

Fiscal impact. The fiscal impact of the recommendation, if it had been in effect for the property tax year 1974, would have meant a statewide reduction in assessed values of \$52,856,068 and a statewide loss of \$3,699,925 in local property tax revenues, based on the assumption of an average levy of 70 mills.

Assessment of Agricultural Commodities -- Bill 55

The problem. Under existing law, agricultural commodities, e.g., grain and grease wool, are assessed at 30 percent of actual value of the amount on hand on the assessment date. These products are not substantially dissimilar in nature to business stocks of merchandise which are assessed at five percent of the preceeding year's inventory. Another provision of existing law states that agricultural commodities shall not be subject to assessment when owned by the grower or producer until held for a period of one year.

One problem encountered with the existing law is that assessors are not always able to determine who in fact owns the commodity, particularly grain, on the assessment date. This problem of assessors is a result of elevator accounting procedures and the nature of agricultural marketing.

Recommendation. Under Bill 55, agricultural commodities would be assessed at five percent of actual value based on the amount on hand on the assessment date. The committee concluded that the existing one-year exemption from taxation of such products, when held by the grower or producer, should be retained and expanded to cover persons holding agricultural products for livestock feed.

It is also recommended that the existing law be amended to provide that the taxes due on the assessment of agricultural products will be the responsibility of the person holding the warehouse receipt on such products or, if no receipt exists, the person in actual possession. The suggested language should resolve the ownership problems encountered in the past.

Fiscal impact. Because so few counties have been assessing agricultural commodities in the past, the fiscal impact of the bill on local governments should be minimal. The total assessed value of agricultural products for 1974 was \$379,900 which yielded \$28,596 in revenue. If reduced to a five percent assessment rate, the total assessed value for the year would have been \$63,316 and the revenue yielded would have been \$4,432 -- a decrease of \$22,161 (assume 70

mill average levy). It is possible that clarification of the statute relative to ownership could result in the assessment of some stored commodities which have not been previously assessed.

VII. Revision of Wine Tax

Taxation of Locally Produced Wine -- Bill 56

The problem. It was noted by Ivancie Wines, Inc., that an effort is under way to establish a wine industry in the state with grape production in the Grand Mesa area. Establishment of sufficient winery capacity in the area would encourage the production of grapes if current experiments prove feasible in that climate. Grape production is potentially of substantial benefit to the local agricultural economy.

Some states, such as California, tax wine produced in-state at a lower level than wine imported to the state. Ivancie requested that similar treatment be established in Colorado.

Recommendation. The establishment of an in-state wine industry is of benefit to both industry and agriculture in the state and the committee recommends that the tax rates for locally produced wines be reduced to correspond to the level of taxation on fermented malt beverages.

Fiscal impact. The tax rate for in-state wines would be reduced from either 5 or 7½ cents per quart to 1½ cents per quart. Revenue loss to the state at this time would be approximately \$1,000 annually. However, this figure would increase in the event that a large domestic wine industry proves feasible and becomes established.

VIII. Maintenance of Trial Courts

Facility and Maintenance Costs of State Court System -- Bill 57

The problem. Under current law, counties are responsible for providing "adequate courtrooms and other court facilities including janitorial service" for the county and district courts of the state. The interpretation of the word "adequate" has been a source of friction between the counties

and the state court system for some time. The courts contend that they should define what is adequate because they are the users of the facilities; counties contend that, because they are paying these expenses, that they should make this determination. A court case on this matter is currently in litigation between Pueblo County and the State Court Administrator.

A related problem involves state funding of court facility needs. Under current law, the court administrator is required to determine a capital construction budget each year and to prepare a long range capital construction master plan for consideration by the Governor and the General Assembly. This law has neither been funded nor its provisions carried out. There is no state inventory of existing facilities or needs at the present time.

An additional problem is that the General Assembly is the body which determines whether additional judgeships are to be added. The counties feel that, because the state is the source of facilities' needs in these instances, the state should pay for them.

Recommendation. A start should be made toward determining a solution to all of these problems without waiting for the outcome of the court case. It was determined that the lack of a sufficient inventory of existing facilities, their adequacy, and a clear idea of long-range capital needs prevents a responsible state takeover of the system's total costs at this time. Accordingly, it is recommended that a Legislative Council study be directed with the cooperation of the court administrator. It is recommended that the study be completed by September 30, 1976, and include the following:

- A development of criteria and standards to measure the adequacy of existing facilities and needs for the system for the next ten years;
- An inventory of existing facilities and an evaluation of their adequacy;
- A determination of the rental and replacement value of existing facilities;
- The cost of remodeling or otherwise modifying existing facilities found to be inadequate;
- Additional facilities needed by the system and their estimated cost;

- Recommended standards and guidelines for determining court facility space needs;
- Capital construction requirements for each court and court-related agency for the ten-year period and the cost;
- Alternative proposals for the assumption by the state of all court facilities; and
- An evaluation of alternate methods of funding present and future court facility needs, including 100 percent state, 100 percent county, or some combination of the two.

Because the General Assembly will make the ultimate determination of the state's role in paying for court facilities, the study should be by a legislative agency rather than by the court administrator who is a party to the existing problem. Since the legislature will not be able to act upon the results of the study until the 1977 session, the following interim action is recommended to reduce existing state and county friction:

- (1) As of January 1, 1976, the state would pay counties for all maintenance costs of the court system, including cleaning services, heat, power, and light, and operation of air conditioning. Such payment would be determined by the court administrator and the county commissioners acting jointly;
- (2) Until July 1, 1977, the counties would continue to be responsible for the provision of courtrooms and court-related facilities and their maintenance, with maintenance costs reimbursed by the state;
- (3) No new facilities, major alterations to existing facilities, additions to existing facilities, or new air conditioning projects could be undertaken by the counties after July 1, 1975. Those projects planned and funded or in the process of construction prior to that date could be completed by the counties; and
- (4) After January 1, 1975, and until July 1, 1977, the state would be responsible for

paying 50 percent of the facility costs necessitated by the creation of new judgeships by the legislature. This would include new facilities and remodeling, additions, or alterations to existing facilities for these new judges.

Fiscal impact. The court administrator estimated, in early 1974, that the cost to the state of paying for maintenance costs for the court system would be between \$1,417,500 and \$2,084,559, depending on whether net square footage (direct court use) or gross square footage (including corridors, lobbies, and other common space) were used as the basis for state payment. This estimate was based on a 1970 estimate of square footage and actual maintenance costs of several counties in the Denver area for calendar year 1973. The cost estimate for administration of this proposal came to \$51,400.

No estimate is available for the state's 50 percent share of the cost of facilities for new judgeships that may be created by the General Assembly in the 1975 and 1976 sessions. It is likely, however, that the Supreme Court will recommend several new judgeships to the 1975 session. Administrative costs in addition to the maintenance proposal would be incurred under this program.

