed the tax liability and is capped at \$1,000 for any tax year. The old investment tax credit is ten percent of the current federal ITC and is allowed only for property used in Colorado. The few corporations that claim the credit are generally companies that have claimed federal investment credits allowed for rehabilitation, energy, or reforestation. Investment tax carrybacks and carryovers are allowed.

Several other corporate income tax credits are available. They include credits for: purchases for alternative fuel vehicles classified as low-emitting vehicles (LEV's); capital investments which provide Internet access to rural technology enterprise zones; purchases of coal produced in Colorado ("Colorado Coal"); costs incurred in the preservation of historic properties; investments in tangible personal property used in child care centers, family child care homes, or foster care homes; investments in new business facilities, contributions of crops or livestock made to charitable organizations; donations of land for conservation easement purposes; costs incurred for a qualified school-to-career program; costs of services for employees in the Colorado works program; and investment in technologies for recycling plastics.

Businesses located in enterprise zones can claim special income tax credits. Some of these credits are taken in lieu of other credits. For example, the enterprise zone investment tax credit and the old investment tax credit cannot be claimed on the same investment. Table 2.8 lists the credits allowed to businesses located in enterprises zones.

**Table 2.8**  
**State Enterprise Zone Income Tax Credits**

Type of Credit	Amount of Credit
Investment Tax Credit	three percent of investment in qualified land, buildings, or equipment
New Business Facility Employee Credit	\$500 for each new employee hired plus another \$200 for each of the first two years that a new employee is covered under an employer health insurance plan
Job Training Credit	ten percent of job training costs
Research and Development Credit	three percent of increased research and development costs
Rehabilitation Credit	25 percent of the cost of (up to \$50,000 per building) rehabilitating vacant commercial buildings which are at least 20 years old and have been vacant for at least two years
Contribution Credit for Economic Development	25 percent of the value of donations for child care facilities, temporary housing for the homeless, and other certain services that are part of the implementation of an economic development plan
Business Personal Property Rebate	A rebate of any increase in a business' property tax liability from the time the zone was established (subject to the approval of local government)

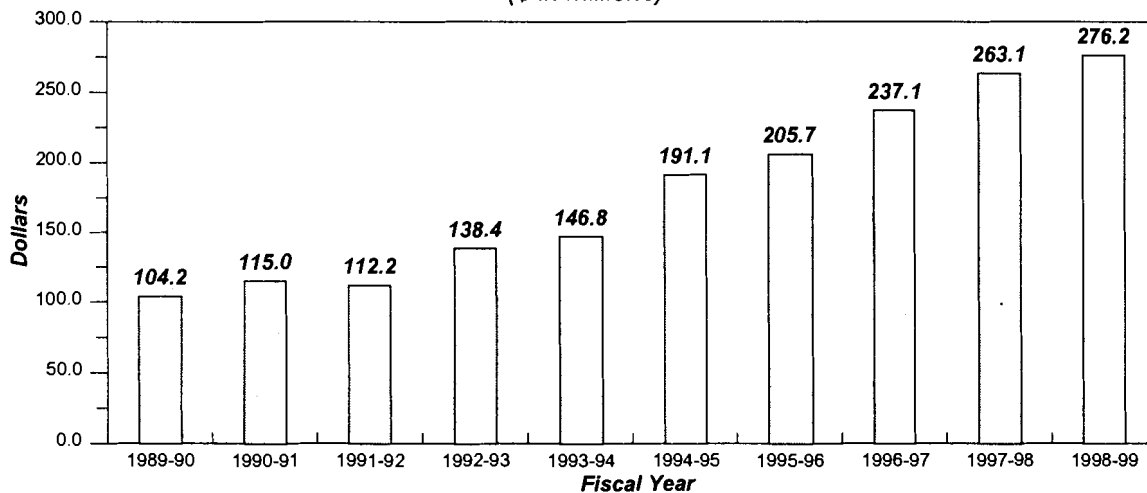
**Administration:** Department of Revenue.

**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:** Corporate income taxes are credited to the General Fund.

**Collections:** For FY 1998-99, corporate income taxes totaled \$276.2 million or 4.3 percent of state tax collections.

**Graph 2.5**  
**Corporate Income Tax Receipts**  
**FY 1989-90 through FY 1998-99**  
(\$ in millions)



**Other States:** Five states — Nevada, South Dakota, Texas, Washington, and Wyoming — do not impose an income tax on corporations. Thirty-one states and the District of Columbia tax corporate income at a flat rate while some states use the same graduated rates for corporations as for individuals. Colorado's neighboring states impose a corporate income tax at the rates summarized in Table 2.9.

**Table 2.9**  
**Corporate Income Taxes of Neighboring States**

State	Flat or Graduated Rate	Number of Taxable Classes	Tax is Based on	Range of Rates
Arizona	Flat	1	FTI*	8.0%; minimum tax of \$50
Kansas	Graduated	2	FTI*	4.0% (first \$50,000) 7.35% (over \$50,000)
Nebraska	Graduated	2	FTI*	5.58% (first \$50,000) 7.81% (over \$50,000)
New Mexico	Graduated	3	FTI*	4.8% (first \$500,000) 6.4% (next \$500,000) 7.6% (over \$1,000,000)
Oklahoma	Flat	1	FTI*	6.0%
Utah	Flat	1	Gross income, less deductions	5.0%; minimum tax of \$100
Wyoming	No income tax	N/A	N/A	N/A

\* Federal Taxable Income, with state modifications.  
The rates are in effect for the 1999 tax year.

**Federal Tax:** The following federal corporate tax rates are currently in effect:

**Table 2.10**  
**Federal Corporate Tax Rates**

Taxable Income	Rate
Up to \$50,000	15%
\$50,001 to \$75,000	25%
\$75,001 to \$100,000	34%
\$100,001 to \$335,000	39%
\$335,001 to \$10,000,000	34%
\$10,000,001 to \$15,000,000	35%
\$15,000,001 to \$18,333,333	38%
Over \$18,333,333	35%

## Individual Income Tax

**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.

**Tax Base:** Colorado taxable income is determined by adding or subtracting the following modifications from federal taxable income (Section 39-22-104, C.R.S.).

**Table 2.11**  
**Taxable Income Additions and Subtractions**

Additions	Subtractions
Federal net operating loss deduction carryover prior to 1987.	Pension, annuity, and self retirement income of up to \$20,000 for persons age 55 years and older. Effective for tax year beginning January 1, 2000, persons age 65 or older at the close of the taxable year can deduct up to \$24,000 of pension income from their Colorado taxable income.
Lump-sum distribution from a pension or profit-sharing plan.	Interest income on US obligations included in federal taxable income.
Interest income of out-of-state municipal bonds or other state's bonds.	The amount of any state income tax refund or credit for overpayment included in gross income for federal tax purposes.
The state income tax deduction for taxpayers who used the deduction on the federal income tax return. Effective for tax year beginning January 1, 2000, married couples can add to this deduction the difference between the amount double the federal standard deduction for a single taxpayer and the federal standard deduction for married taxpayers (about \$1,450). Additional standard deduction for married couples effective January 1, 2000.	Effective for tax year beginning January 1, 2000, capital gains on Colorado assets purchased prior to May 9, 1994, but only for years the state surplus is at least \$260 million.
Federal deductible expenses at clubs which have policies restricting membership on the basis of sex, race, color, ancestry, or national origin.	Effective for tax year beginning January 1, 2000, interest, dividend, and capital gains income up to \$1,200 for single filers and \$2,400 for married filers. The subtraction is allowed for years the state surplus is at least \$220 million.
Any amount withdrawn from a medical savings account.	Amounts contributed to a medical savings account to the extent not claimed as a deduction on the taxpayer's federal tax return.
Effective for tax year beginning January 1, 2000, any federal deduction claimed for qualifying charitable contributions of real property to a charitable organization for conservation purposes for which a state income tax credit is claimed.	Interest income from a qualified state tuition program and included in federal taxable income.
	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 4.75 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.

**Tax Rate:** A 4.75 percent "flat tax" is applied to Colorado taxable income.

**Alternative minimum tax.** In addition to the 4.75 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.

**History of Tax Rates:**

**Table 2.12**  
**History of Individual Income Tax Rates**

Net Taxable Income	1937	1947	1959	1963 – 1986 <sup>1</sup>		1987	1999
				Statutory Marginal Rate	Minimal Rate with 1/2% Credit <sup>2</sup>		
0 to \$999	1.0%	1.0%	3.0%	3.0%	2.5%	5.0% <sup>3</sup>	4.75% <sup>3</sup>
\$1,000 to \$1,999	1.0%	1.5%	3.5%	3.5%	3.0%		
\$2,000 to \$2,999	2.0%	2.0%	4.0%	4.0%	3.5%		
\$3,000 to \$3,999	2.0%	2.5%	4.5%	4.5%	4.0%		
\$4,000 to \$4,999	3.0%	3.0%	5.0%	5.0%	4.5%		
\$5,000 to \$5,999	3.0%	4.0%	5.5%	5.5%	5.0%		
\$6,000 to \$6,999	4.0%	5.0%	6.0%	6.0%	5.5%		
\$7,000 to \$7,999	4.0%	6.0%	6.5%	6.5%	6.0%		
\$8,000 to \$8,999	5.0%	7.0%	7.0%	7.0%	6.5%		
\$9,000 to \$9,999	5.0%	8.0%	8.0%	7.5%	7.5% <sup>5</sup>		
\$10,000 to \$10,999	6.0%	9.0%	9.0% <sup>4</sup>	8.0%	8.0% <sup>5</sup>		
\$11,000 and over	6.0%	10.0%	9.0%	8.0%	8.0%		

1. Taxable income brackets from 1978 through 1986 were adjusted annually by an Annual Inflation Factor (AIF).
2. This was the marginal tax rate for years when the ½ percent credit applies. The statutory rates applied from 1984 to 1986.
3. The tax rate is based on federal taxable income, as modified for Colorado.
4. 1959 – All net income \$10,000 and above was taxed at nine 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.

**Tax Credits:** The following tax credits are available to individuals: a portion of the cost incurred for long-term care insurance policies; land donated for conservation easement purposes; taxes paid to another state; prior-year minimum taxes; preservation of historic property; investment in child care centers or foster care homes; investment in employer child care facilities; purchases of business vehicles using alternative fuels; the construction, reconstruction, or acquisition of an alternative fuel refueling facility; approved job training programs which encourage the placement of students in jobs or internships; and enterprise zone activities. For more information on enterprise zone credits, see the section on Corporate Income Tax.



In addition to the preceding tax credits, individuals with a federal adjusted gross income of \$60,000 or less may claim an income tax credit based on child care expenses claimed on the federal income tax return. Effective for tax years beginning January 1, 1998, for each year that there are excess state revenues in the prior year to be refunded, the amount of the child care credit is the larger of:

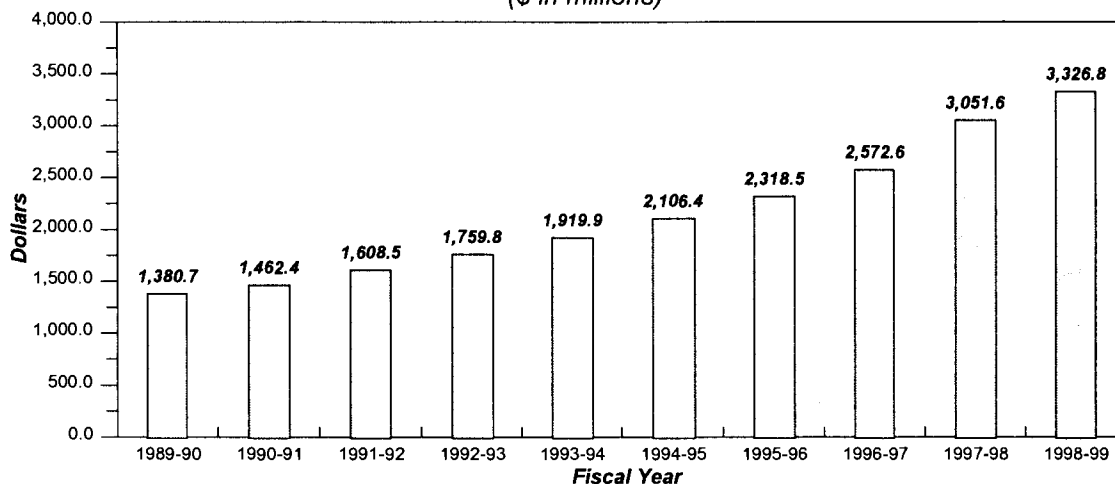
- 50 percent of the federal child-care credit claimed less the amount owed to the state for any other tax credit allowed to the individual; or
- \$200 for each child five years of age or younger at the end of the taxable year during which the credit is being claimed.

Residents whose federal adjusted gross incomes exceed \$60,000 are precluded from claiming child care expenses and child tax credits. Also excluded are residents who receive child care assistance from the state Department of Human Services.

**Disposition of Revenue:** Individual income taxes are credited to the General Fund.

**Collections:**

**Graph 2.6**  
**Individual Income Tax Receipts**  
(\$ in millions)



**Administration and Collection:** Department of Revenue.

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

**Tax Checkoff Programs:** Taxpayers can contribute to programs by donating a portion of their income tax refund or increasing the amount owed with the tax return. Aside from new legislation enacted during the 2000 session and program contributions, six voluntary programs will be available for income tax year 2000. Table 2.13 lists the checkoff programs that taxpayers can contribute to for the 1999 and 2000 tax years and the sunset dates for each program.

**Table 2.13**  
**Individual Income Tax Checkoffs**

<b>Program</b>	<b>Tax Year 1999</b>	<b>Tax Year 2000</b>	<b>Tax Year Prior To</b>
Nongame Wildlife Fund	X	X	1-1-06
Domestic Abuse Program	X	X	1-1-07
Olympic Committee Program	X	X	1-1-01
Homeless Prevention Activities	X	X	N/A
Child Care Improvement	X	X	1-1-09
Special Olympics Program	X		1-1-00
Western Slope Veterans Cemetery Fund	X	X	1-1-02

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. State law exempts the Homeless Prevention and Child Care tax checkoff programs from the sunset requirements.

Contributions to any voluntary tax checkoff program must equal or exceed ten percent of the total amount contributed to all checkoff programs in order to continue on subsequent income tax returns. The ten percent provision does not apply to the United States Olympic Committee checkoff program.

**Taxpayer Contributions:** For FY 1998-99, taxpayers contributed to six voluntary tax checkoff programs. Of 230,436 returns, total donations were \$1,732,607 and the average voluntary contribution was \$7.52 which was an increase of 88 cents above the average donation in FY 1997-98 (\$6.64). Donations for the Nongame Wildlife Program were \$543,506, exceeded all other program donations, and made up 31.4 percent of all donations. Table 2.14 provides information on the returns, total donations, average donations, and percent of total donations for all six programs for FY 1998-99.

**Table 2.14**  
**FY 1998-99 Returns, Total and Average Donations**  
**Individual Income Tax Checkoffs**

<b>Tax Checkoff</b>	<b>Nongame Wildlife</b>	<b>Domestic Abuse</b>	<b>Olympic Committee</b>	<b>Homeless Prevention</b>	<b>Child Care</b>	<b>Special Olympics</b>	<b>Totals</b>
Returns	56,352	47,011	16,682	39,837	35,255	35,299	230,436
Donations	\$543,506	\$378,290	\$92,523	\$265,864	\$236,936	\$215,488	\$1,732,607
Average	\$9.64	\$8.05	\$5.55	\$6.67	\$6.72	\$6.10	\$7.52
% of Total	31.4%	21.8%	5.3%	15.4%	13.7%	12.4%	100%

SOURCE: Department of Revenue.

**History of Contributions:** Total revenues for the funds collected between FY 1987-88 and FY 1998-99 are listed below.

**Table 2.14a**  
**Revenue From Voluntary Income Tax Checkoffs**  
**FY 1987-88 through FY 1998-99**

<b>Fiscal Year</b>	<b>Nongame Wildlife</b>	<b>Domestic Abuse</b>	<b>Olympic Committee</b>	<b>Homeless Prevention</b>	<b>Child Care</b>	<b>Special Olympics</b>
1987-88	\$371,782	\$261,077	\$4,702 <sup>1</sup>			
1988-89	514,799	273,686	131,183			
1989-90	407,468	248,254	101,426	\$244,862		
1990-91	276,744	251,031	111,312	268,639		
1991-92	377,321	267,805	100,336	257,742		
1992-93	340,331	262,139	80,565	236,697		
1993-94	362,566	234,113	6,898 <sup>2</sup>	211,360		
1994-95	312,824	256,319	85,097	205,224		
1995-96	367,619	254,793	98,272	217,229		
1996-97	356,030	262,308	78,135	152,857	\$143,362	
1997-98	408,823	270,615	0 <sup>2</sup>	238,566	188,538	\$190,538
1998-99	543,506	378,290	92,523	265,864	236,936	215,488

1. The Olympic Committee checkoff sunset in 1987 but was reinstated for the 1988 tax year.
2. The Olympic Committee checkoff did not meet the minimum ten percent requirement in the prior year but was reestablished by HB 98-1120, effective for calendar years beginning January 1, 1998 through December 31, 2000.

NOTE: Totals used for determination of whether the checkoff program will be continued in the next year are based on collections from January 1 through September 30.

SOURCE: Department of Revenue.

**Other States:** Nine states, including Colorado, levy a flat income tax rate. Two of these states – Rhode Island and Vermont – levy flat rates against federal income tax liability. The Rhode Island rate is 26.5 percent of the federal tax liability and Vermont's is 25 percent of the federal income tax. Two other states – New Hampshire and Tennessee – have flat rates of five and six percent, respectively, against interest and dividends only. Seven states – Alaska, Florida, Nevada, South Dakota, Texas, Washington, and Wyoming – do not levy an individual income tax. Sixteen states allow a local option to impose some form of local individual income tax. Neighboring states impose individual income taxes as follows.

**Table 2.15**  
**Individual Income Taxes of Neighboring States**

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	3	No
Nebraska	Graduated	Yes	4	No
New Mexico	Graduated	Yes	7	No
Oklahoma	Graduated	Yes	8	No
Utah	Graduated	Yes	6	No
Wyoming	No income tax			

SOURCE: Commerce Clearing House, *State Tax Guide*.

**Federal Income Tax:** The levels of taxable income and tax rates for 1999 and 2000 are as follows:

**Table 2.16**  
**1999 and 2000 Federal Individual Income Tax Rates**

Filing Status	Tax Year 1999	Tax Year 2000
<b>Single Return</b>	First \$ 25,750 – 15% Over \$ 25,750 to \$ 62,450 – 28% Over \$ 62,450 to \$130,250 – 31% Over \$130,250 to \$283,150 – 36% Over \$283,150 – 39.6%	First \$ 26,250 – 15% Over \$ 26,250 to \$ 63,550 – 28% Over \$ 63,550 to \$132,600 – 31% Over \$132,600 to \$288,350 – 36% Over \$288,350 – 39.6%
<b>Joint Return</b>	First \$ 43,050 – 15% Over \$ 43,050 to \$104,050 – 28% Over \$104,050 to \$158,550 – 31% Over \$158,550 to \$283,150 – 36% Over \$283,150 – 39.6%	First \$ 43,850 – 15% Over \$ 43,550 to \$105,950 – 28% Over \$105,950 to \$161,450 – 31% Over \$161,450 to \$288,350 – 36% Over \$288,350 – 39.6%

SOURCE: Commerce Clearing House, *U.S. Master Tax Guide*.

Other rate schedules apply to taxpayers filing as heads of households or as married individuals filing separate tax returns. The personal exemption and basic standard deduction are indexed annually. Table 2.17 shows the personal exemption and standard deductions by filing status allowed for tax years 1999 and 2000.

**Table 2.17**  
**Federal Personal Exemption and Standard Deduction**  
*(by filing status)*

<b>Tax Year</b>	<b>1999</b>	<b>2000</b>
Personal exemption	\$2,750	\$2,800
Filing status	Basic standard deduction	
Single	\$4,300	\$4,400
Married filing jointly and surviving spouse	\$7,200	\$7,350
Married filing separately	\$3,600	\$3,675
Head of household	\$6,350	\$6,450

## Insurance Premiums Tax

**Enacted:** 1913.

**Statutory Citations:** Sections 10-3-209, 10-5-111, 10-6-128, 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.

**Tax Rates:** One percent for a company maintaining a home office or regional home office in Colorado; minimum of \$5,000 for captive insurance companies; and three percent for surplus line insurance. For other companies not exempted or charged a different rate of tax, the tax rate is two percent in 2000 and thereafter.

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

**Credits:** Life and Health Guaranty Association insurers may offset insolvency assessments (up to \$2.0 million each year) against their insurance premiums tax.

**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:*

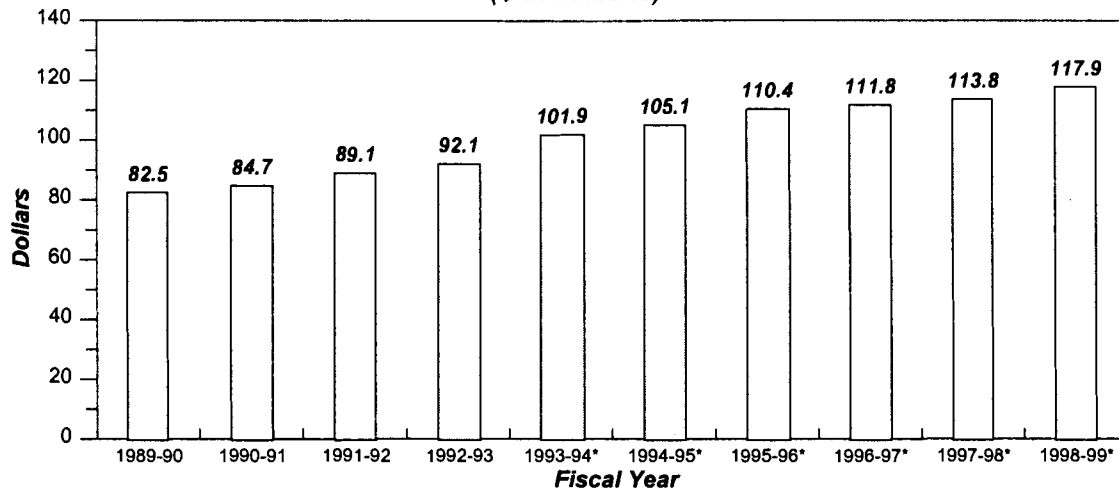
**Table 2.18**  
**History of Insurance Premiums Tax Rates**

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%	All companies
	1.0%	Companies with 50 percent or more of their assets in Colorado bonds or warrants
1960	2.25%	All companies
	1.0%	Companies with 30 percent or more of their assets in Colorado bonds or warrants
1969	2.25%	All companies
	1.0%	Companies maintaining a home or regional office in the state
1991	Minimum of \$5,000	Captive insurance companies (wholly owned subsidiary companies that insure only the risks of the parent company)
1992	3.00%	Surplus line companies increased from 2%
1996	2.20%	All companies
1997	2.15%	All Companies
1998	2.10%	All Companies
1999	2.05%	All companies

**Disposition of Revenue:** Moneys are credited to the General Fund, except for such amounts appropriated to fund the operations of the Division of Insurance. The General Assembly may appropriate up to five percent of the annual premium taxes collected to the Division of Insurance Cash Fund in order to fund the division's operations.

*Collections:*

**Graph 2.7**  
**Insurance Premium Tax Receipts**  
(*\$ in millions*)



\* Includes amounts transferred to the Division of Insurance Cash Fund.

SOURCE: State Controller's Office

**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 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.



## Liquor Taxes

**Enacted:** 1935.

**Statutory Citations:** Section 12-47-503, C.R.S.

**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 not more than 3.2 percent alcohol by weight or between 0.5 percent and 4.0 percent alcohol by volume;
- **Hard Cider** – any beverage containing between 0.5 percent and 7.0 percent alcohol by volume that is made by the fermentation of natural juice from apples or pears;
- **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 or 4.0 percent alcohol by volume;
- **Vinous liquors** – wine and fortified wines containing between 0.5 percent and 21.0 percent alcohol by volume; and
- **Spirituos 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 at least 0.5 percent alcohol by volume that is fit for use for beverage purposes.

**Tax Rates:**

**Table 2.19**  
**Liquor Tax Rates**

Beverage	Tax Rate
Fermented malt beverages	8.00 cents per gallon
Hard cider	8.00 cents per gallon
Malt liquors	8.00 cents per gallon
Colorado vinous liquors	13.33 cents per liter <sup>1,2</sup> (includes 6 cent surcharge)
Other vinous liquors	8.33 cents per liter <sup>2</sup> (includes 1 cent surcharge)
Spirituos liquors	60.26 cents per liter

1. For vinous liquor produced by Colorado wineries, an additional surcharge of 5 cents per liter applies to the first 9,000 liters produced, 3 cents per liter for the next 36,000 liters, and 1 cent per liter for all additional amounts. The surcharge amounts are to be transferred from the General Fund to the Colorado Wine Industry Development Fund.
2. Surcharges on all vinous liquor added 1 cent to all vinous liquors effective July 1, 1990 through June 30, 2000. Effective July 1, 2000, a 1 cent per liter wine development fee is imposed.

For all vinous liquors produced by Colorado licensed wineries and sold or used in Colorado, two surcharges are imposed in addition to the base excise tax (7.33 cents per liter). First, a surcharge of 5.0 cents per liter is charged on wines produced by licensed Colorado wineries. The 5.0 cent surcharge applies to the first nine thousand liters produced and is not imposed on vinous liquors produced by wineries in other states. Second, a wine development surcharge of 1.0 cent per liter is imposed on all wines sold on or after July 1, 2000 (this surcharge extends a current 1.0 cent surcharge). Both surcharges increase the tax to 13.33 cents per liter for vinous liquor produced by Colorado wineries. The rate for vinous liquors produced by wineries in states other than Colorado is 8.33 cents per liter (7.33 cents + 1.0 cent).

An excise tax of \$10.00 is imposed on each ton of grapes used in the production of wine by a Colorado licensed winery. The tax must be paid by the licensed winery at the time of purchase or importation, whichever is later.

**Administration and Collection:** Department of Revenue. The manufacturer or the first licensee who receives the beverages from another state is liable for the tax and surcharge taxes imposed on alcoholic beverages.

**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;
- fermented malt beverages, or malt, or vinous liquor made for family use and not for sale;
- wines sold at public auctions administered by the Department of Revenue 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; and
- up to one gallon of an alcoholic beverage brought from a foreign country by a passenger arriving at a Colorado airport.

*History of Tax Rates:*

**Table 2.20**  
**History of Liquor Tax Rates in Colorado**  
*(all numbers in cents)*

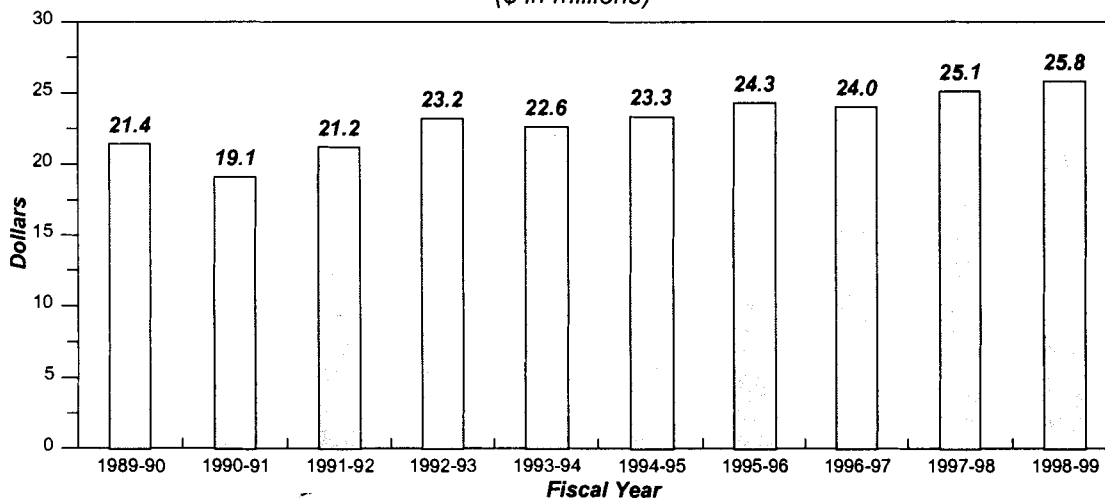
	1935	1959	1976	1977	1981	1983	1997
<b>Malt liquors</b> (per gallon)	3 cents	6 cents	8 cents	8 cents	8 cents	8 cents	8 cents
<b>Fermented malt beverage</b> (per gallon)	3	6	8	8	8	8	8
<b>Vinous liquor</b> (per liter)							
14% or less alcohol	2.8	4.7	5.6	5.6	7.33	7.33	7.33
more than 14% alcohol	5.6	7.1	8.5	8.5	7.33	7.33	7.33
<b>Vinous-limited wineries</b> (per liter)							
14% or less alcohol				.05	.05	.70	N/A
more than 14% alcohol	N/A	N/A	N/A	.01	.01	.70	N/A
<b>Spirituuous liquors</b> (per liter)	37.8	42.5 <sup>1</sup>	51.1 <sup>1</sup>	51.1 <sup>1</sup>	60.26	60.26	60.26

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

**Disposition of Revenue:** The excise tax surcharges on wines are credited to the Colorado Wine Industry Development Fund. After the requirements of the Old Age Pension Fund have been satisfied, the remainder of all liquor excise taxes is credited to the General Fund.

*Collections:*

**Graph 2.8**  
**Liquor Tax Receipts**  
*(\$ in millions)*



SOURCE: State Controller's Office.