IX. Bills Relating to the Income Tax

Income Tax - Pensions and Annuities -- Bill 58

The problem. Retirement income is exempted from present income taxation in two ways. First, Colorado uses the federal definition of "adjusted gross income" for purposes of calculating state income taxes. As a result, any type of retirement income which is excluded from the federal definition and not added back into that definition by state law is effectively exempted from state income taxation. Second, certain types of retirement income are specifically excluded from taxation by Colorado law.

Examples of presently excluded pensions include: social security; federal railroad retirement; Veterans Administration retirement; disability retirement for employees of state and local governments; pensions and annuities for injury or sickness received in the armed forces of any county, the Coast and Geodetic Survey, or Public Health Service; disability annuities under the federal Foreign Service Act; re-

tirement payments under a purchased annuity, endowment, pension, or profit-sharing contract (taxpayer's contribution only); labor union welfare funds; pensions by agreement between employers and labor unions; Public Employees' Retirement Association; public school teacher's pensions established by state law; emeritus retirement of Colorado universities; policemen's and firemen's pensions established by state law; federal civil service retirement; and retirement pay from the U.S. armed forces up to \$2,000.

Examples of presently taxable pensions include: retirement plans not a part of a labor contract; Teachers Insurance Annuity Association; pensions for teachers and public employees, including policemen and firemen, from other states; and that portion of annuity benefits paid for by the carrying agent.

Recommendation. The committee concluded that the state income tax is inequitable in its treatment of pensions because some pensions are partially or entirely exempt while others are fully taxed. Therefore, the committee recommends that all pension income be exempt from the income tax, regardless of source or age received.

It was also concluded that the taxation of annuities is inconsistent with the exemption of all pensions since persons who purchase annuities are serving a useful social purpose by providing for their own retirement. Many people, for example, management-level persons, professionals, and self-employed, are not covered by a pension plan, due to the nature of their employment, but purchase or receive an annuity.

Bill 56 would provide that annuities up to \$5,000 per year be exempt from the income tax. This level was chosen to provide a degree of equity, without creating a subsidy, for the taxpayers who are not in need of special tax treatment for their standard of living. The total amount of annuity payments on the recipients' contribution would remain exempt; the \$5,000 limit would apply only to that portion received in addition to his contribution. The partial annuity exemption would be limited to those persons of age 60 or over.

To avoid penalizing persons with both pensions and annuities, the bill provides that if a person receives less than \$5,000 in a pension, he may exclude that portion of annuity benefits equal to the difference between his pension and \$5,000.

Fiscal impact. The loss of revenue that would result from the full exemption of all pensions was estimated by the

Department of Revenue to be \$500,000 annually. No estimate of the revenue loss from the partial exemption of annuities was made due to the lack of data. It is possible that the impact from this action would be an increasing amount as taxpayers become aware of the exemption and perceive it as an attractive benefit of purchasing annuities rather than other types of retirement investments.

Surtax on Subchapter "S" Undistributed Income -- Bill 59

The problem. A Subchapter "S" corporation is a small business corporation whose shareholders have made an election under Subchapter "S" (Sections 1371-1379 of Chapter 1, of Sub-title A, of the Internal Revenue Code of 1954) to the effect that they shall pay the income tax on their respective shares of the corporation's net taxable income in lieu of the corporation paying a tax thereon.

The Colorado surtax (Section 39-22-105, C.R.S. 1973) is imposed at the rate of two percent upon that part of each Colorado resident's gross taxable income in excess of \$5,000 which consists of or is derived from interest and dividends. The surtax on such dividend and interest income is in lieu of any state or municipal ad valorem tax that would otherwise be levied on the stocks and bonds held by a Colorado resident.

Colorado gross income is specifically defined to mean federal gross income with certain modifications. Since \$100 of dividends is excluded from federal gross income and if a husband and wife jointly own stock, no surtax is due on the first \$10,200 of dividends and the two-percent surtax applies on any excess. If a husband and wife jointly own a bank savings account, no surtax is due on the first \$10,000 of interest and the two-percent surtax applies to the excess.

For the period 1965 through 1972, most Subchapter "S" income was not subject to the imposition of the Colorado surtax. The Department of Revenue, in the first rewriting of the Income Tax Regulations since 1965, amended regulation 138-1-6 (1) to read in part:

The terms "interest" and "dividends" and the phrase "intangible income" as used in this section are not limited to the items which are commonly known as dividends and interest but, also, include such items of federal gross income as total unstated interest on certain deferred payments and the stockholder's share of the taxable income of an electing

small business corporation (except that portion treated as a long-term capital gain) whether or not such income was distributed during the taxable year of the corporation which ends with or within the taxable year of the shareholder.

Committee evaluation of this surtax included the following from a 1964 article in the Denver Law Center Journal:

This writer submits that the surtax is a discriminatory tax and should be abolished especially since its revenue impact is negligible. It discriminates against residents in favor of non-residents, against holders of stock and interest-paying securities or accounts in favor of holders of other types of investments such as rented property, against individuals who either are not in the business of receiving dividends and interest or are in such business as sole proprietors in favor of those who receive their dividends or interest through partnerships, trusts, or estates.

The proponents of the new statute had more urgent problems to contend with than those which would be created had they attempted to defend the repeal of the surtax. Accordingly, they adopted the existing statute verbatim except where it was necessary to adopt new concepts such as "Colorado gross income" and "Colorado net income." We strove to keep Colorado revenues from this "discriminatory" tax constant -- neither substantially increasing nor decreasing such revenues. Accordingly, it seems clear that the undistributed taxable income in Subchapter S shareholders (which is not treated as a dividend for federal purposes) should not be construed a quasi-dividend subject to the surtax. 1/

The department testified in favor of retention of the tax and contended that determination of whether undistributed Subchapter "S" income is subject to the surtax will likely need to be resolved by the courts.

1/ Melvin A. Coffee, "Colorado Income Tax Act of 1964", Denver Law Center Journal, Volume XLI, No. 6, November-December 1964, pp. 342-343.

Recommendation. The imposition of the surtax on Subchapter "S" undistributed interest and dividend income is discriminatory, inconsistent with the intent of the law, and should be abolished. Bill 59 contains clarifying language to effect this purpose.

Fiscal impact. The department has estimated that the elimination of the surtax on Subchapter "S" undistributed income would cause a loss in state revenue of approximately one-fourth of the yield of the surtax, or \$1,000,000.

Colorado Standard Deduction and Low Income Allowance -- Bill 60

The problem. The Colorado standard income tax deduction is presently ten percent of adjusted gross income or the state low income allowance, whichever is greater, not to exceed \$1,000 for a single or joint return or \$500 for a married separate return, plus federal income tax liability. The federal standard deduction is the higher of the low income allowance or 15 percent of adjusted gross income, not to exceed \$2,000 for a single or joint return, \$1,000 for a married separate return.