**Other States:** The range of tax rates on alcoholic beverages varies greatly among the 50 states. Hawaii has the highest tax on beer at 93 cents per gallon, and Wyoming has the lowest

tax on beer at 2 cents per gallon. The median tax on beer for all of the states is 18 cents per gallon. There are 41 states plus the District of Columbia which have a higher per gallon tax rate on beer than Colorado. These rates do not include local taxes, licenses, surtaxes, or surcharges imposed or markup prices added by state control boards. The alcohol beverage tax rates for Colorado's bordering states are listed below:

**Table 2.21**  
**Liquor Tax Rates of Neighboring States**

Liquor	Arizona	Kansas	Nebraska	New Mexico	Oklahoma	Utah <sup>2</sup>	Wyoming
Wort/Liquid malt (per gallon)	\$0.16	\$0.20					\$0.02
Beer, 3.2% or less (per gallon)	0.16	0.18	\$0.23	\$0.41	\$0.36	\$0.35	0.02
Beer, over 3.2% (per gallon)	0.16	0.18	0.23	0.41	0.40	0.35	0.02
Wine, 14% or less (per liter) <sup>1</sup>	0.22	0.08	0.20	0.45	0.19	0.00	0.08
Wine, over 14% (per liter) <sup>1</sup>	1.06	0.20	0.36	1.50	0.37	0.13	0.08
Spirituuous liquor (per liter) <sup>1</sup>	0.79	0.66	0.79	1.60	1.47	0.13	0.25
Other		Clubs: 10% of gross receipts	Farm wineries: \$.05 per gallon	Local wine: 10 cents per liter on first 80,000 liters; 20 cents above 80,000 liters and less than 374,999; 25 cents per gallon for microbrewers	Mixed beverages: 12% of retail value		

1. Rates converted to metric measure and rounded to the nearest whole cent.
2. Tax imposed on the retail purchase price for products sold by the Utah Liquor Control Commission.

SOURCE: Commerce Clearing House, *State Tax Guide*.

*Federal Tax:*

**Table 2.22**  
**Federal Liquor Tax Rates**

<b>Beverage</b>	<b>Rate</b>
<b>Distilled spirits</b>	\$13.50 per proof gallon
<b>Wines:</b>	
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
Hard Cider	\$.226 per gallon
<b>Beer</b> , regardless of alcoholic content	\$18.00 per barrel (generally 33 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.; Article XXVII, Section 1, Colorado Constitution, approved by Colorado voters on November 3, 1992.

**Collection Base:** Sale of Colorado lottery and lotto tickets. Colorado's lottery was expanded in 1987 to include the electronic game "lotto".

**Administration and Collection:** Department of Revenue, State Lottery Division.

**Collection Period:** Daily.

**Disposition of Revenue:** Revenues from lottery and lotto ticket sales are credited to the Lottery Fund. At least 50 percent of the total revenue accruing from the sale of tickets must be disbursed as prize money, and all division expenses are paid from the Lottery Fund.

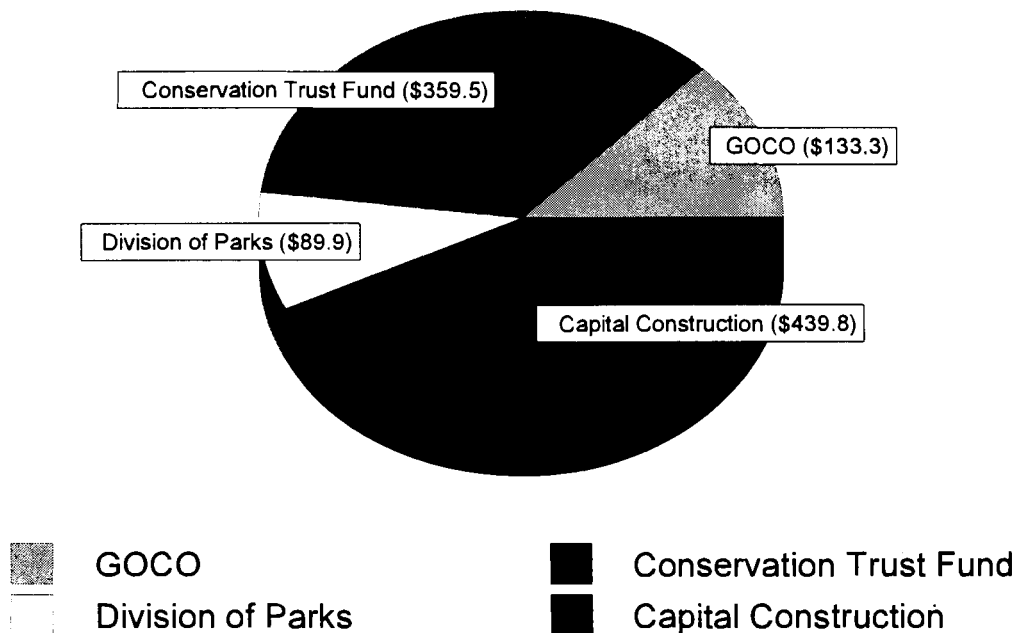
For FY 1998-99 and thereafter, net proceeds in the Lottery Fund are distributed as follows: 50 percent to the Great Outdoors Colorado (GOCO) Trust Fund for wildlife resources, outdoor recreation purposes, and competitive grants paid to local governments to manage open space; 40 percent to the Conservation Trust Fund for distribution to municipalities and counties for parks and recreation areas; and ten percent to the Division of Parks and Recreation to be used for the development of new and existing state parks. The amount credited to the GOCO Trust Fund is capped at \$35 million (adjusted for inflation since 1992). The remaining portion is transferred to the General Fund.

**History of Collections:** The original distribution formula in FY 1982-83 allocated 50 percent of the Lottery Fund (less division expenses) to the Capital Construction Fund through FY 1997-98. In 1992, voters approved an amendment which phased out the transfer to the Capital Construction Fund and created the GOCO Trust Fund. In November of 1999, the Capital Construction Fund received its last payment of \$11.1 million.

Over \$1 billion was deposited into the GOCO Trust Fund, the Capital Construction Fund, the Conservation Trust Fund, and to the Division of Parks and Recreation since the inception of the lottery in FY 1982-83 through FY 1998-99. Graph 2.9 shows the cumulative amount of revenues distributed from the Lottery Fund to these four funds.

**Graph 2.9**  
**Lottery Fund Distributions**  
*(in millions)*

FY 1982-83 Through FY 1998-99



NOTE: Receipts are after distribution of prize moneys (50 percent of ticket sales) and the administrative expenses of the Lottery Division.

SOURCE: Department of Revenue.

**Other States:** A total of 37 states and the District of Columbia have approved a state lottery. Many of the states without lotteries have pending legislation to enact an approved lottery. The following 13 states **do not** conduct a lottery:

Alabama	Nevada	Tennessee
Alaska	North Carolina	Utah
Arkansas	North Dakota	Wyoming
Hawaii	Oklahoma	
Mississippi	South Carolina	

## Motor Fuel Taxes

### 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. Gasoline includes gasohol and MTBE blends.

**Tax 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:**

**Table 2.23**  
**History of Motor Fuel Tax Rates**

Fiscal Year	Gasoline	Fiscal Year	Gasoline
1919	1 cent	1969	7 cents
1923	2 cents	1978 <sup>2</sup>	7 cents
1927	3 cents	1981 <sup>2</sup>	9 cents
1929	4 cents	1984 <sup>2</sup>	12 cents
1947	6 cents	1987	18 cents
1966 <sup>1</sup>	7 cents	1990 <sup>3</sup>	20 cents
1967 <sup>1</sup>	6 cents	1991 <sup>3</sup>	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. A five cent reduction was in effect for sales of gasohol.
3. 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 (HUTF). The General Assembly appropriates a portion of the receipts, referred to as "off-the-top" deductions, to the Colorado State Patrol and the Motor Carrier Services Division for administrative functions related to highways. The remaining moneys are distributed according to a statutory formula as follows.



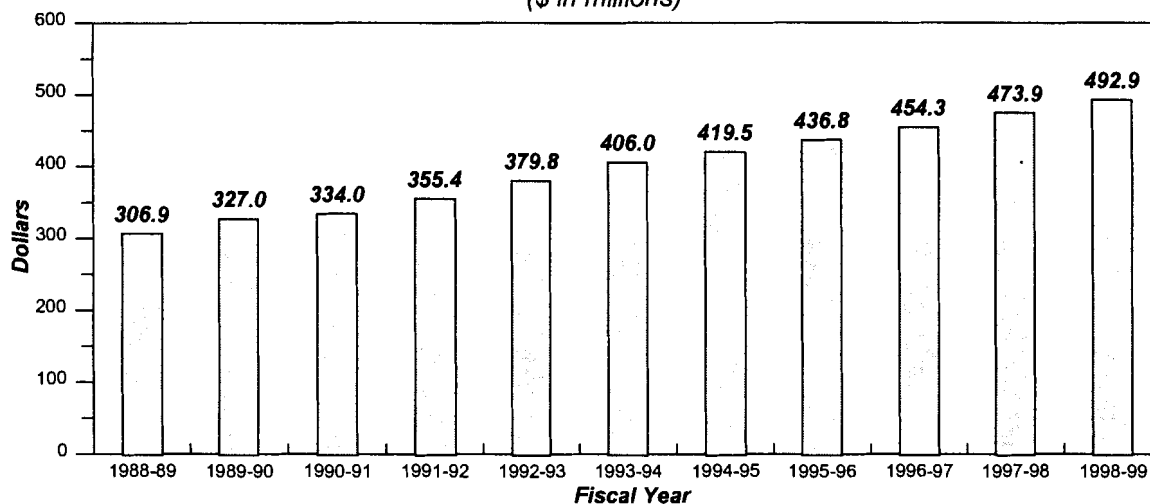
*Tax Distribution:*

**Table 2.24**  
**Motor Fuel Tax Distribution**

First 7 cents	7 cents and above
A. "Off-the-top" deductions	All funds:
B. Remaining funds: 65% to State Highway Fund 26% to counties 9% to cities	60% to state Highway Fund 22% to counties 18% to cities

*Collections:*

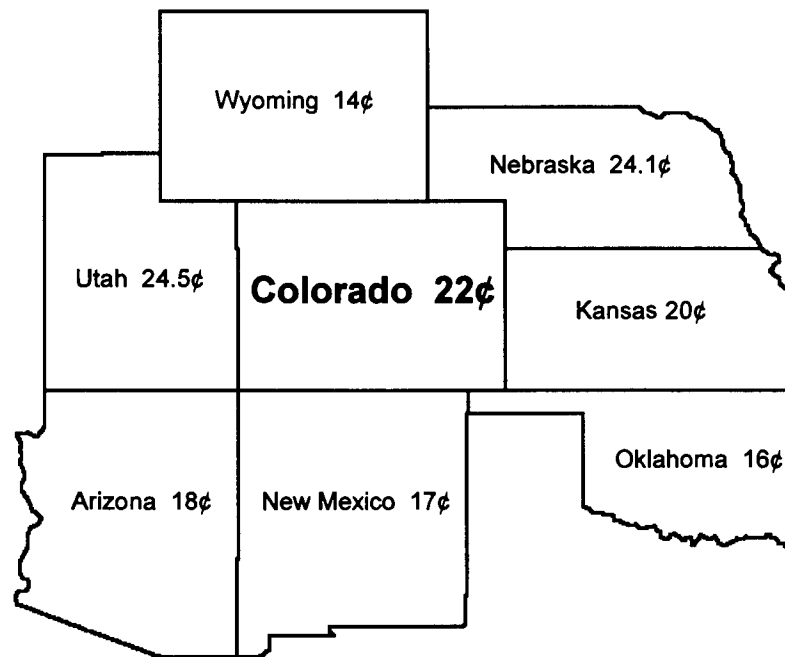
**Graph 2.10**  
**Motor Fuel Tax Receipts\***  
(\$ in millions)



\* Includes special fuel collections.  
SOURCE: Department of Revenue.

**Other States:** All 50 states impose a motor fuel tax. Rates range from 7.5 cents per gallon in Georgia to 32.5 cents per gallon in Hawaii. The average rate for all states is 19.4 cents per gallon. Thirteen states have higher gasoline tax rates than Colorado. The tax rates for bordering states are listed below; local taxes are not included.

**Graph 2.11**  
**Gasoline Tax Rates of Neighboring States**



- Utah imposes an environmental surcharge of 0.5 cents per gallon.
- SOURCE: Commerce Clearing House, *State Tax Guide*.

Some states index the basic fuel tax rate according to changes in the consumer price index or impose an additional sales tax on gasoline. Several other states periodically adjust the tax rate in accordance with the wholesale or retail price of gasoline.

**Federal Tax:** 18.4 cents per gallon – gasoline  
 13 cents per gallon – gasohol (10% blend)

## Aircraft Fuel

**Enacted:** 1988.

**Constitutional and Statutory Citations:** Article X, Section 18, Colorado Constitution; Section 39-27-102 (1) (a) (IV); Section 39-26-104 and 202, C.R.S.

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

**Tax Rates:**

**Table 2.25**  
**Aviation Fuel Tax 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)
<b>Not part of the motor fuel tax base:</b> Fuel used in 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 (Section 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.

**Table 2.26**  
**Aviation Fuel Gallonage Tax**  
(\$ in millions)

Fiscal Year	Collections
1989-90	\$1.2
1990-91	1.1
1991-92	1.2
1992-93	1.3
1993-94	0.9
1994-95	1.4
1995-96	1.0
1996-97	1.0
1997-98	1.2
1998-99	1.5

**Table 2.27**  
**Aviation Fuel Sales Tax**  
(\$ in millions)

Fiscal Year	Collections
1992-93	\$6.9
1993-94	8.0
1994-95	8.0
1995-96	8.3
1996-97	9.5
1997-98	8.7
1998-99	5.6

**Disposition of Revenue:** The proceeds from the tax on aircraft fuel are deposited in the Aviation Fund. Moneys in the fund are distributed by the Colorado Aeronautical Board, Department of Transportation. The board transfers to each airport on a monthly basis an amount equal to four cents per gallon of gasoline sold at that airport and 75 percent of sales tax revenue. Such moneys are to be used only for airport operation or "aviation purposes."

**Federal Tax:** For federal tax purposes, aviation fuel is any fuel suitable for use in aircraft, other than gasoline or diesel fuel.

**Tax Rate:** 21.9 cents per gallon.

## 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:** Taxes are imposed on all special fuels used in motor vehicles. Special fuels include diesel, kerosene, liquified petroleum gases, and natural gas.

**Tax Rate:** 20.5 cents per gallon.

**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 but purchasers are required to file a surety bond with the department in the amount of two times the monthly tax liability. An ex-tax purchaser must maintain fuel bulk storage of at least 250 gallons, establish a special fuel user tax account with the department, and submit a report by the last day of the month following the end of the quarter stating the amount of fuel consumed in Colorado for the previous month. Tax payment is due with the report.

**Collection Period:** Tax payments by special fuel users (ex-tax purchasers) 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. Tax payments by special fuel distributors are due on or before the 25th day of the month following the end of the month in which the fuel was sold.

*History of Tax Rates:*

**Table 2.28**  
**History of Special Fuels Tax Rates**

Year	Rate*	Year	Rate*
1919	1 cent	1969	7 cents
1923	2 cents	1981	9 cents
1927	3 cents	1983	13 cents
1931	4 cents	1986	20.5 cents
1947	6 cents	1989	18.5 and 20.5 cents <sup>2</sup>
1966	7 cents <sup>1</sup>	1990	18.0 cents <sup>3</sup>
1967	6 cents	1992	20.5 cents <sup>3</sup>

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 December 31, 1989. The rate changed January 1, 1990, to 18.0 cents.
  3. Effective January 1 of those years.
- \* 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 the Highway Users Tax Fund.

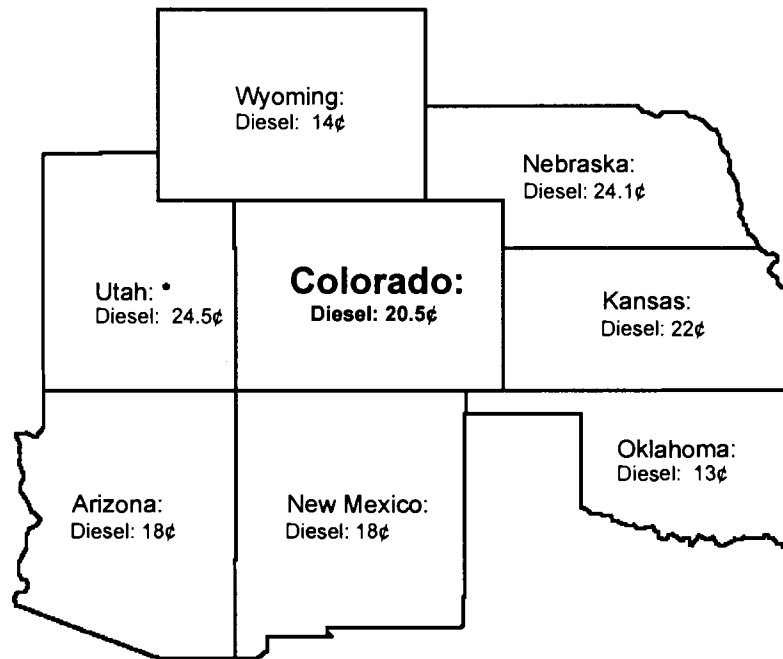
*Exemptions:*

- 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:** On or before the 25<sup>th</sup> day of the calendar month following the month in which the fuel was used or imported.

**Other States:** All 50 states impose a similar special fuel tax. Thirty states impose the same state tax for diesel as for gasoline. Hawaii's tax rate is the highest at 32.5 cents per gallon. Eighteen states have higher special fuel rates than Colorado. Nine states have lower tax rates for diesel than for gasoline: Colorado, Connecticut, Delaware, Kentucky, Michigan, Oklahoma, Tennessee, Vermont, and Virginia. The tax rates in bordering states on diesel fuel are listed below. Local taxes are not included.

**Graph 2.12**  
**Diesel Tax Rates of Neighboring States**



- In addition, Utah imposes an environmental surcharge of 0.5 cents per gallon on all petroleum sold.

SOURCE: Commerce Clearing House, *State Tax Guide*.

## Pari-Mutuel Racing

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

**Statutory Citation:** Section 12-60-701, 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 – broadcasts of live races – is permitted at track and other facilities under provisions of Senate Bill 91-99.

**Tax Rates and Distribution:**

**Table 2.29**  
**Pari-Mutuel Racing Tax Rates**

Type of Racing Operation	Rate	Distribution
Greyhound Live and Simulcast	4.5% on all wagers	General Fund
Horse Racing Live and Simulcast	0.75% on all wagers Class B facilities: greater of actual cost of regulation, up to \$2,500, or 0.75% of handle	General Fund
	0.25% on exotic wagers (wagers other than win, place, or show)	CSU Veterinary School for equine research
	0.50% on win, place, or show 1.50% on exotic wagers (total tax is 1.25% on win, place, or show, and 2.5% on other wagers)	Owners and Breeders' awards and supplemental purse fund

**Administration and Collection:** Colorado Racing Commission, Department of Revenue.

**Collection Period:** Daily.

*History of Tax Rates:*

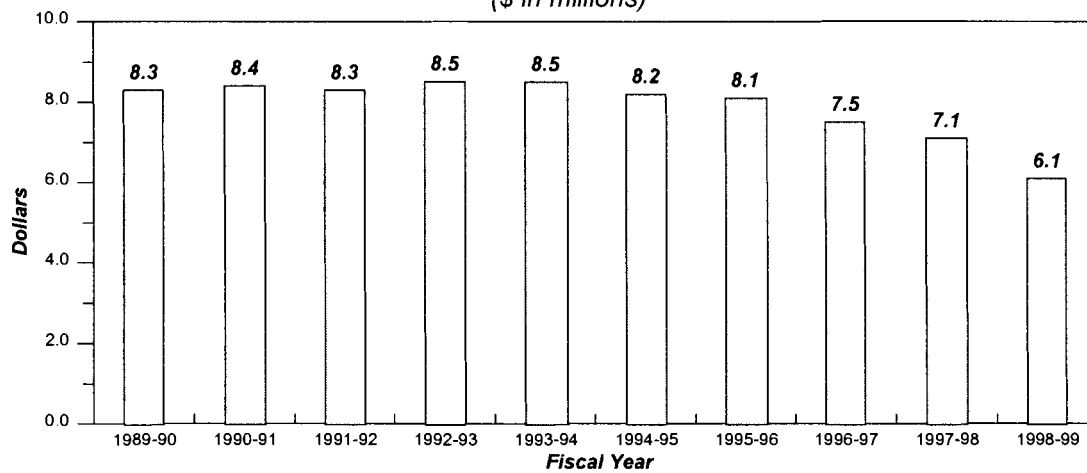
**Table 2.30**  
**History of Pari-Mutuel Racing Tax Rates**  
*(based on handle)*

Year	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 1/1 - 6/5	4%	State: 4% of handle Breeders' Awards: 0.50% on exotic
1991 6/6 - 12/31	4.50%	State: 75% of handle (\$3,000 minimum live performance for Class B facilities) CSU Veterinary School: 0.25% on exotics Owners' and 0.50% on win, place, and show Breeders' Awards: 1.5% on exotics
1992	1/1 - 3/10: 4.50% 3/11 - 12/31: 5%	State: 0.75% of handle (\$3,000 minimum live performance for Class B facilities) CSU Veterinary School: 0.25% on exotics Owners' and 0.50% on win, place, and show Breeders' Awards: 1.5% on exotics
1993	5% of gross receipts	Same as above except – State: 0.75% of handle Class B facilities: greater of actual cost of regulation up to \$2,500, or 0.75% of handle
1994	4.5% of gross receipts	Same as 1993



*Collections:*

**Graph 2.13**  
**Pari-Mutuel Tax Receipts**  
 (\$ in millions)



**Table 2.31**  
**Calendar Years 1995 - 1999 Revenue**  
 (by type of racing)

Year	1995	1996	1997	1998	1999
Greyhound	\$7,637,291	\$7,259,471	\$6,759,045	\$6,197,949	\$5,960,030
Horse Racing	\$468,988	\$431,960	\$435,173	\$472,716	\$567,492
<b>Totals</b>	<b>\$8,106,279</b>	<b>\$7,691,431</b>	<b>\$7,194,118</b>	<b>\$6,670,665</b>	<b>\$6,109,521</b>

**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.

**Table 2.32**  
**Pari-Mutuel Tax Rates of Neighboring States**

	<b>Greyhound Racing</b>	<b>Horse Racing</b>
<b>Arizona</b>	5.5% of the total amount wagered	2% of first \$1 million in daily handle 5% for excess over million
<b>Kansas</b>	Based on takeout and years of track operation: Effective Rate: win, place, and show: 3.0% Exotics Rate: 3.5% - 6.0%	3% to 6% of total amount wagered (constitutional limits)
<b>Nebraska</b>	No greyhound racing	0% – up to \$10 million/year 3% – \$10 million - \$80 million 4% – over \$80 million
<b>New Mexico</b>	No greyhound racing	2.4% of total amount wagered less an offset for capital improvements Class A: up to \$250,000 excluded Class B: up to 50% of tax liability
<b>Oklahoma</b>	No greyhound racing	2% of handle No tax at fair meets Breeder's fund receives 1.25% of handle depending on annual handle and type of wager
<b>Wyoming</b>	No greyhound racing	1.5% of the handle 1.4% for Exotics 0.4% Owners/breeders fund

Note: New Mexico offers tax breaks for capital improvement expenditures at both new and existing facilities. Arizona also offers tax breaks but limits its exemptions for capital improvements to existing facilities in small counties based upon the review of the state racing commission.

## Passenger-Mile Tax

**Enacted:** 1931.

**Statutory Citation:** Section 42-3-134 (21), C.R.S.

**Tax Base:** Passenger miles traveled by passenger buses.

**Tax 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 \$25 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 city, city and county, or incorporated town by a company that engages in the mass transit of persons by bus or trolley coach.

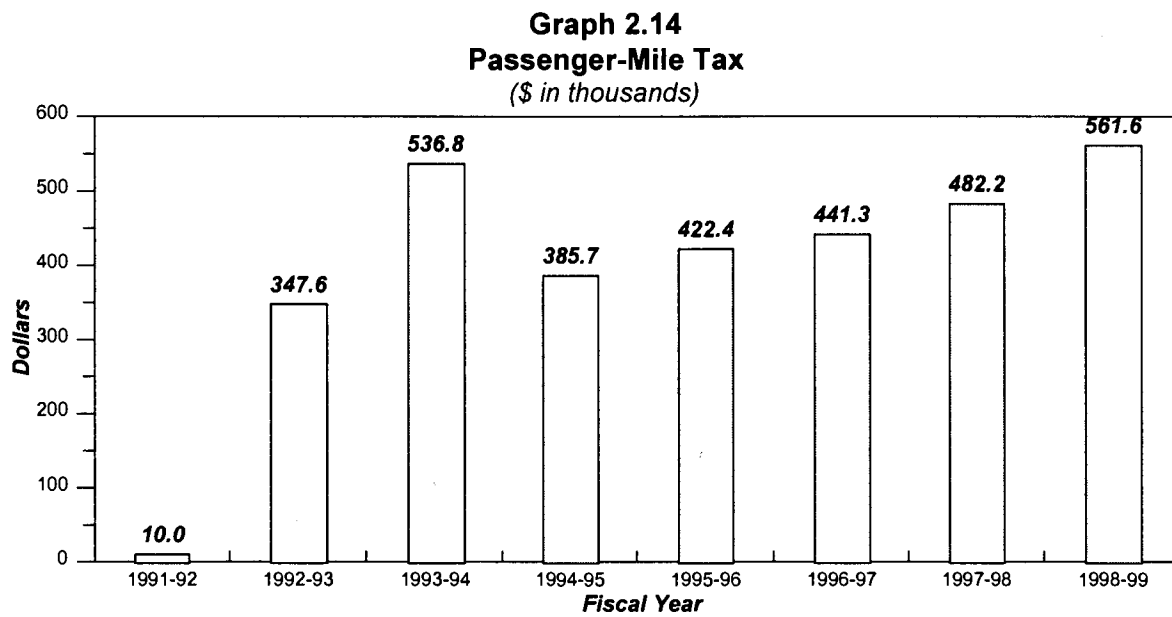
**Administration and Collection:** Department of Revenue.

**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.

**Collections:** FY 1998-99 collections were \$561,553.



## Sales and Use Taxes

### Sales Tax

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*Enacted:* 1935.

*Constitutional and Statutory Citations:* 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, unless specifically exempted by statute, and certain services are subject to the sales tax.

*Tax Rate:* The state rate is three percent on taxable sales.

*Limitation on Rates:* State statutes (29-2-108, C.R.S.) limit the total state, county, and municipal sales tax to seven percent except that the rate may be eight percent if necessary to allow a county to impose a one percent sales tax. Thus, a four percent municipal levy, in conjunction with the three percent state levy, could not prohibit a county from levying a one percent tax. The statutory limit does not apply to home rule municipalities. The sales tax of the Regional Transportation District (RTD), the Denver Metropolitan Major League Baseball Stadium District (MLBSD), the Scientific and Cultural Facilities District (SCFD), county local or capital improvement districts, and health service districts are not included in the statutory limit on sales taxes. County rental taxes on the rental of personal property, county mass transit taxes, and local tourism taxes are also exempt from the statutory limit on sales taxes.

A table showing the combined sales tax rates for the state, counties, special districts, and municipalities is included at the end of this section.

*Administration and Collection:* State sales taxes are collected by merchants when a transaction occurs. The Department of Revenue administers and enforces the collection of these taxes. As of January 1, 2000, the department collected sales taxes for 159 municipalities, 48 counties, the Regional Transportation District, the Scientific and Cultural Facilities District, the Denver Metropolitan Major League Baseball Stadium District, and two county local improvement districts. There are 49 home rule cities that collect and administer their own sales tax. An incremental county sales tax for mass transit is collected by Eagle, Pitkin, and Summit counties.

*Collection Period:* Taxes from taxpayers with liabilities greater than \$300 per month are collected monthly and are due by the twentieth day of the month following collection. Taxes from taxpayers with liabilities less than \$300 per month are collected quarterly and are due by the twentieth day of the month following the close of the calendar quarter. Wholesalers file annually. Retailers are entitled to retain 3.33 percent of the taxes to cover collection expenses.

*History of Tax Rates:*

**Table 2.33**  
**History of Sales and Use 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 Section 28-6-101, C.R.S.; and General Fund.

**Exemptions:** For FY 1999-00, the total value for state sales tax exemptions is roughly \$451.1 million. The following table includes all of the sale transactions which have been exempted from the state sales tax from 1935 through 1999 (see Sections 39-26-102, 39-26-203, and 39-26-114, C.R.S.). The sales tax exemption with the greatest revenue impact is the sales of food for off-premises consumption valued at \$174 million. Along with the corresponding revenue impact of each sales tax exemption, the year of enactment is also provided.