The Colorado low income allowance is the sum of a basic allowance of \$200 plus \$100 for each exemption and other factors. The maximum allowance is \$1,000. For married taxpayers filing separately, the basic allowance is \$100 plus \$100 for each exemption. The maximum allowance for married taxpayers filing separately is \$500. In effect, the low income allowance in Colorado is \$1,000 (\$500 for married taxpayers filing separately) and declines as income increases to the minimum basic allowance. Upon reaching the minimum basic allowance, the standard deduction becomes effective. The federal low income allowance is \$1,300 for a single or joint return, \$650 for a married separate return.

The effect of Colorado's standard deduction and low income allowance being lower than the federal is that some taxpayers must pay state income taxes when there is no federal tax obligation.

In addition, there are inequities under the Colorado formula. For example, a family of four would effectively have a \$1,000 tax exemption when adjusted gross income is \$4,000 or less. As the family income increased from \$4,000 to \$4,800, the exemption would decrease from \$1,000 to \$600. From \$4,800 to \$6,000 family income, the exemption remains constant to \$600 then increases after \$6,000 income until it again reaches the maximum (\$1,000) exemption at \$10,000 income.

Recommendation. Bill 60 would provide conformity of Colorado law with the present federal standard deduction (15 percent of adjusted gross income, maximum \$2,000) and the federal low income allowance (\$1,300 maximum) starting with the 1975 taxable year.

Fiscal impact. The consultants for the Tax Profile Study estimated the fiscal impact of the recommendation would have been a \$12,500,000 revenue loss for fiscal year 1974. In addition, the bill would cause a cash flow reduction of approximately \$6,250,000 during the first year of implementation.

X. Bills Relating to School Finance

Public School Transportation Act -- Bill 61

The problem. The Public School Transportation Act (as amended by H.B. 1466, 1973 session) provides the following four factors for state reimbursement to school districts for pupil transportation expenditures:

- (1) School districts are reimbursed by the state at the rate of 24 cents per bus-mile traveled in transporting pupils to and from school;
- (2) If the district's pupil transportation expenditures exceed three percent of the district's total current operating expense by a greater amount than 24 cents per mile will provide, the state reimburses transportation costs in excess of the three percent;
- (3) No district receives state reimbursement for more than 90 percent of its transportation costs;
- (4) Notwithstanding any other provision, no district is entitled to less state support than it was entitled to receive in the previous year.

The Council on Educational Development (COED) observed that several problems have been encountered under the 1973 formula. These problems are:

- Districts reimbursed under the factor (2) provision receive state payment for all transportation expenditures which are in

excess of three percent of the district's general fund current operating expense. Therefore, all increases in pupil transportation expenditures, including the cost of bus purchases, are accommodated at state expense for these districts. Districts reimbursed under the 24 cent per mile provision, factor (1), are reimbursed for mileage only. The effect is that factor (2) districts can receive state funding for the purchase of bus replacements and additions, while factor (1) districts are not eligible for such aid.

- The factor (4) provision, which provides that no district receive less state transportation reimbursement than it did in the previous year, in some cases permits a district to receive more than 100 percent reimbursement for transportation costs in a given year.
- A county treasurer's fee is collected on state reimbursement dollars to school districts, whereas the sponsors of H.B. 1466 indicated to COED this was not their intention. As a general rule, county treasurers are not authorized to collect a fee on state dollars allocated to school districts.

COED explained the problem of increased transportation costs to the committee. It is the opinion of COED that:

the cost of buying buses is a necessary part of the process of providing transportation services and it is proper that a plan to equalize cost burdens should consider school bus costs.

Recommendation. The recommendation of the committee is that items (1) and (2) of the present formula be combined to provide state reimbursement at the rate of 24 cents per bus-mile traveled in transporting pupils, plus 25 percent of the district's current operating expense which is in excess of 24 cents per bus-mile traveled. Under this recommendation the 90 percent limit in item (3) would be expanded to include the purchase of buses, and item (4), no less state support than the previous year, would be repealed.

In addition, the recommendation would provide state reimbursement for 50 percent of the costs of the purchase of buses, subject to the overall 90 percent limit in item (3). State payments would be exempted from the county treasurer's collection fee.

Fiscal impact. COED estimated the revised pupil transportation legislation would require a state appropriation of \$13,990,000 for fiscal year 1975-76. The Department of Education estimated that the present act would require \$13,500,000 for full funding during the 1975-76 fiscal year; thus the new proposal would result in an increase of \$490,000. Included in the cost projection for the proposed program is a reduction of \$360,000 which would occur if item (4), no less state support than the previous year, were repealed. These estimates are based on the following calculations:

37,812,500 miles @ 24¢ per mile		\$ 9,075,000
Current Operating Expense	\$ 19,675,000	
Less amount for mileage	- 9,075,000	
Excess over current operation	\$ 10,600,000	
Twenty-five percent of excess		\$ 2,650,000
Cost of vehicles	4,400,000	
Fifty percent of vehicle costs		\$ 2,200,000
Estimated support		\$13,925,000
BOCS		65,000
APPROPRIATION REQUIREMENT		\$13,990,000

The General Assembly appropriated \$9,000,000 for funding the act for fiscal year 1974-75. COED estimates that this appropriation will fall some \$1.5 million short of direct entitlements and will require a supplemental appropriation or proration of payments.

School Finance Act, Declining Enrollments -- Bill 62

The problem. Data presented by COED indicated that 102 of the state's 181 school districts experienced a decline in enrollment between the fall of 1973 and the fall of 1974. The problem for such districts is that the decline, when spread

among classrooms and schools, does not necessarily facilitate a reduction in costs. For example, the drop of three fourth grade students does not result in fewer teachers being hired or in significant reductions in equipment.

The School Finance Act of 1973 aided declining enrollment districts by providing for the option of current or previous year's enrollment in the computation of attendance entitlement. For some districts the enrollment decline may be prolonged and gradual and thus the limit to previous year's enrollment may pose a hardship on the district. As an example, the Las Animas School District has declined over the past four years as follows: 1,109 (1971), 1,063 (1972), 1,054 (1973), and 1,021 (1974).

Recommendation. It is recommended that the School Finance Act be amended to allow the districts to compute attendance entitlement (AE) on the average of the four years preceeding the budget year or the present provision for first or second preceeding year. In the example of Las Animas School District, the 1974 AE was 1,021, the 1973 AE 1,045, and the average over four years of 1,060. Under present law, that district would use the figure of 1,045. Under the proposal, the district would use 1,060, or, in effect, 15 bonus pupils.