**Table 2.34**  
**Colorado Sales and Use Tax Exemptions**

Date Enacted	Sales Transaction	FY 1998-99 Revenue Impact (in millions)
1935	Tangible property as a component part of the product or service manufactured	\$1.4
1935	Special fuel defined as diesel, kerosene, liquified petroleum gases, and natural gas	\$77.7
1937	Energy used for industrial or manufacturing purposes	\$6.3
1937	Sales to charitable organizations	\$20.2
1937	Sales to governmental units	\$26.1
1943	Printers ink and newsprint	\$5.1
1943	Sales of livestock for breeding	< \$0.1
1943	Newspapers	\$3.4
1943	Sales and purchases of cattle, sheep, lambs, poultry, swine, goats	\$0.0
1943	Sales for feed for livestock; seeds and orchard trees	\$0.0
1945	Farm auction close-out sale	NA
1959	Cigarettes	\$25.1
1959	Lodging for permanent residents	NA
1961	Sales of straw for livestock bedding	< \$0.1
1963	Sales to residents of an adjoining state within a 25 mile limit if the bordering state does not have a sales tax	\$0.0
1965	Sales of prescription drugs	\$27.0

*(Continued on next page)*

Table 2.34 (Continued)

Date Enacted	Sales Transaction	FY 1998-99 Revenue Impact (in millions)
1969	Sales to public and other nonprofit schools	NA
1970	Sales of live fish for stocking	< \$0.1
1976	New and used commercial trucks and trailers purchased in Colorado for use outside Colorado or in interstate commerce	\$1.2
1977	Certain sales of assets in business formation or dissolution	\$2.8
1977	Property brought into the state for testing, modification, or inspection if the use is outside of the state and the testing period is no longer than 90 days	\$0.2
1977	Sales of construction materials to a common carrier by rail	\$0.0
1977	Leases of personal property for three years or less if tax is paid upon original acquisition	\$0.0
1977	Special fuel for farm vehicles	\$1.5
1977	Sales of insulin (included with prescription drugs)	*
1977	Sales of motor vehicles by nonresidents purchased for use by nonresidents outside Colorado	\$0.1
1978	Value of meals furnished to employees of food service establishments free or at reduced rates and considered part of their incomes	\$0.1
1978	Property transferred by a supplier to out of state vendors for use in selling products at wholesale by the supplier	\$0.2
1978	Sales of any article, containers or bags to a retailer or vendor of food if provided to the consumer without a separate charge	\$0.2
1979	Sales of construction and building materials for use by contractors on public works projects used by tax-exempt organizations	NA
1979	Sales of straw for poultry bedding	< \$0.1
1979	Purchase of machinery or machine tools used in the manufacturing process (and enterprise zones)	\$22.9
1979	Sales of glucose for treatment of insulin reactions and insulin measuring and injecting devices (included with prescription drugs)	*
1979	Sales of fuel for residential heat, light, and power	\$36.7
1979	Forty-eight percent of purchase price of factory built housing	\$0.1
1979	Sales of food for off-premises consumption (net of food stamps)	\$174.0
1980	Certain medical supplies and equipment; eyeglasses contacts, and hearing aids; therapeutic devices, appliances or related accessories	\$5.4
1982	Property used for food manufacturing when such property becomes part of the product or is left unfit for further use	\$0.4
1982	Refractory materials and carbon electrodes used in manufacturing iron and steel, and inorganic chemicals used in processing uranium-vanadium ores	\$0.2
1982	Nuclear fuel when deemed a wholesale sale	\$0.0
1984	Sales of aircraft used or purchased for use in interstate commerce	\$0.0
1985	Newspaper advertising supplements	\$1.6

(Continued on next page)

Table 2.34 (Continued)

Date Enacted	Sales Transaction	FY 1998-99 Revenue Impact (in millions)
1986	Sales of personal property through vending machines of 15 cents or less	\$0.0
1987	Food purchased with federal food stamps or funds from the supplemental food program for woman, infants, and children	\$0.0
1990	Direct mail advertising materials distributed by persons engaged solely and exclusively in providing cooperative direct mail advertising	< \$0.1
1991	Sales of aircraft component parts	\$0.5
1992	Sale of railroad capital equipment	\$0.9
1992	Sales of materials used in the printing process	\$0.2
1995	Occasional sales by charitable organizations	< \$0.1
1995	Steam used in the manufacturing process and for other industrial uses	**
1996	Sale of wireless telecommunications equipment	NA
1998	Internet access service	NA
1998	Sales and purchases of personal property used as a component part of manufactured goods donated to tax-exempt organizations	< \$0.1
Subtotal	FY 1998-99 Revenue Impact (in millions)	\$442.2
1999	Farm equipment, tractors, and irrigation equipment greater than \$1,000	\$3.5
1999	Alternative fuel vehicles greater than 10,000 lbs, power source components, and parts used for vehicle conversion	\$0.8
1999	Agricultural compounds, insecticides, fungicides, hormones, and vaccines	\$0.5
1999	Pesticides used in the production of agricultural and livestock products	\$1.3
1999	Food sold in vending machines	\$1.7
1999	Personal property used in biotechnology	\$0.9
1999	Coins and precious metals	\$0.1
1999	Purchases by veterans' organizations under \$25,000 per organization	< \$0.1
Subtotal	FY 1999-00 Revenue Impact (in millions)	\$8.9
Total	FY's 1998-99 and 1999-00 Revenue Impact (in millions)	\$451.1

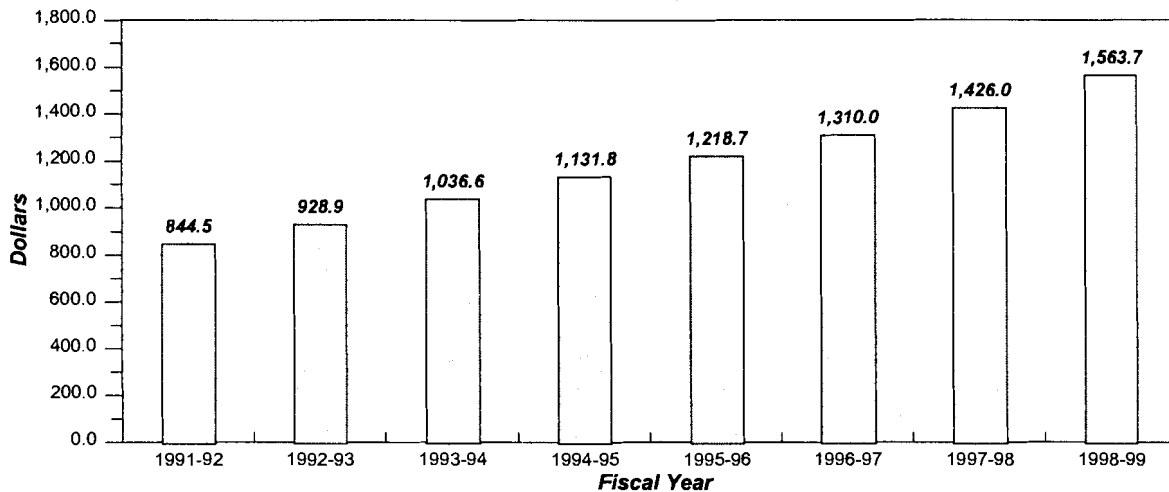
• Included in the estimate of the value of the exemption for prescription drugs.

\*\* Included in the estimate of the value of the exemption for sales of fuel for residential heat, light, and power.



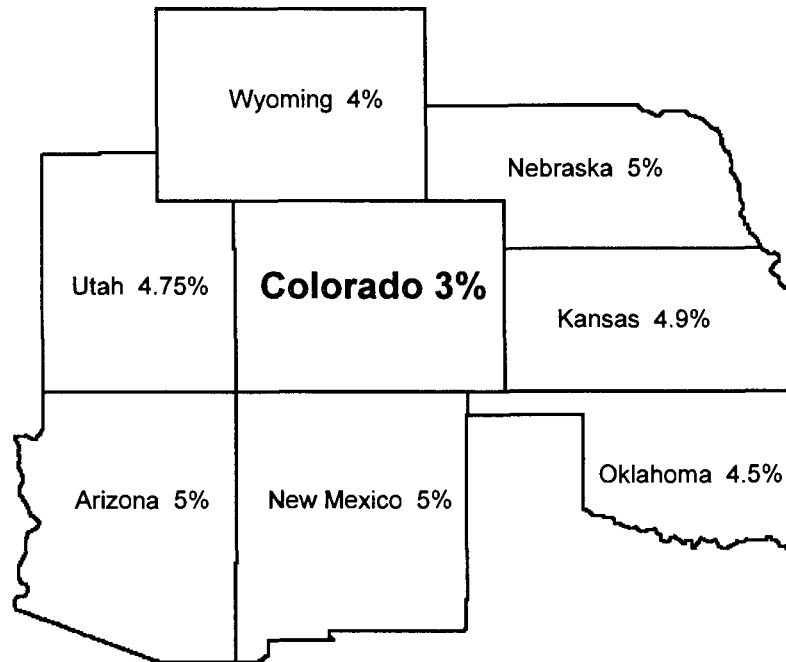
**Collections:** This chart does not reflect sales taxes collected on aviation fuel after FY 1992-93. The State Controller accounts for these moneys in the aviation fund.

**Graph 2.15**  
**Sales Tax Receipts**  
(\$ in millions)



**Other States:** Currently, 45 states and the District of Columbia impose sales taxes; 26 states and the District of Columbia exempt food and all but two states exempt prescription drugs from the tax. Colorado has the lowest state-imposed sales tax rate at three percent. The highest state-imposed rate is seven percent in Mississippi and Rhode Island. Of the states which impose a sales tax, the average state sales tax is 5.2 percent and the median is five percent. Forty-three states, including Colorado, allow for local sales taxes but no adjustments have been made in this publication to account for the local sales tax share. The five states without a state sales tax are Alaska, Delaware, Montana, New Hampshire, and Oregon.

**Graph 2.16**  
**State Sales Tax Rates of Neighboring States**



**Table 2.35**  
**Local Option Sales Tax and Food and Prescription Drug Exemption Policies of Neighboring States**

State	Local Taxes Allowed	Food Exemption	Prescription Drugs Exemption
Arizona	Yes	Yes (exempt)	Yes (exempt)
Colorado	Yes	Yes	Yes
Kansas	Yes	No	Yes
Nebraska	Yes	Yes	Yes
New Mexico	Yes	No	No
Oklahoma	Yes	No	Yes
Utah	Yes	No	Yes
Wyoming	Yes	No	Yes

SOURCE: Commerce Clearing House, *State Tax Guide*.

**Counties and Municipalities Levying Tax:** Presented on the following pages are the sales and use tax rates in the cities and counties of the state. The RTD, SCFD, and MLBSD taxes are included where applicable.

**Table 2.36**  
**Sales Taxes in Colorado – Rates for Counties,**  
**Municipalities, Special Taxing Districts, and State**  
*(rates in effect January 1, 2000)*

County / City	City Rate	RTD, SCFD, Stadium, & County Rate	1/ Total Including State Rate
<b>ADAMS 2/</b>		1.50%	4.50%
Arvada (part)	3.21%	1.50%	7.71%
Aurora (part)	3.75%	1.50%	8.25%
Bennett	2.00%	0.70%	5.70%
Brighton (part)	3.75%	1.50%	8.25%
Broomfield (part)	3.75%	1.50%	8.25%
Commerce City	3.50%	1.50%	8.00%
Federal Heights	3.00%	1.50%	7.50%
Northglenn	3.50%	1.50%	8.00%
Thornton	3.75%	1.50%	8.25%
Westminster (part)	3.25%	1.50%	7.75%
<b>ALAMOSA</b>		2.00%	5.00%
Alamosa	2.00%	2.00%	7.00%
<b>ARAPAHOE 2/</b>		0.80%	3.80%
Aurora (part)	3.75%	0.80%	7.55%
Cherry Hills Village	3.50%	0.80%	7.30%
Columbine Valley	3.00%	0.80%	6.80%
Englewood	3.50%	0.80%	7.30%
Foxfield	2.00%	0.00%	5.00%
Glendale	3.50%	0.80%	7.30%
Greenwood Village	3.00%	0.80%	6.80%
Littleton	3.00%	0.80%	6.80%
Sheridan	3.50%	0.80%	7.30%
<b>ARCHULETA</b>		4.00%	7.00%
<b>BACA</b>		0.00%	3.00%
Springfield	2.00%	0.00%	5.00%
<b>BENT</b>		1.00%	4.00%
Las Animas	3.00%	1.00%	7.00%
<b>BOULDER 2/</b>		1.20%	4.20%
Boulder	3.26%	1.20%	7.46%
Broomfield (part)	3.75%	1.20%	7.95%
Erie (part)	3.50%	1.20%	7.70%
Lafayette	3.50%	1.20%	7.70%
Longmont	2.75%	1.20%	6.95%
Louisville	3.375%	1.20%	7.575%
Lyons	3.00%	1.20%	7.20%
Nederland	3.75%	1.20%	7.95%
Superior	3.00%	1.20%	7.20%
Ward	2.00%	1.20%	6.20%
<b>BROOMFIELD</b>	*	*	*
<b>CHAFFEE</b>		2.00%	5.00%
Buena Vista	2.00%	2.00%	7.00%
Poncha Springs	2.00%	2.00%	7.00%
Salida	2.00%	2.00%	7.00%
<b>CHEYENNE</b>		0.00%	3.00%
Cheyenne Wells	2.00%	0.00%	5.00%
Kit Carson	2.00%	0.00%	5.00%
<b>CLEAR CREEK</b>		1.00%	4.00%
Empire	3.00%	1.00%	7.00%
Georgetown	3.00%	1.00%	7.00%
Idaho Springs	3.00%	1.00%	7.00%
Silver Plume	3.00%	1.00%	7.00%

County / City	City Rate	RTD, SCFD, Stadium, & County Rate	1/ Total Including State Rate
<b>CONEJOS</b>		0.00%	3.00%
Antonito	4.00%	0.00%	7.00%
La Jara	2.00%	0.00%	5.00%
Manassa	1.00%	0.00%	4.00%
Romeo	1.00%	0.00%	4.00%
<b>COSTILLA</b>		1.00%	4.00%
Blanca	2.00%	1.00%	6.00%
San Luis	2.00%	1.00%	6.00%
<b>CROWLEY</b>		2.00%	5.00%
Ordway	2.00%	2.00%	7.00%
<b>CUSTER</b>		2.00%	5.00%
Silver Cliff	2.00%	2.00%	7.00%
Westcliffe	2.00%	2.00%	7.00%
<b>DELTA</b>		2.00%	5.00%
Cedaredge	1.50%	2.00%	6.50%
Crawford	2.00%	2.00%	7.00%
Delta	3.00%	2.00%	8.00%
Hotchkiss	2.00%	2.00%	7.00%
Paonia	2.00%	2.00%	7.00%
<b>DENVER, City&amp;Co 2/</b>	3.50%	0.80%	7.30%
<b>DOLORES</b>		0.00%	3.00%
Dove Creek	2.00%	0.00%	5.00%
Rico	4.00%	0.00%	7.00%
<b>DOUGLAS 2/</b>		1.80%	4.80%
Castle Rock	3.60%	1.00%	7.60%
Larkspur	4.00%	1.00%	8.00%
Parker	3.00%	1.80%	7.80%
<b>EAGLE</b>		1.50% 3/	4.50% 3/
Avon	4.00%	1.50%	8.50%
Basalt (part)	2.00%	1.50%	6.50%
Eagle	4.00%	1.50%	8.50%
Gypsum	3.00%	1.50%	7.50%
Minturn	4.00%	1.50%	8.50%
Red Cliff	3.00%	1.50%	7.50%
Vail	4.00%	1.50%	8.50%
<b>ELBERT</b>		0.00%	3.00%
Elizabeth	2.50%	0.00%	5.50%
Kiowa	1.50%	0.00%	4.50%
Simla	2.00%	0.00%	5.00%
<b>EL PASO</b>		1.00%	4.00%
Calhan	2.00%	1.00%	6.00%
Colorado Springs	2.10%	1.00%	6.10%
Fountain	3.00%	1.00%	7.00%
Green Mtn Falls (part)	2.00%	1.00%	6.00%
Manitou Springs	3.80%	1.00%	7.80%
Monument	3.00%	1.00%	7.00%
Palmer Lake	2.00%	1.00%	6.00%
<b>FREMONT</b>		1.50%	4.50%
Canon City	2.00%	1.50%	6.50%
Florence	2.00%	1.50%	6.50%

Table 2.36 (Continued)

County / City	City Rate	RTD, SCFD, Stadium, & County Rate	1/ Total Including State Rate
<b>GARFIELD</b>		1.00%	4.00%
Carbondale	3.50%	1.00%	7.50%
Glenwood Springs	3.25%	1.00%	7.25%
New Castle	3.00%	1.00%	7.00%
Parachute	3.75%	1.00%	7.75%
Rifle	2.50%	1.00%	6.50%
Silt	3.00%	1.00%	7.00%
<b>GILPIN</b>		0.00%	3.00%
Black Hawk	4.00%	0.00%	7.00%
Central City	4.00%	0.00%	7.00%
<b>GRAND</b>		1.00%	4.00%
Fraser	4.00%	1.00%	8.00%
Granby	4.00%	1.00%	8.00%
Grand Lake	4.00%	1.00%	8.00%
Hot Sulphur Springs	4.00%	1.00%	8.00%
Kremmling	4.00%	1.00%	8.00%
Winter Park	5.00%	1.00%	9.00%
<b>GUNNISON</b>		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	4.50%	1.00%	8.50%
Pitkin	3.00%	1.00%	7.00%
<b>HINSDALE</b>		4.00%	7.00%
<b>HUERFANO</b>		1.00%	4.00%
La Veta	3.00%	1.00%	7.00%
Walsenburg	3.00%	1.00%	7.00%
<b>JACKSON</b>		3.00%	6.00%
<b>JEFFERSON 2/</b>		1.30%	4.30%
Arvada (part)	3.21%	1.30%	7.51%
Broomfield (part)	3.75%	1.30%	8.05%
Edgewater	3.50%	1.30%	7.80%
Golden	3.00%	1.30%	7.30%
Lakewood	2.00%	1.30%	6.30%
Morrison	3.00%	1.30%	7.30%
Mountain View	3.00%	1.30%	7.30%
Westminster (part)	3.25%	1.30%	7.55%
Wheat Ridge	2.50%	1.30%	6.80%
<b>KIOWA</b>		0.00%	3.00%
Eads	2.00%	0.00%	5.00%
<b>KIT CARSON</b>		0.00%	3.00%
Burlington	2.00%	0.00%	5.00%
Flagler	2.00%	0.00%	5.00%
<b>LAKE</b>		4.00%	7.00%
<b>LA PLATA</b>		2.00%	5.00%
Bayfield	2.00%	2.00%	7.00%
Durango	2.50%	2.00%	7.50%
Ignacio	2.00%	2.00%	7.00%
<b>LARIMER</b>		0.80%	3.80%
Berthoud	3.00%	0.80%	6.80%
Estes Park	4.00%	0.80%	7.80%
Fort Collins	3.00%	0.80%	6.80%
Loveland	3.00%	0.80%	6.80%
Wellington	3.00%	0.80%	6.80%
<b>LAS ANIMAS</b>		1.00%	4.00%
Trinidad	4.00%	1.00%	8.00%

County / City	City Rate	RTD, SCFD, Stadium, & County Rate	1/ Total Including State Rate
<b>LINCOLN</b>		2.00%	5.00%
Hugo	2.00%	2.00%	7.00%
Limon	2.00%	2.00%	7.00%
<b>LOGAN</b>		0.50%	3.50%
Sterling	3.00%	0.50%	6.50%
<b>MESA</b>		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%
<b>MINERAL</b>		2.60%	5.60%
Creede	2.00%	2.60%	7.60%
<b>MOFFAT</b>		2.00%	5.00%
Craig	2.00%	2.00%	7.00%
<b>MONTEZUMA</b>		0.45%	3.45%
Cortez	3.50%	0.45%	6.95%
Dolores	3.50%	0.45%	6.95%
Mancos	4.00%	0.45%	7.45%
<b>MONTROSE</b>		1.00%	4.00%
Montrose	3.00%	1.00%	7.00%
Naturita	3.00%	1.00%	7.00%
Nucla	3.00%	1.00%	7.00%
Olathe	3.00%	1.00%	7.00%
<b>MORGAN</b>		0.00%	3.00%
Brush	3.00%	0.00%	6.00%
Fort Morgan	3.00%	0.00%	6.00%
Log Lane Village	3.00%	0.00%	6.00%
Wiggins	2.00%	0.00%	5.00%
<b>OTERO</b>		1.00%	4.00%
Fowler	2.00%	1.00%	6.00%
La Junta	3.25%	1.00%	7.25%
Manzanola	2.00%	1.00%	6.00%
Rocky Ford	3.00%	1.00%	7.00%
<b>OURAY</b>		1.00%	4.00%
Ouray	3.00%	1.00%	7.00%
Ridgway	3.00%	1.00%	7.00%
<b>PARK</b>		1.00%	4.00%
Alma	3.00%	1.00%	7.00%
Fairplay	4.00%	1.00%	8.00%
<b>PHILLIPS</b>		1.00%	4.00%
Haxtun	1.50%	1.00%	5.50%
Holyoke	1.50%	1.00%	5.50%
<b>PITKIN</b>		3.50% 3/	6.50% 3/
Aspen	1.70%	3.50%	8.20%
Basalt (part)	2.00%	3.50%	8.50%
Snowmass Village	1.00%	3.50%	7.50%
<b>PROWERS</b>		1.00%	4.00%
Granada	2.00%	1.00%	6.00%
Holly	1.00%	1.00%	5.00%
Lamar	3.00%	1.00%	7.00%
<b>PUEBLO</b>		1.00%	4.00%
Pueblo	3.50%	1.00%	7.50%
<b>RIO BLANCO</b>		2.00%	5.00%

Table 2.36 (Continued)

County / City	City Rate	RTD, SCFD, Stadium, & County Rate	1/ Total Including State Rate
<b>RIO GRANDE</b>		2.60%	5.60%
Center (part)	2.00%	2.60%	7.60%
Del Norte	2.00%	2.60%	7.60%
Monte Vista	3.00%	2.60%	8.60%
South Fork	2.00%	2.60%	7.60%
<b>ROUTT</b>		1.00%	4.00%
Hayden	4.00%	1.00%	8.00%
Oak Creek	3.00%	1.00%	7.00%
Steamboat Springs	4.50%	1.00%	8.50%
<b>SAGUACHE</b>		0.00%	3.00%
Center (part)	2.00%	0.00%	5.00%
Crestone	1.00%	0.00%	4.00%
Saguache	3.00%	0.00%	6.00%
<b>SAN JUAN</b>		4.00%	7.00%
<b>SAN MIGUEL</b>		1.00%	4.00%
Norwood	2.00%	1.00%	6.00%
Sawpit	3.00%	1.00%	7.00%
Telluride	4.50%	1.00%	8.50%
<b>SEDGWICK</b>		2.00%	5.00%
Julesburg	1.00%	2.00%	6.00%
Ovid	1.00%	2.00%	6.00%
Sedgwick	1.00%	2.00%	6.00%
<b>SUMMIT</b>		2.50% 3/	5.50% 3/
Breckenridge	2.50%	2.50%	8.00%
Dillon	2.00%	2.50%	7.50%
Frisco	2.00%	2.50%	7.50%
Silverthorne	2.00%	2.50%	7.50%
<b>TELLER</b>		1.00%	4.00%
Cripple Creek	2.00%	1.00%	6.00%
Green Mtn Falls (part)	2.00%	1.00%	6.00%
Woodland Park	3.00%	1.00%	7.00%
Victor	3.00%	1.00%	7.00%
<b>WASHINGTON</b>		0.00%	3.00%
Akron	1.00%	0.00%	4.00%
Otis	2.00%	0.00%	5.00%
<b>VELD</b>		0.00%	3.00%
Ault	2.00%	0.00%	5.00%
Brighton (part)	3.75%	0.00%	6.75%
Broomfield (part)	3.75%	0.00%	6.75%
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	2.50%	0.00%	5.50%
Fort Lupton	4.00%	0.00%	7.00%
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	3.00%	0.00%	6.00%
La Salle	3.50%	0.00%	6.50%
Lochbuie	4.00%	0.00%	7.00%
Mead	2.00%	0.00%	5.00%
Milliken	2.50%	0.00%	5.50%
Nunn	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%
<b>YUMA</b>		0.00%	3.00%
Wray	2.00%	0.00%	5.00%
Yuma	2.00%	0.00%	5.00%

SOURCE: Department of Revenue

\* Referendum C, approved by voters in November 1998, created the City and County of Broomfield. Broomfield will become a city and county on November 15, 2001. The combined sales tax rates prior to the incorporation are listed as parts for each county the city is located in.

1. Total includes the combined sales tax rate for the state, municipalities, the counties, the Regional Transportation District (RTD), Scientific and Cultural Facilities District (SCFD), and Denver Metropolitan Major League Baseball Stadium District (BSD) where applicable.
2. Total for these counties, or parts of counties, includes RTD sales tax of .6 of 1 percent (0.6%) (Section 32-9-119 (2), C.R.S.) and a sales tax of .1 of 1 percent (0.1%) for the Denver Metropolitan Scientific and Cultural Facilities District (Section 32-13-107, C.R.S.), and a sales tax of .1 of 1 percent (0.1%) for the Denver Metropolitan Major League Baseball Stadium District (Section 32-14-114, C.R.S.).
3. Eagle, Pitkin, and Summit Counties include .5 of 1 percent (0.5%) for county mass transit system. (Section 29-2-103.5, C.R.S.).

## 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.

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

**Table 2.37**  
**History of Use 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 55).

## Severance Taxes

**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.

**Tax 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:

**Table 2.38**  
**Tax Rate on Metallic Minerals**

Gross Income	Tax Rate
First \$19 million	exempt
Over \$19 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 five cents per ton. Effective July 1, 1999, the first 625,000 tons extracted per quarter is exempt.

**Oil and Gas.** Crude oil, natural gas, carbon dioxide, and oil and gas are also taxed on the net gains of the producer for the sale of the oil or gas. Net gains are defined as gross lease revenues less transportation, manufacturing, and processing costs. Adjustment of the calculation is allowed for cases in which the producer sells the oil or gas to a related party resulting in a sales price which is lower than the market rate.

**Table 2.39**  
**Tax on Net Gains**  
*(oil and gas)*

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 ten 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 ten barrels or less per day.

**Coal.** The rate of the severance tax on coal is 36 cents per ton. Effective July 1, 1999, the first 300,000 tons extracted per quarter is exempt from the tax. Modifications of the tax rate are specified in statute. For every 1½ percent decrease or increase in the U.S. Department of Labor's Producer Price Index (from 1978), the rate is correspondingly increased or decreased by 1 percent. The index requires that the current tax rate for coal is 54 cents per ton. Such determinations are made by the executive director of the Department of Revenue. The coal tax rate was indexed until December 1992. Because of the constitutional provisions of Article X, Section 20, the tax rate has not been increased since then; however, it may decrease.

A credit of 50 percent of the tax imposed is allowed for coal produced by underground mines and for lignitic coal.

**Oil Shale.** Oil shale is taxed at four 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 rate is phased in to four percent based on the years of operation of an oil shale facility.



**Table 2.40**  
**Tax Rates for Oil Shale**

<b>Years Operating</b>	<b>Reduction In Rate</b>	<b>Actual Rate</b>
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 (except for molybdenum which must be filed by the 15th day of the month following the end of a quarter).

**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. The tax rate on molybdenum ore was 15 cents per ton prior to 1986. The base tax rate on coal was 60 cents per ton prior to July 1, 1988.

**Disposition of Revenue:** Fifty percent of revenues are dedicated to the State Severance Tax Fund and 50 percent to the Local Government Severance Tax Fund.

*Collections:*

**Table 2.41**  
**State Severance Tax Receipts**  
 (\$ in millions)

<b>Fiscal Year</b>	<b>Oil and Gas Production</b>	<b>Coal</b>	<b>Metallic Minerals and Molybdenum</b>	<b>Total Collections</b>	<b>Percent Change</b>
1988-89	15.2	6.0	0.4	21.6	41.2%
1989-90	8.5	5.4	0.5	14.4	-33.3%
1990-91	15.6	5.8	0.5	21.9	52.1%
1991-92	10.4	5.3	0.4	16.1	-26.5%
1992-93	13.5	8.3	0.5	22.3	38.5%
1993-94	6.5	8.6	0.0	15.1	-32.3%
1994-95	1.6	8.8	0.3	10.7	-29.1%
1995-96	7.6	6.9	0.4	14.9	39.3%
1996-97	18.7	10.8	0.7	30.2	102.7%
1997-98	19.8	9.3	0.6	29.7	-1.7%
1998-99	23.3	10.2	0.3	34.0	14.5%

SOURCE: Department of Revenue, Cash Basis.

**Other States:** Thirty-nine 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, molybdenum in Colorado and New Mexico, or freshwater mussels in Louisiana.

## 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.

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

**Administration and Collection:** Department of Revenue.

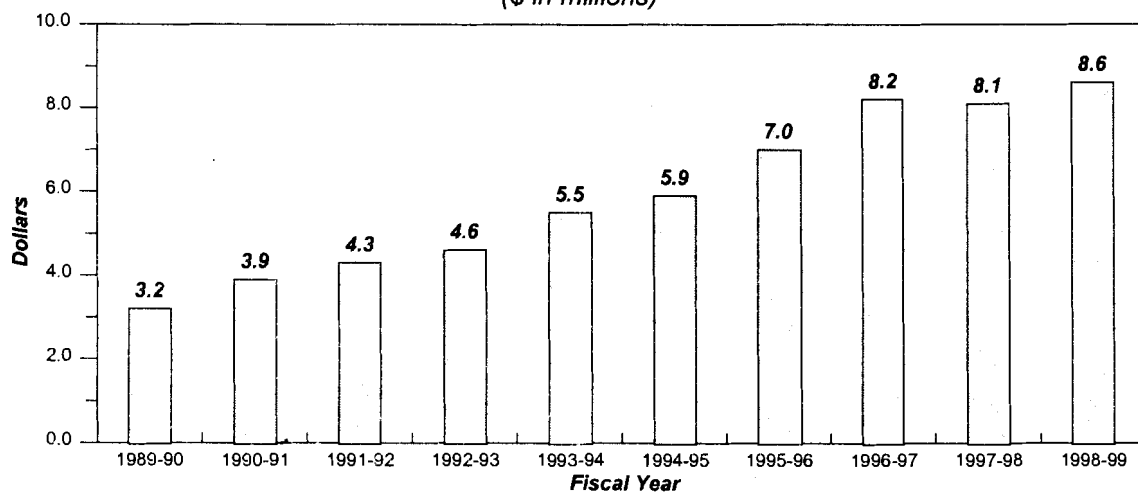
**Collection Period:** Distributors file a return every quarter containing the amount of tobacco products purchased during the preceding quarter and the amount of tax due. Taxes are paid by the twentieth day of the month following the quarterly report.

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

**Disposition of Revenue:** After the requirements of the Old Age Pension Fund have been satisfied, the remainder is credited to the General Fund.

**Collections:**

**Graph 2.17**  
**Tobacco Products Receipts**  
(\$ in millions)



**Other States:** Forty-three 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. In addition to Wyoming and the District of Columbia, other states which do not tax tobacco include: Kentucky; Maryland; Pennsylvania; Virginia; and West Virginia. However, effective July 1, 2000, Maryland will impose a tobacco tax equal to 15 percent of the wholesale price for cigars and smokeless tobacco, and in Virginia counties are authorized to charge a tax on tobacco. The rates for neighboring states imposing the tax are listed below.