Fiscal impact. COED has estimated the cost of the declining enrollment provision to be \$2,340,000 for fiscal year 1975-76; \$4,640,000 for calendar year 1976 when computed on the basis of the state equalization formula recommended in Bill 63.

School Finance Act - Increase of Equalization Support Level and Authorized Revenue Base -- Bill 63

The problem. Among the objectives of the 1973 School Finance Act were substantially increased state aid to education, some equalization of expenditures per pupil among the 181 school districts, and reduced and stabilized mill levies. To a large degree, the goals of the act have been met, particularly during the first year of implementation.

The following formulae were included in the 1973 act:

(1) State guaranteed power equalization support level per mill, per student:

1974	--	\$25
1975	--	\$27
1976	--	\$29

(2) Minimum state support level per mill, per student:

1974 -- \$ 8
1975 -- \$ 9
1976 -- \$10

(3) Authorized revenue base:

<u>If the revenue base for the preceding budget year was:</u>	<u>The authorized revenue base, per pupil of attendance en- titlement, for the budget year shall be the following percent of the revenue base for the preceding budget year</u>
Over \$ 750 but not over \$ 800	112%
Over \$ 800 but not over \$ 850	111%
Over \$ 850 but not over \$ 900	110%
Over \$ 900 but not over \$ 950	109%
Over \$ 950 but not over \$1,000	108%
Over \$1,000	107%

Increases in the authorized revenue base are provided through appeal to the State Budget Review Board or a vote of the local electorate.

COED testified that inflationary pressures and state legislation requiring increased expenditures, including contributions under the Public Employees' Retirement Act, caused some 70 school districts to appeal to the state Budget Review Board for mill levy increases for 1975. Some mill levy increases for 1975 are in excess of ten mills. Other districts anticipate the expenditure of all surpluses during the next year and may find mill levy increases necessary if there is no adjustment in the School Finance Act.

When the 1973 law was enacted, seven percent increases in the revenue base were assumed adequate for most districts. Recent inflation has been far in excess of seven percent, thus outstripping the ability of many districts to meet expenditures without levy increases above those automatically allowed by the act.

Recommendations. The committee recommends the COED proposal that calls for:

- (1) The state equalization support level per mill, per student be increased for 1976 from \$29 to \$30.25;
- (2) The minimum state support level per mill, per student be increased for 1976 from \$10 to \$10.60; and
- (3) The 1976 authorized revenue base for all school districts be increased by \$50.

The increase in the authorized revenue base, provision (3), would be necessary to authorize districts to increase their 1976 budgets. Provisions (1) and (2) would provide the revenue needed to fund the increased expenditures and maintain mill levy stabilization.

Fiscal impact. COED testified that, as compared with the amounts needed to fund the act without amendments, the increased appropriation required for fiscal 1975-76 would be \$11,700,000. The state's fiscal year 1975-76 appropriation covers the commitment to school districts for the last half of 1975 and the first half of 1976. For calendar year 1976, the increased cost is estimated to be \$23,400,000. The 1974-75 state cost was \$288,000,000, of which about \$10,000,000 was anticipated to come from state school lands and mineral leases.

The 1975-76 appropriation requirement to fund the act without amendments, but recognizing increased commitments resulting from review board actions, would amount to an estimated \$313,500,000. Of this amount, approximately \$14,000,000 would come from school land and mineral lease revenue sources. The recommended provisions would thus require approximately \$311,200,000 from the state's general fund in 1975-76, for an increase of \$33,200,000 over 1974-75.

For local school districts, the proposal would provide an increase in their authorized revenue base, and it would foster the state's commitment to mill levy stabilization. In addition to amounts authorized through provisions of existing law, districts would be permitted to spend an additional \$50 per pupil in 1976. The increase in state funding would permit this to be accommodated with no general increase in mill levy rates.

The following example illustrates the case of a school district which realized a 30-mill levy decrease between 1973 and 1974 under the School Finance Act. Under the formula of the act, the mill levy would have remained constant for 1975,

but was increased by 4.58 mills through appeal to the Budget Review Board. For 1976, the state equalization program will include that portion of the authorized revenue base increased by the Budget Review Board in 1975. With no change in the \$29 equalization formula, the levy would be 39.69 mills. With the \$50 increase in the revenue base and the \$30.25 equalization formula, the levy will remain stable at 39.68.

<u>Year</u>	<u>Assessed Valuation</u>	<u>AE</u>	<u>Auth. Rev. Base</u>	<u>G.F. Mill Levy</u>
1973	30,142,750	4,022.2	N.A.	68.67
1974	35,872,530	4,055.8	954.75	38.19
1975	39,784,660	4,165.0	1,075.00	42.77
1976	44,000,000	4,200.0	1,200.25	39.68

Capital Reserve and Bond Redemption Fund Equalization Program
-- Bill 64

The problem. One of the objectives of the 1973 School Finance Act was to stabilize school district general fund mill levies (through revenue base limitations) and to achieve some equalization of property tax revenues to the districts (through the state equalization program). Capital reserve and bond redemption levies were not affected by the 1973 act. For taxpayers, it is the total school mill levy, not merely the general fund levy, which is of concern. In most cases, the capital reserve levies have increased from two to four mills since 1973 when the state-imposed limit was similarly increased. This has resulted in lessened property tax relief.

A problem of inequity continues to exist in the capital reserve fund and the bond and interest fund of school districts. For example, a four-mill capital reserve levy in one district will produce less than \$10 per pupil while, in another district, the same levy will produce more than \$300 per pupil. This disproportion in ability to raise revenue through property tax resources is significantly reflected in mill levy variations in school districts for the bond and interest fund.

Testimony received from COED stated that as more school districts experience declines in enrollment, the need may be greater for alteration of existing facilities as contrasted to construction of new schools. The increased cost of maintaining and remodeling structures and purchasing equipment has been the major factor requiring the increased capital reserve levies. As a method of providing more revenue under the levy,

COED proposed that the state equalization formula apply to the capital reserve levy in the same manner as the general fund levy.

As a further total mill levy stabilization program, it was proposed by COED that school districts having a debt against the entire school district (as contrasted to the re-organized portions of old districts) would be required to use at least one-fourth of the equalized revenue from four mills for the bond redemption fund, thereby reducing the bond and interest levy.

Recommendation. The committee recommends the COED capital reserve and bond redemption fund equalization program. This recommendation, however, is secondary to the three previous education bills submitted in this report. In conjunction with Bill 63 (to increase the equalization support level and the authorized revenue base), the state equalization support level for each of the four mills, per student would be, for 1976, \$30.25, with a minimum state support level of \$10.60.

Fiscal impact. It was estimated by COED that the proposed legislation would require state funding of \$16,950,000 for fiscal year 1975-76 under the current state guarantee formula of \$29 per mill, per student and a minimum of \$10. The increased support level proposed in Bill 63 would increase the cost of this proposal by an additional \$1,200,000. The proposal was estimated to require \$33,900,000 for calendar year 1976, a figure which would be correspondingly increased by \$2,400,000 in conjunction with Bill 63.

As for local school districts, the proposal will aid total mill levy stabilization. Using the example provided in the fiscal impact section of Bill 63, a district with an assessed valuation of \$44,000,000 would presently realize \$176,000 from a four-mill levy. In the example, a one-mill levy would provide \$10.48 per student. With a state guarantee of \$30.25, the state share would be \$19.77 for each of the four mills for each student. As a result, the state share would provide \$332,136 additional revenue to the district.

Of the total \$508,136 revenue, one-fourth or \$127,034 would be applied to reduction of outstanding bonded debt. If that district currently requires eight mills to retire bonded debt and interest, the levy would be reduced to 5.11 under the proposal. In the case of this district, the levy comparison between the present law and the proposals would be as follows:

	<u>1975</u>	<u>1976</u>
General Fund	42.77	39.68
Capital Reserve	4.00	4.00
Bond Redemption	<u>8.00</u>	<u>5.11</u>
Total Levy	54.77	48.79

COMMITTEE ON STATE AND LOCAL FINANCE

BILL 42

A BILL FOR AN ACT

1 CONCERNING SPECIAL FUEL, AND RELATING TO THE PERMITS ISSUED
2 THEREFOR.

Bill Summary

Deletes requirement for an annual permit to use special fuels. Allows permit to remain in effect until the vehicle is sold or the owner fails to file a report or pay the special fuel tax. States that the permit may be carried in the vehicle.

3 Be it enacted by the General Assembly of the State of Colorado:

4 SECTION 1. 39-27-102 (4) (a), Colorado Revised Statutes
5 1973, is amended to read:

6 39-27-102. Tax imposed - special licenses - deposits -
7 penalties. (4) (a) ~~All-owners-or-operators--of--motor--vehicles~~
8 EXCEPT AS PROVIDED IN PARAGRAPH (b) OF THIS SUBSECTION (4), EVERY
9 OWNER OR OPERATOR OF A MOTOR VEHICLE using special fuels subject
10 to the tax provided by subsection (3) of this section shall apply
11 ~~each-year~~ for a permit from the department of revenue for each
12 motor vehicle unit in which special fuel is used, unless payment
13 of tax provided by SAID subsection (3) is made by the alternative
14 method provided in subsection (7) of this section. The
15 application for permit shall indicate such information as the

1 executive director OF THE DEPARTMENT OF REVENUE deems advisable.
2 The applicant shall pay a fee of one dollar for each permit
3 desired to the department of revenue which shall collect and pay
4 the same to the state treasurer to be credited to the highway
5 users tax fund. ~~All-permits-shall-expire--December--thirty-first~~
6 ~~each--year.~~ THE PERMIT SHALL REMAIN EFFECTIVE UNTIL THE OWNER
7 THEREOF ADVISES THE DEPARTMENT OF REVENUE OF A CHANGE OF
8 OWNERSHIP, A DISCONTINUANCE OF BUSINESS, OR A DISCONTINUANCE OF
9 THE OPERATION OF THE VEHICLE OR UNTIL HE HAS FAILED TO FILE THE
10 REPORTS AND PAY THE SPECIAL FUEL TAX, IF ANY IS DUE, WITHIN
11 THIRTY DAYS AFTER ISSUANCE OF WRITTEN DEMAND BY THE EXECUTIVE
12 DIRECTOR OF THE DEPARTMENT OF REVENUE. THE UNIT PERMITS PROVIDED
13 FOR IN THIS SECTION MAY BE ISSUED IN COMBINATION WITH PERMITS
14 ISSUED PURSUANT TO SECTION 42-3-126, C.R.S. 1973. The permit
15 shall be CARRIED IN OR displayed at all times on the motor
16 vehicle unit to which it is assigned. No permit shall be
17 transferred from one motor vehicle to another nor assigned to any
18 other person.

19 SECTION 2. Safety clause. The general assembly hereby
20 finds, determines, and declares that this act is necessary for
21 the immediate preservation of the public peace, health, and
22 safety.

COMMITTEE ON STATE AND LOCAL FINANCE

BILL 43

A BILL FOR AN ACT

1 CONCERNING INTOXICATING LIQUORS, AND RELATING TO LICENSES FOR THE
2 SALE THEREOF.

Bill Summary

Prohibits the issuing of a license until eighty-five percent of the license fee has been forwarded to the department. Declares that licenses are valid for one year from the date of issuance.

3 Be it enacted by the General Assembly of the State of Colorado:

4 SECTION 1. 12-47-116 (3), Colorado Revised Statutes 1973,
5 is REPEALED AND REENACTED, WITH AMENDMENTS, to read:

6 12-47-116. When license issued - term. (3) No local
7 licensing authority shall issue a license provided for in this
8 article until eighty-five percent of the license fee has been
9 forwarded to the department of revenue for deposit into the old
10 age pension fund. All licenses granted pursuant to the
11 provisions of this article shall be valid for a period of one
12 year from the date of their issuance unless revoked or suspended
13 pursuant to section 12-47-120.

14 SECTION 2. Effective date. This act shall take effect July
15 1, 1975.

1 SECTION 3. Safety clause. The general assembly hereby
2 finds, determines, and declares that this act is necessary for
3 the immediate preservation of the public peace, health, and
4 safety.

COMMITTEE ON STATE AND LOCAL FINANCE

BILL 44

A BILL FOR AN ACT

1 CONCERNING REUSABLE ITEMS, AND IMPOSING THE SALES AND USE TAX
2 THEREON.

Bill Summary

Declares that reusable containers, labels, and shipping cases are to be subject to the sales and use tax.

3 Be it enacted by the General Assembly of the State of Colorado:

4 SECTION 1. 39-26-102 (20) and (23), Colorado Revised
5 Statutes 1973, are amended to read:

6 39-26-102. Definitions. (20) Sales to and purchases of
7 tangible personal property by a person engaged in the business of
8 manufacturing OR compounding for sale, profit, or use any
9 article, substance, or commodity, which tangible personal
10 property enters into the processing of or becomes an ingredient
11 or component part of the product or service which is
12 manufactured, compounded, or furnished, and the container, label,
13 or the furnished shipping case thereof, NOT RETURNABLE FOR REUSE,
14 shall be deemed to be wholesale sales and shall be exempt from
15 taxation under this part 1.

16 (23) When right to ~~continuous~~ possession or use of any

1 article of tangible personal property is granted under a lease or
2 contract and such transfer of possession OR USE would be taxable
3 if outright sale were made, such lease or contract shall be
4 considered the sale of such article and the tax shall be computed
5 and paid by the vendor upon the rentals paid.