**Table 2.42**  
**Tobacco Products Tax Rates of Neighboring States**

State	Rate
<b>Arizona</b>	
– Tobacco and snuff	6.5 cents per ounce
– Cavendish, plug or twist	1.6 cents per ounce
– Cigars	
small	12.9 cents each 20 cigars
cigars 5 cents each or less	6.4 cents each 3 cigars
cigars over 5 cents	6.4 cents each cigar
<b>Kansas</b>	10% of wholesale price
<b>Nebraska</b>	15% of purchase price
<b>New Mexico</b>	25% of product value
<b>Oklahoma</b>	
– Cigars under 3 lbs. per 1,000	0.9 mills per cigar
– Cigars over 3 lbs. per 1,000 and with	
MSRP of 4 cents or less	1 cent per cigar
– All other cigars	\$30 per 1,000
– Smoking tobacco	40% of factory list price
– Chewing tobacco	30% of factory list price
<b>Utah</b>	35% of sales price

SOURCE: Commerce Clearing House, *State Tax Guide*, July 1998.

**Federal Tax:**

**Table 2.43**  
**Federal Tobacco Product Tax Rates**

Tobacco Product	Tax Rate
Snuff	51 cents per pound
Chewing Tobacco	17 cents per pound
Small Cigars (weighing less than 3 pounds per 1,000)	\$1.594 to \$42.50 per thousand
Large Cigars (weighing more than 3 pounds per 1,000)	12.75 percent of wholesale price but not more than \$30 per thousand
Pipe Tobacco	95.67 cents per pound

## Unemployment Insurance Tax

**Enacted:** 1936.

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

**Tax Base:** The tax is applied to the first \$10,000 of annual earnings paid each employee by public and private employers subject to the act. A limited number of types of employers are excluded from coverage.

**Tax Rate:** Each experienced employer pays a personalized rate taken from the schedule of tax rates contained in state law. An employer's tax rate depends upon the level of the balance in the Unemployment Insurance Trust Fund and the employer's history of benefits paid to the employer's former employees relative to taxes paid by the employer. New employers, or those with less than 12 months of history as an employer, pay the greater of the following two rates: 1.7 percent of taxable wages, or a personalized rate calculated the same as those for experienced employers and based upon the amount of experience they do have. New employers in the construction industry pay the greater of three rates, which include the two mentioned above and the average rate for the construction industry.

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 the employer is subject to the tax. The funds are credited to the Unemployment Insurance Trust Fund.

**History of Rates:** Prior to 1941, employers paid a flat standard tax rate based on a maximum wage base of \$3,500. After 1941 employers generally paid a flat rate for the first year. At this time an experience rating system was adopted which permitted 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. Effective 1992, the assigned average industry rate was changed to apply only to the construction industry.

Table 2.44 shows changes to the standard rate from 1936 through 1998. In 1998, a standard rate of 1.7 percent was generally paid by first year employers, other employers paid between 0.0 percent and 5.4 percent. The average rate paid by private employers was 1.03 percent of taxable wages in 1998.

***History of Rates:***

**Table 2.44**  
**History of Unemployment Insurance Tax Rates**  
*(Changes to Standard Rate from 1936 – 1998)*

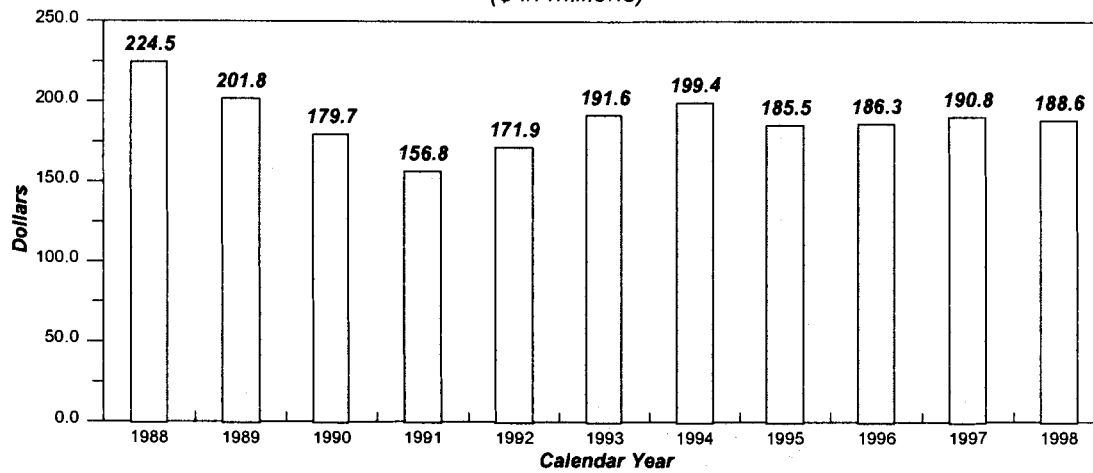
Year	Standard Rate Per Calendar Year	Wage Base
1936	10.8% per month's wages (capped < 0.9% of annual payroll)	\$3,500
1937	1.8% flat rate	\$3,500
1938	2.7% for new employers, others: range 1.8% to 3.6%	\$3,500
1972	1.0% for new employers, others: range 0.0% to 3.6%	\$3,500
1976	2.7% for new employers, others: range 0.0% to 3.6%, average 1.65%	\$4,200
1997	1.7% for new employers, others: range 0.0% to 5.4%, average 1.12%	\$10,000*
1998	1.7% for new employers, others: range 0.0% to 5.4%, average 1.03%	\$10,000*

\* 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 withdrawn only to pay unemployment benefits.

*Collections:*

**Graph 2.18**  
**Unemployment Insurance Tax Receipts**  
(*\$ in millions*)



## Specific Ownership Tax

**Enacted:** 1937.

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

**Tax Base:** The specific ownership tax is imposed on every motor vehicle, trailer, semitrailer, or vehicle that is operated on any highway in the state. This tax is levied on vehicles in lieu of a property tax and is paid annually when a vehicle is registered. The basis for this tax is the factory list price. For taxation purposes, motor vehicles are divided into the following classes.

**Table 2.45**  
**Motor Vehicle Class Categories**

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 including passenger motor vehicles 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.

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:

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



**Tax Rate:** The tax is computed using the following schedule:

**Table 2.46**  
**Schedule of Taxable Value for Motor Vehicles**

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 two 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 two 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; and
- 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 vehicle 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 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:

**Table 2.47**  
**History of Specific Ownership Tax Rates**

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 counties according to the number of miles of state highways within their jurisdiction. Class B, C, D, and F moneys are collected by 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 (Section 42-1-213.1, C.R.S.). The remaining moneys are apportioned annually among the county and each political and governmental subdivision located within the boundaries of the county based upon the proportion of property taxes levied within the county during the preceding calendar year.

**Collections:**

**Table 2.48**  
**Specific Ownership Tax Receipts**  
(Local Collections – \$ in millions)

Calendar Year	Collection	Percent Change	Calendar Year	Collection	Percent Change
1982	\$ 105.1		1991	163.2	1.6%
1983	118.6	12.8%	1992	174.0	6.6%
1984	129.4	9.1%	1993	195.6	12.4%
1985	131.9	1.9%	1994	213.2	9.0%
1986	143.3	8.6%	1995	238.4	11.8%
1987	138.7	-3.2%	1996	266.3	11.7%
1988	154.1	11.1%	1997	290.5	9.1%
1989	148.6	-3.6%	1998	320.6	10.4%
1990	160.6	8.1%			

SOURCE: Department of Revenue and Division of Property Taxation.

## Workers' Compensation Tax

**Enacted:** 1945.

**Statutory Citation:** Title 8, Article 46, Part 1, C.R.S. - Subsequent Injury Fund; Part 2, C.R.S. - Colorado Major Medical Insurance Act.

**Tax Base:** This tax is imposed on insurance premiums paid by persons, partnerships, associations, corporations, captive insurance companies, insurance carriers, and employers acting as self insurers who insure their employees against liability for personal injury or death.

**Tax Rate and Surcharges:** The tax rate on premiums received by the state is adjustable and set up to a maximum of 3.25 percent until the balance in the Subsequent Injury Fund and Major Medical Insurance Fund exceeds the estimated present value of future claim payments for which it is liable. The Department of Labor estimates that these two funds will be fully funded in FY 2002-03.

The following surcharges can be annually adjusted and are added to the 3.25 percent tax: a surcharge for administrative costs based on appropriations set by the legislature; a solvency surcharge for the Subsequent Injury Fund; and a cost containment surcharge used to assist employers in reducing the costs associated with claims for injuries. Self-insured employers pay a premium equivalency tax based on payroll and type of industry.

The total tax with surcharges beginning July 1, 2000 is 3.818 percent. In addition, employers or employers' insurance carriers are required to pay \$15,000 (not to exceed the amount of death benefit up to \$15,000) for every compensable injury resulting in death for claimants without dependents. The Subsequent Insurance Fund also receives moneys from penalties for violations against the workers' compensation statute.

**Administration:** Department of Labor and Employment, Division of Workers' Compensation Employer Services.

**Collection Period:** Payments are submitted to the Division of Workers' Compensation Employer Services biannually for employment periods January 1 through June 30, and July 1 through December 31.

**Exemptions:** None.

**Disposition of Revenue:** Revenue from taxes on premiums (3.818 percent) is distributed as follows: 1.00 percent to the Subsequent Injury Fund; 2.25 percent to the Major Medical Fund; 0.018 percent to the Cost Containment Fund; and 0.55 percent to the Workers' Compensation Cash Fund.

**History of Tax Rates:** The Subsequent Injury Fund was created in 1945 to pay for permanent and total disability benefits. Initially, it was funded by payments of \$500 for every compensable injury resulting in death (for claimants with no dependents). By 1991, the \$500 had been increased to \$15,000 and currently remains unchanged. The Medical Disaster Insurance Fund Act was created in 1961 and was replaced by the Major Medical Insurance Fund in 1971 to pay for medical benefits after \$20,000 was paid by the primary insurance carrier. The Subsequent Injury and Major Medical Insurance Funds were combined January 1, 1994.

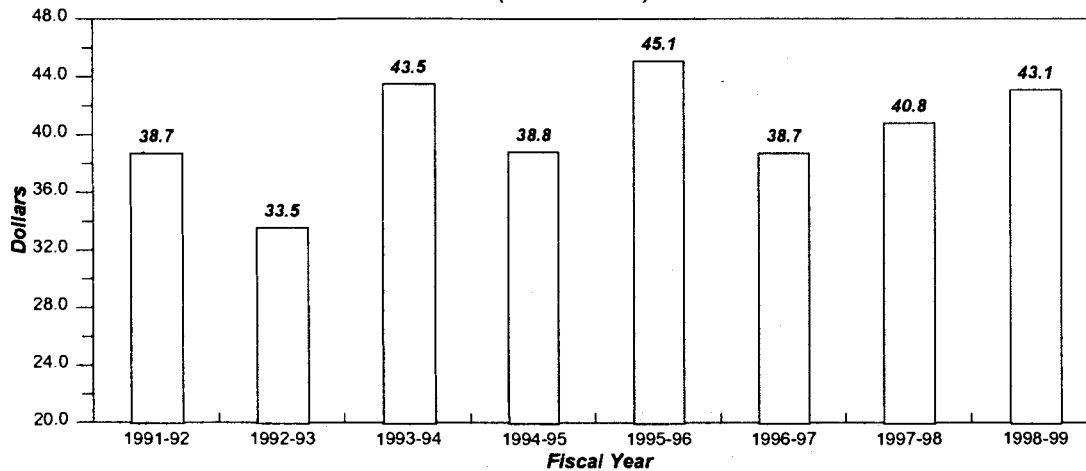
In 1989, the Cost Containment Fund was established to fund administrative expenses. Tax revenues are also distributed to the Workers' Compensation Cash Fund. The history of taxes and surcharges are as follows.

**Table 2.49**  
**History of Workers' Compensation Taxes and Surcharges**

Year	Subsequent Injury Fund	Subsequent Injury Fund	Medical Disaster Insurance/ Major Medical Insurance Fund	Cost Containment Fund	Workers' Compensation Cash Fund	Total Tax Rate
1945	\$500/death					\$500/death
1965-1971			0.75% on each \$100 of premiums			0.75% on each \$100 of premiums
1971	The amount was increased until it reached \$15,000 in 1991		1.25% of premiums			1.25% premiums
1987			0.7%			0.7%
1988		0.40%	2.25%		0.65%	3.3%
1/1/89		0.40%	2.25%		0.735%	3.385%
7/1/89		0.40%	2.25%	0.03%	0.735%	3.415%
1/1/90		0.40%	2.25%	0.02%	0.804%	3.474%
1/1/91	\$15,000/death	0.40%	2.25%	0.01%	1.43%	4.09%
1/1/92	\$15,000/death	1.23%	2.25%	0.03%	0.41%	3.92%
1/1/93	\$15,000/death	1.23%	2.25%	0.03%	0.78%	4.29%
1/1/94	\$15,000/death	1.23%	2.25%	0.03%	0.78%	4.29%
7/1/94	\$15,000/death	1.00%	2.25%	0.03%	0.78%	4.06%
1/1/95	\$15,000/death	1.00%	2.25%	0.03%	0.78%	4.06%
1/1/96	\$15,000/death	1.00%	2.25%	0.03%	1.04%	4.32%
1/1/97	\$15,000/death	1.00%	2.25%	0.02%	1.23%	4.5%
1/1/98	\$15,000/death	1.00%	2.25%	0.02%	1.23%	4.5%
7/1/98	\$15,000/death	1.00%	2.25%	0.018%	1.23%	4.268%
7/1/99	\$15,000/death	1.00%	2.25%	0.018%	0.80%	4.068%
7/1/00	\$15,000/death	1.00%	2.25%	0.018%	0.55%	3.818%

**Collections:**

**Graphic 2.19**  
**Workers' Compensation Tax Receipts**  
 (\$ in millions)



SOURCE: State Controller's Office.

**Other States:** All state Workers' Compensation Divisions finance their workers' compensation special funds through a combination of premium taxes, death claim assessments, penalties, and legislative appropriations. Many states such as Alaska and Utah fund their Divisions primarily through legislative appropriations.

**Table 2.50**  
**Tax Rates for Neighboring States**

State	Tax Rate
Arizona	Floating premium tax not to exceed 3.0% plus up to 1.5% Second Injury Fund (SIF)
Kansas	Floating premium tax not to exceed 3.0% plus SIF annual assessment based on previous years payment and \$18,500 death benefits paid by insurers for claimants with no dependents
Nebraska	1% assessment plus a 2% assessment for vocational rehabilitation
New Mexico	\$4.00 per worker; payment split between employer and employee (50/50)
Utah	The state General Fund and premium tax assessments
Wyoming	Employer premiums tax plus two federal OSHA grants

SOURCE: State Workers' Compensation Administrative Profiles, US Department of Labor, 1999.

# SECTION 3

## TABOR

Article X, Section 20 of the Colorado Constitution was adopted by a vote of the people on November 3, 1992. This section, also known as the Taxpayer's Bill of Rights, or TABOR, addresses the ability of governments in Colorado to impose taxes and to spend money. A brief description of the amendment is provided below. Although the amendment applies to both the state and local governments, this section primarily addresses the amendment as it applies to the state.

### **Voter Approval of Tax Increases, Debt**

TABOR requires voter approval for any new tax, any tax rate increase, any mill levy increase over the prior year, any increase in the assessment ratio for a class of property, any extension of an expiring tax, or any tax policy change that causes a net tax revenue increase. The electorate's approval is also required for the creation of most financial obligations that extend beyond the current fiscal year unless government sets aside enough money to fund the obligation in all years that payments are due. Changes that would weaken the current limits on government revenue, spending, and debt require voter approval. Voter approval can be temporarily suspended for tax increases in declared emergencies and when revenue is insufficient to meet payments for general obligation debt, pensions, and final court judgments.