6 SECTION 2. 39-26-203 (1) (f), Colorado Revised Statutes
7 1973, is amended to read:

8 39-26-203. Exemptions. (1) (f) To the storage, use, or
9 consumption of tangible personal property by a person engaged in
10 the business of manufacturing OR compounding for sale, profit, or
11 use any article, substance, or commodity, which tangible personal
12 property enters into the processing of or becomes an ingredient
13 or component part of the product or service which is
14 manufactured, compounded, or furnished, and the container, label,
15 or the furnished shipping case thereof, NOT RETURNABLE FOR REUSE;

16 SECTION 3. Effective date. This act shall take effect
17 January 1, 1976.

18 SECTION 4. Safety clause. The general assembly hereby
19 finds, determines, and declares that this act is necessary for
20 the immediate preservation of the public peace, health, and
21 safety.

COMMITTEE ON STATE AND LOCAL FINANCE

BILL 45

A BILL FOR AN ACT

1 CONCERNING THE SALES TAX, AND RELATING TO THE DEFINITION OF
2 "SALE" OR "SALE AND PURCHASE".

Bill Summary

Exempts certain transfers of business assets from the definition of "sale" or "sale and purchase" and also exempts the repossession of personal property by a chattel mortgage holder from said definitions.

3 Be it enacted by the General Assembly of the State of Colorado:

4 SECTION 1. 39-26-102 (10), Colorado Revised Statutes 1973,
5 is amended to read:

6 39-26-102. Definitions. (10) "Sale" or "sale and
7 purchase" includes installment and credit sales, and the exchange
8 of property as well as the sale thereof for money, every such
9 transaction, conditional or otherwise, for a consideration,
10 constituting a sale, and also includes the sale of furnishing of
11 electrical energy, gas, steam, telephone, or telegraph services
12 taxable under the terms of this article. NEITHER TERM INCLUDES
13 THE FOLLOWING:

14 (a) A DIVISION OF PARTNERSHIP ASSETS AMONG THE PARTNERS
15 ACCORDING TO THEIR INTERESTS IN THE PARTNERSHIP;

1 (b) THE FORMATION OF A CORPORATION BY THE OWNERS OF A
2 BUSINESS AND THE TRANSFER OF ALL THEIR BUSINESS ASSETS TO THE
3 CORPORATION IN EXCHANGE FOR ALL THE CORPORATION'S OUTSTANDING
4 STOCK, EXCEPT QUALIFYING SHARES, IN PROPORTION TO THE ASSETS
5 CONTRIBUTED;

6 (c) THE TRANSFER OF ASSETS OF SHAREHOLDERS IN THE FORMATION
7 OR DISSOLUTION OF PROFESSIONAL CORPORATIONS;

8 (d) THE DISSOLUTION AND THE PRO RATA DISTRIBUTION OF ALL
9 THE CORPORATION'S ASSETS TO ITS STOCKHOLDERS;

10 (e) THE REPOSSESSION OF PERSONAL PROPERTY BY A CHATTEL
11 MORTGAGE HOLDER;

12 (f) THE TRANSFER OF ASSETS FROM A PARENT CORPORATION TO A
13 WHOLLY OWNED SUBSIDIARY CORPORATION OR CORPORATIONS IN EXCHANGE
14 FOR STOCK IN THE SUBSIDIARY;

15 (g) THE TRANSFER OF ASSETS FROM A WHOLLY OWNED SUBSIDIARY
16 CORPORATION OR CORPORATIONS TO A PARENT CORPORATION IN EXCHANGE
17 FOR STOCK IN THE PARENT CORPORATION.

18 SECTION 2. Safety clause. The general assembly hereby
19 finds, determines, and declares that this act is necessary for
20 the immediate preservation of the public peace, health, and
21 safety.

COMMITTEE ON STATE AND LOCAL FINANCE

BILL 46

A BILL FOR AN ACT

1 AMENDING SECTION 39-22-604 (4), COLORADO REVISED STATUTES 1973,
2 RELATING TO THE WITHHOLDING OF TAXES.

Bill Summary

Directs employers withholding less than six hundred dollars each quarter to file a quarterly return on or before the last day of the month following the close of the quarter. Employers withholding more than six hundred dollars in any quarter are to file a return for the first month by the fifteenth day of the following month and for the second month by the fifteenth day of the following month, and requires said employers to file a quarterly return on the fifteenth day of the month following the close of the quarter. Allows employer to change from a monthly to a quarterly filing period if he withholds less than six hundred dollars in two successive quarters and gives thirty days notice to the executive director.

3 Be it enacted by the General Assembly of the State of Colorado:

4 SECTION 1. 39-22-604 (4), Colorado Revised Statutes 1973,
5 is REPEALED AND REENACTED, WITH AMENDMENTS, to read:

6 39-22-604. Withholding tax. (4) (a) Except as provided in
7 paragraph (b) of this subsection (4), every employer subject to
8 the provisions of this section and withholding less than six
9 hundred dollars each quarter shall file a quarterly return on or
10 before the last day of the month following the close of the
11 quarter and remit therewith to the department the amount which is

1 required to be deducted and withheld by said employer from the
2 wages paid to any employee during the preceding quarter.

3 (b) Every employer subject to the provisions of this
4 section and withholding more than six hundred dollars in any
5 quarter shall file a deposit return in such form as shall be
6 determined by the department and shall deposit with the
7 department the amount stated in the deposit return as due for the
8 first month of the quarter by the fifteenth day of the following
9 month and for the second month of the quarter by the fifteenth
10 day of the following month. Said employer shall file a quarterly
11 return on or before the fifteenth day of the month following the
12 close of the quarter and remit therewith any underpayment on the
13 three months of the preceding quarter that may be due and which
14 is required to be deducted and withheld by the employer from the
15 wages paid to any employee during the preceding quarter.

16 (c) Failure to deposit within one hundred dollars of the
17 withholding taxes due within the time required therefor shall
18 make them delinquent and shall subject the employer to an
19 additional penalty of five percent of the underpayment due.

20 (d) An employer may change from monthly to quarterly if he
21 withholds less than six hundred dollars in two successive
22 quarters and he gives thirty days written notice to the executive
23 director before making such change.

24 SECTION 2. Effective date. This act shall take effect July
25 1, 1975.

26 SECTION 3. Safety clause. The general assembly hereby
27 finds, determines, and declares that this act is necessary for

- 1 the immediate preservation of the public peace, health, and
- 2 safety.

COMMITTEE ON STATE AND LOCAL FINANCE

BILL 47

A BILL FOR AN ACT

1 CONCERNING THE INCOME TAX, AND PROVIDING FOR THE IMPOSITION OF
2 PENALTIES FOR FAILURE TO PAY OR FILE INCOME TAX.

Bill Summary

Increases penalty and interest payments for failure to pay
or file Colorado income tax.

3 Be it enacted by the General Assembly of the State of Colorado:

4 SECTION 1. 39-22-621 (2), Colorado Revised Statutes 1973,
5 is REPEALED AND REENACTED, WITH AMENDMENTS, to read:

6 39-22-621. Interest and penalties. (2) (a) If any person
7 fails to file a return at the time required by the provisions of
8 this article and no intent to evade the tax exists, there shall
9 be collected as a penalty the sum of five dollars for such
10 failure or five percent of the proper amount of tax on such
11 return if the failure is for not more than one month, with an
12 additional five percent for each additional month or fraction
13 thereof during which such failure continues, not exceeding
14 twenty-five percent in the aggregate, whichever is greater.

15 (b) If any person fails to pay any tax when due under the
16 provisions of this article, there shall be collected as a penalty

1 for such failure five percent of the amount of such tax if the
2 failure is for not more than one month, with an additional
3 five-tenths of one percent for each additional month or fraction
4 thereof during which such failure continues, not exceeding
5 twenty-five percent in the aggregate.

6 (c) As used in paragraphs (a) and (b) of this subsection
7 (2), "tax" means the net amount of tax required to be shown on
8 the return reduced by any amount paid on or before the date
9 prescribed for payment of the tax and by the amount of any credit
10 against the tax which may be claimed on the return. It does not
11 include any estimated tax required to be paid by or under the
12 provisions of sections 39-22-605 and 39-22-606. If the penalties
13 provided for in paragraphs (a) and (b) of this subsection (2)
14 both apply, then only the larger of the two penalties will be
15 assessed.

16 (d) If any person fraudulently or willfully fails to file
17 any return, there shall be collected as a penalty for such
18 failure the sum of twenty-five dollars or fifty percent of the
19 amount of the tax, if any, whichever is greater.

20 (e) If any person files a fraudulent or willfully false
21 return, there shall be collected as a penalty the sum of fifty
22 dollars or one hundred percent of the amount of the tax, if any,
23 whichever is greater.

24 (f) If, after determination and assessment of any tax
25 imposed by this article, any person fails to pay the same within
26 the time limited by any notice and demand sent to him by the
27 executive director, there shall be collected as a penalty for

1 such failure a sum equal to five percent of the amount of the tax
2 demanded.

3 (g) If any person fraudulently fails to pay any tax when
4 due under the provisions of this article or willfully seeks to
5 evade the payment thereof, there shall be collected as a penalty
6 for such failure a sum equal to fifty percent of the amount of
7 the tax.

8 (h) If any part of any deficiency is due to negligence or
9 disregard of the laws or rules or regulations but without intent
10 to defraud, twenty-five percent of the total amount of the
11 deficiency, in addition to such deficiency, shall be assessed,
12 collected, and paid in the same manner as if it were a
13 deficiency.

14 (i) All of the penalties provided in paragraphs (a) to (h)
15 of this subsection (2) shall be cumulative and shall be collected
16 at the same time and in the same manner as the tax.

17 (j) Whenever, in the judgment of the executive director,
18 the failure which may have subjected a person to the penalties
19 provided in paragraph (a), (b), (f), or (h) of this subsection
20 (2) was due to reasonable cause, the executive director, in his
21 discretion, may waive or reduce any of such penalties upon making
22 a record of his reasons therefor.

23 SECTION 2. Effective date. This act shall take effect July
24 1, 1975.

25 SECTION 3. Safety clause. The general assembly hereby
26 finds, determines, and declares that this act is necessary for
27 the immediate preservation of the public peace, health, and
28 safety.

COMMITTEE ON STATE AND LOCAL FINANCE

BILL 48

A BILL FOR AN ACT

1 CONCERNING THE OPTIONAL COMPUTATION OF TAX FOR CERTAIN RESIDENT
2 INDIVIDUALS.

Bill Summary

Allows the executive director of the department of revenue more discretion in the promulgation of tax tables.

3 Be it enacted by the General Assembly of the State of Colorado:

4 SECTION 1. 39-22-105 (1), Colorado Revised Statutes 1973,
5 is amended to read:

6 39-22-105. Optional computation of normal tax for certain
7 resident individuals. (1) Resident individuals may compute
8 their normal tax in accordance with tables promulgated by the
9 executive director on the basis of their Colorado adjusted gross
10 income. ~~of-net-ever-ten-thousand-dollars.~~

11 SECTION 2. Safety clause. The general assembly hereby
12 finds, determines, and declares that this act is necessary for
13 the immediate preservation of the public peace, health, and
14 safety.

COMMITTEE ON STATE AND LOCAL FINANCE

BILL 49

A BILL FOR AN ACT

1 CONCERNING THE INCOME TAX, AND PROVIDING FOR AN ALLOCATION OF
2 CERTAIN CORPORATE INCOME FOR TAX PURPOSES.

Bill Summary

Permits the executive director of the department of revenue to distribute or allocate gross income among wholly owned corporations to prevent tax evasion or unclear reporting.

3 SECTION 1. 39-22-303 (5), Colorado Revised Statutes 1973,
4 is amended to read:

5 39-22-303. Allocation of income - domestic and foreign.

6 (5) In case of two or more corporations, whether domestic or
7 foreign, owned or controlled directly or indirectly by the same
8 interests, the executive director may distribute or allocate the
9 gross income and deductions between or among such corporations or
10 may require returns on a consolidated basis, if deemed necessary,
11 in order to prevent evasion of taxes and OR to clearly reflect
12 income.

13 SECTION 2. Safety clause. The general assembly hereby
14 finds, determines, and declares that this act is necessary for
15 the immediate preservation of the public peace, health, and
16 safety.

COMMITTEE ON STATE AND LOCAL FINANCE

BILL 50

A BILL FOR AN ACT

1 CONCERNING THE UNIFORM MOTOR VEHICLE LAW, AND PROVIDING FOR THE
2 CLASSIFICATION OF PERSONAL PROPERTY THEREUNDER.

Bill Summary

(NOTE: This summary applies to this bill as introduced and does not necessarily reflect any amendments which may be subsequently adopted.)

Combines in one definition "camper trailer", "trailer coach", and "mobile home". Classifies each as Class D personal property. Repeals Class E personal property.

3 Be it enacted by the General Assembly of the State of Colorado:

4 SECTION 1. 42-1-102 (10), Colorado Revised Statutes 1973,
5 is amended to read:

6 42-1-102. Definitions. (10) "Camper trailer" OR "TRAILER
7 COACH" OR "MOBILE HOME" means a wheeled vehicle having an overall
8 length ~~of--less--than--twenty-six--feet~~ NOT EXCEEDING THIRTY-TWO
9 FEET, EXCLUDING TOWING GEAR AND BUMPERS, without motive power,
10 which is designed to be drawn by a motor vehicle over the public
11 highways and which is generally and commonly used for temporary
12 living or sleeping accommodations.