### **Prohibited Taxes**

Any new or increased real estate transfer taxes, any local income tax, and any new state real property tax is prohibited under the amendment. Any future state income tax law change is required to have a single tax rate applicable to individuals and corporations with no added surcharge, and any state income tax law change may not take effect until the following tax year.

### **State Spending Limits**

TABOR limits the maximum annual percentage change in state fiscal year spending to inflation plus the percentage change in state population in the prior calendar year, adjusted for revenue changes approved by voters after 1991. TABOR defines spending so broadly that it is essentially equal to revenues.

## State Surplus Revenues and Taxpayer Refunds

TABOR requires that revenues in excess of the limit be refunded in the next fiscal year, unless voters agree to let the state keep the surplus. The constitution allows any reasonable method for refunding these excess revenues to taxpayers. For FY's 1996-97 through 1998-99, the state collected more than was permitted by the constitution. Table 3.1 provides a year-by-year summary of allowable and actual growth limits for TABOR revenues and the revenues collected above the TABOR limit through FY1998-99. For comparison purposes, estimated figures for the FY 1999-00 TABOR surplus are included.

**Table 3.1**  
**TABOR Surplus Revenues**  
(dollars in millions)

<b>Fiscal Year Surplus</b>	<b>FY 1996-97</b>	<b>FY 1997-98</b>	<b>FY 1998-99</b>	<b>FY 1999-00<sup>1</sup></b>
Allowable Growth Limit	6.6 percent	5.5 percent	5.3 percent	4.4 percent
Revenues Above Limit	\$139.0	\$563.2	\$679.6	\$833.0

<sup>1</sup> March 2000 Legislative Council Staff estimate.

TABOR surplus moneys for FY's 1996-97 and 1997-98 were refunded through a sales tax refund using the state's income tax system. For FY 1998-99 and thereafter, the surplus is refunded through a sales tax refund and other refund mechanisms which are triggered by a specific amount of surplus revenues.

## Taxpayer Refunds for FY 1999-00

The FY 1999-00 TABOR surplus will be refunded in FY 2000-01 through five refund mechanisms by:

- Allowing an earned income credit to qualifying Colorado taxpayers equal to 8.5 percent of the federal credit amount. The state surplus must be at least \$50 million adjusted for personal income growth for this method to be used;
- Allowing a rebate to businesses for local personal property taxes paid equal to 100 percent of taxes paid up to \$500 plus 13.37 percent of taxes paid in excess of \$500. The state surplus must be at least \$170 million adjusted for personal income growth for this mechanism to be used;

- Allowing taxpayers to deduct up to \$1,200 for any interest, dividend, or capital gains income on their state income tax returns. Married filers are allowed to deduct up to \$2,400. The state surplus must be at least \$220 million adjusted for personal income growth to implement this refund mechanism;
- Allowing a deduction for capital gains taken on Colorado assets purchased prior to May 9, 1994. Individuals and corporations are eligible for the deduction. The state surplus must be at least \$260 million adjusted for personal income growth to implement this refund mechanism; and
- Allowing for a refund of state sales taxes paid by giving back a fixed dollar amount to taxpayers in each of six income brackets. Taxpayers are permitted to add back nontaxable social security earnings to their federal adjusted gross income to determine which income tier to use. This method requires no minimum surplus for implementation.

The state sales tax refund mechanism gives back any moneys not refunded by other methods. The amount of money refunded through this mechanism is determined by subtracting the amounts estimated for the other refund methods from the total excess TABOR amount. This amount is then multiplied by 105 percent to ensure that the amount required to be refunded by the state constitution is refunded.

Full-year residents over the age of 18 or full-year dependents under 18 who are required to file a federal tax return or a state return to receive a refund of taxes withheld are eligible for the sales tax refund regardless of whether or not they paid state income taxes. If an adult does not have an income tax liability, he or she would still have to file a return to receive the sales tax refund. The amount of each person's refund depends upon his or her federal adjusted gross income and tax filing status. Nonresidents, part-time residents, and anyone convicted of a felony are not eligible for the refund.

### **Taxpayer Refunds for FY 1998-99**

Three mechanisms refund the TABOR surplus in FY 1999-00 by:

- Allowing an earned income credit to qualifying Colorado taxpayers equal to 8.5 percent of the federal credit amount. The state surplus must be at least \$50 million for this method to be used;
- Allowing a rebate to businesses for local personal property taxes paid equal to 100 percent of taxes paid up to \$500 plus 13.37 percent of taxes paid in excess of \$500. The state surplus must be at least \$170 million for this mechanism to be used; and
- Allowing for a refund of state sales taxes by giving back a fixed dollar amount to taxpayers in each of six income brackets. This method requires no minimum surplus for implementation.



For FY 1998-99, most of the surplus is refunded through the state sales tax refund. The eligibility criteria for the refund of the FY 1998-99 surplus is the same as that for FY 1999-00 surplus. Table 3.2 shows the amount of money refunded by each of the three refund mechanisms. The minimal surplus figure is the level of surplus needed (trigger) for the refund method to be used.

**Table 3.2**  
**FY 1998-99 Tabor Refund Mechanisms**  
(dollars in millions)

Refund Mechanism	TABOR Refund	Minimal Surplus
Earned Income Credit	\$28.9	\$50
Business Personal Property Rebate	\$79.3	\$170
Sales Tax Refund	\$602.2*	N/A
Total	\$710.4*	N/A

\* Because of the 105 percent provision in HB 99-1001, the TABOR refund total differs from the constitutional amount required.

Table 3.3 shows how much the sales tax refund gives back to filers by income bracket and filing status (applies to FY 1998-99 surplus only). Taxpayers are permitted to add back nontaxable social security earnings to their federal adjusted gross income to determine which income tier to use. If an adult does not have an income tax liability, he or she would still have to file a state income tax return to claim this refund.

**Table 3.3**  
**FY 1998-99 Tabor Refunds**  
(by income and filing status)

Federal Adjusted Gross Income	Single, Head of Household, or Married Filing Separate	Joint Return or Surviving Spouse
\$25,000 and less	\$159	\$318
\$25,001 to \$50,000	\$212	\$424
\$50,001 to \$75,000	\$244	\$488
\$75,001 to \$100,000	\$290	\$580
\$100,001 to \$125,000	\$312	\$624
More than \$125,001	\$502	\$1,004

### Taxpayer Refunds for FY 1997-98

During a special session in September of 1998, the legislature adopted a four-tier sales tax refund mechanism as the only method of refunding the TABOR surplus for FY 1997-98. Table 3.4 shows the refund amounts for each income bracket.

**Table 3.4**  
**FY 1997-98 Tabor Refunds**  
(by income and filing status)

<b>Federal Adjusted Gross Income</b>	<b>Single, Head of Household, or Married Filing Separate</b>	<b>Joint Return or Surviving Spouse</b>
\$20,000 and less	\$142	\$284
\$20,001 to \$50,000	\$195	\$390
\$50,001 to \$95,000	\$276	\$552
More than \$95,000	\$384	\$768

### Taxpayer Refunds for FY 1996-97

During a special session in September of 1997, the General Assembly enacted a three-tier sales tax refund mechanism to refund the state's first post-TABOR surplus. Any adult who lived in Colorado for all of 1997 and individuals under the age of 18 who were required to file a 1997 income tax form were eligible for the refund. Table 3.5 shows the refund amounts for each income bracket based on filing status.

**Table 3.5**  
**FY 1996-97 Tabor Refunds**  
(by income and filing status)

<b>Federal Adjusted Gross Income</b>	<b>Single, Head of Household, or Married Filing Separate</b>	<b>Joint Return or Surviving Spouse</b>
\$15,000 and less	\$37	\$74
\$15,001 to \$100,000	\$60	\$120
More than \$100,000	\$80	\$160

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## **Appendix Historical Data**

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# APPENDIX

## Constitutional and Statutory Fiscal Requirements

The following table outlines tax and spending limitations that are placed on state and local governments either by the state constitution or Colorado statutes.

Constitutional and Statutory Fiscal Requirements

REQUIREMENT	CITATION
State shall have a balanced budget.	Article X, Section 16, Colorado Constitution
<b>Restriction on total state spending:</b> Annual percentage change is limited to inflation plus the percentage change in state population in the calendar year prior to the start of the fiscal year. This provision defines spending broadly so that spending equals revenues for its limitation purposes.	Article X, Section 20, Colorado Constitution
<b>Restriction on General Fund appropriations:</b> Beginning FY 1991-92, General Fund appropriations are limited to the lesser amount of 5 percent of Colorado personal income in the calendar year two years prior to the start of the fiscal year or 6 percent over the previous year's General Fund appropriation. Since its inception, the 6 percent growth limitation has been in effect. This restriction is known as the Arveschoug-Bird limit. There are exceptions to this restriction for federal mandates and court orders.	Section 24-75-201.1 (1) (a) (II), C.R.S.
<b>Required statutory reserve for state government:</b> Four percent of most General Fund appropriations.	Section 24-75-201.1 (1) (d) (III), C.R.S.
<b>Required constitutional emergency reserve for state government:</b> The state must reserve 3% or more of its fiscal year spending for emergency purposes. Emergencies do not include economic conditions, revenue shortfalls, or salary and fringe benefit increases for employees.	Article X, Section 20, Colorado Constitution
<b>Restrictions on local government property tax revenues:</b> There are statutory and constitutional restrictions on property tax revenues. The statutory restriction limits revenue increases to 5.5 percent, with certain exceptions such as increased revenue from new construction and annexations. The constitutional restriction limits increases to inflation in the prior calendar year plus annual local growth, adjusted for property tax revenue changes approved by voters after 1991.	Section 29-1-301 (1), C.R.S.; Article X, Section 20, Colorado Constitution
<b>Restriction on local government total spending:</b> Annual percentage change is limited to inflation plus a local growth factor. For school districts, local growth is defined as the percentage change in enrollment. For other local governments, local growth is defined as the net percentage change in the actual value of all real property. This limit defines spending to be revenues, thus is a revenue limit.	Article X, Section 20, Colorado Constitution

## 1999 Tax Legislation

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The legislature passed 16 bills in 1999 that decrease tax and fee revenue to the state; all of the bills were signed by the Governor. Seven bills reduce state income taxes, seven bills reduce state sales taxes, one bill reduces fees, and one bill reduces severance taxes.

### Income Taxes

- House Bill 99-1003** effective January 1, 2000, eliminates the state income tax marriage penalty. Married couples are given a deduction equal to the difference between the amount double the federal standard deduction for a single taxpayer and the federal standard deduction for married taxpayers. For married couples who claim the standard deduction, Colorado taxable income would be reduced by an additional \$1,450 for returns filed after January 1, 2001.
- House Bill 99-1125** effective January 1, 2000, excludes a portion of foreign source income from taxation for corporations.
- House Bill 99-1151** effective January 1, 2000, increases the amount of pension income that persons 65 years of age or older can deduct from their Colorado taxable income from \$20,000 to \$24,000.
- House Bill 99-1155** effective January 1, 2000, creates an income tax credit for land donated via conservation easements. The amount of the credit is equal to the fair market value of the easement up to \$100,000 per donation, per income tax year.
- House Bill 99-1207** effective January 1, 1999, reduces the state income tax rate for individuals and corporations from 5.0 percent to 4.75 percent.
- House Bill 99-1246** effective January 1, 2000, creates an income tax credit for the purchase of long-term care insurance policies. Single filers with incomes less than \$50,000 are allowed a credit of 25 percent of the cost of such policies up to \$150. Married filers filing a joint return with incomes less than \$100,000 are allowed the 25 percent credit of up to \$150 for each policy claimed.
- House Bill 99-1271** effective between January 1, 1999 and January 1, 2006, allows an income tax credit to businesses for alternative fuel vehicles. Any vehicles certified as low emitting vehicles purchased by an entity covered by the Clean Fuel Fleet Program, or any vehicle conversions, or certified power-sources, qualify for the income tax credit.

## **Sales Tax Reductions**

- House Bill 99-1002** effective July 1, 1999, exempts farm equipment, tractors, and irrigation equipment (purchases greater than \$1,000).
- House Bill 99-1015** effective July 1, 1999, exempts food sold in vending machines.
- House Bill 99-1016** effective July 1, 1999, exempts agricultural compounds, insecticides, fungicides, hormones, and vaccines.
- House Bill 99-1209** effective July 1, 1999, exempts coins and precious metals.
- House Bill 99-1271** effective July 1, 1999, exempts alternative fuel vehicles greater than 10,000 pounds, power source components, and parts used for vehicle conversion.
- House Bill 99-1335** effective July 1, 1999, exempts personal property used in biotechnology.
- House Bill 99-1377** effective July 1, 1999, exempts purchases by veterans' organizations under \$25,000 per organization.
- House Bill 99-1381** effective July 1, 1999, exempts pesticides used in the production of agricultural and livestock products.

## **Other Tax and Fee Reductions**

- House Bill 99-1141** effective January 1, 2000, eliminates requirements that insurance companies pay a fee for each sales agent.
- House Bill 99-1249** effective January 1, 2000, reduces the severance taxes paid by mining companies. The legislation increases the exemption for taxes paid on metallic minerals from \$11 million to \$19 million, and the amount of exempted coal produced in each quarter of the taxable year from 8,000 to 300,000 tons. The first 625,000 tons of molybdenum ore produced each quarter of the taxable year are also exempted.

## **1999 TABOR Refund Mechanisms**

Five refund mechanisms were enacted and signed into law during the 1999 legislative session. The General Assembly prioritized four of the five mechanisms by placing dollar limits on the surplus for each method to be used. The fifth mechanism, the state sales tax refund, refunds moneys not given back by other mechanisms and requires no minimum surplus for implementation. The following bills are listed in order of priority based on the minimal surplus required for implementation.

- House Bill 99-1383** effective January 1, 1999, refunds the surplus by allowing an earned income credit to qualifying Colorado taxpayers equal to 8.5 percent of the federal credit amount. The state surplus must be at least \$50 million for this method to be used.
- House Bill 99-1311** effective January 1, 1999, refunds the surplus by allowing a rebate to businesses for local personal property taxes paid equal to 100 percent of taxes paid up to \$500 plus 13.37 percent of taxes paid in excess of \$500. The state surplus must be at least \$170 million for this mechanism to be used.
- House Bill 99-1137** effective January 1, 2000, refunds the surplus by allowing taxpayers to deduct up to \$1,200 for any interest, dividend, or capital gains income on their state income tax returns. Married filers are allowed to deduct up to \$2,400. The state surplus must be at least \$220 million to implement this refund mechanism.
- House Bill 99-1237** effective January 1, 2000, refunds the surplus by allowing a deduction for capital gains taken on Colorado assets purchased prior to May 9, 1994. Individuals and corporations are eligible for the deductions. The state surplus must be at least \$260 million to implement this refund mechanism.
- House Bill 99-1001** effective January 1, 1999, refunds the surplus by refunding state sales taxes paid by giving back a fixed dollar amount to taxpayers in each of six income brackets. This method requires no minimum surplus for implementation and refunds moneys not refunded by other mechanisms.