13 SECTION 2. 42-3-105 (1) (d), Colorado Revised Statutes
14 1973, is amended to read:

1 42-3-105. Classification - taxable value - imposition of
2 tax. (1) (d) Every utility trailer, ~~and~~ camper trailer, TRAILER
3 COACH, AND MOBILE HOME shall be Class D personal property.

4 SECTION 3. 42-3-106 (18), (21), (23), and (26) (b),
5 Colorado Revised Statutes 1973, are amended to read:

6 42-3-106. Taxable value of classes of property - rate of
7 tax - when and where payable - department duties - apportionment
8 of tax collections. (18) The department shall designate
9 suitable compilations of the factory list prices of all items of
10 Class B, Class C, AND Class D ~~and Class E~~ personal property and
11 shall provide each authorized agent with copies thereof, which
12 compilations shall be uniformly used, without exception, by every
13 authorized agent to compute the annual specific ownership tax
14 payable on any item of such classified personal property. The
15 department shall further provide continuing supplements of such
16 compilation to each authorized agent in order that he may have
17 available current information relative to the factory list price
18 of newly manufactured items.

19 (21) The annual specific ownership tax on each item of
20 Class B, Class C, Class D, ~~Class E;~~ and Class F personal property
21 shall become due and payable on January 1 of each year to the
22 authorized agent in the county wherein such item is to be
23 registered, shall be paid at the time of registration of such
24 item, and if not paid by the last day of February of each year
25 shall become delinquent.

26 (23) No later than March 20 of each year, each authorized
27 agent shall advise the owner of any item of ~~Class E and~~ Class F

1 personal property **respectively** upon which the annual specific
2 ownership tax is delinquent, by notice mailed to such owner
3 indicating the amount of delinquent tax, and demand payment of
4 the same within twenty days from the date of such notice. If
5 payment is not made within such twenty-day period, the authorized
6 agent shall report such fact to the county treasurer, who shall
7 thereupon proceed to collect the amount of delinquent tax by
8 distraint, seizure, and sale of the item upon which the tax is
9 payable, in the same manner as is provided in section 39-10-113,
10 C.R.S. 1973, for the collection of ad valorem taxes on personal
11 property.

12 (26) (b) On the tenth day of each month, the aggregate
13 amount of specific ownership taxes on Class A, B, C, D, and F
14 personal property received or collected by the county treasurer
15 during the preceding calendar month shall be apportioned between
16 the county and each political and governmental subdivision
17 located within the boundaries of the county according to the
18 percentages calculated in the manner prescribed in paragraph (a)
19 of this subsection (26), and the respective amounts so determined
20 shall be credited or paid over to the county and each such
21 subdivision. ~~On--the--tenth--day--of--each--month;--the--aggregate~~
22 ~~amount--of--specific--ownership--taxes--on--Class--E--personal--property~~
23 ~~received---or---collected---by---the---county---treasurer---during---the~~
24 ~~preceding--calendar--month--shall--be--apportioned--between--the--county~~
25 ~~and--each--political--and--governmental--subdivision--located--within~~
26 ~~the--boundaries--of--the--county--according--to--the--address--or--location~~
27 ~~of--each--such--vehicle--as--shown--by--its--registration;--and--the~~

1 ~~amounts--se--determined--shall--be--credited--or--paid--over--to--the~~
2 ~~county--and--each--such--subdivision:~~ The treasurer shall compute
3 the allocation of the amounts so credited or paid over between
4 the various funds of the county and of each such subdivision in
5 the proportion that the levy for each fund bears to the total
6 levy for all funds of the county and of each such subdivision.

7 SECTION 4. Repeal. 42-1-102 (82) (a) and (82) (c),
8 42-3-105 (1) (e), and 42-3-106 (16) and (17), Colorado Revised
9 Statutes 1973, are repealed.

10 SECTION 5. Effective date. This act shall take effect
11 July 1, 1975.

12 SECTION 6. Safety clause. The general assembly hereby
13 finds, determines, and declares that this act is necessary for
14 the immediate preservation of the public peace, health, and
15 safety.

COMMITTEE ON STATE AND LOCAL FINANCE

BILL 51

A BILL FOR AN ACT

1 CONCERNING MOVABLE STRUCTURES.

Bill Summary

Provides that, on and after January 1, 1975, movable structures are subject to ad valorem taxation in the same manner as other property and are to be valued for assessment by the county assessors of each county. Deletes registration requirements for movable structures, and declares that a lien of any mortgage on a movable structure shall be for the full term of the mortgage.

2 Be it enacted by the General Assembly of the State of Colorado:

3 SECTION 1. 39-1-102 (8), Colorado Revised Statutes 1973, is
4 amended to read:

5 39-1-102. Definitions. (8) "Movable structure" means any
6 wheeled vehicle, ORIGINALLY DESIGNED TO CONTAIN TOWING GEAR AND
7 WHEELS, exceeding either eight feet in width or thirty-two feet
8 in length excluding towing gear and bumpers, without motive
9 power, which is designed and commonly used for occupancy by
10 persons for residential purposes, in either temporary or
11 permanent locations, and which may be drawn over the public
12 highways by a motor vehicle.

13 SECTION 2. Part 1 of article 5 of title 39, Colorado
14 Revised Statutes 1973, is amended BY THE ADDITION OF THE

1 FOLLOWING NEW SECTIONS to read:

2 39-5-109.5. Movable structures - apportionment of value.

3 (1) Any person owning a movable structure which is moved from
4 one county to another county during the calendar year shall pay
5 the taxes due on said structure before moving said structure.
6 The assessor of the county in which the movable structure is
7 located on the assessment date shall determine its value pursuant
8 to this part 1 and shall apportion such value between the
9 counties affected and the school districts thereof in the
10 proportion that the periods of time during which the movable
11 structure may be located in such counties bear to the full
12 calendar year.

13 (2) If, after the making of such apportionment of value,
14 any such movable structure is moved to a county not initially
15 included in such apportionment or if any such movable structure
16 is located in any county for a period of time different from that
17 used in the initial apportionment, an amended apportionment of
18 value shall be requested by the assessor of the county so
19 affected. Such assessor shall furnish a copy of the requested
20 amended apportionment to the owner of the movable structure or
21 his agent and shall also transmit a copy thereof to the assessor
22 of each county affected, as his authority to list such
23 reapportioned value on the assessment roll of his county.
24 Failure of a county assessor to request such an amended
25 apportionment shall permit the original apportionment of value to
26 stand and no other county assessor shall assess such movable
27 structure as is listed in the original apportionment for any

1 period during the year of the original apportionment. If such
2 amended apportionment of value is received by any assessor after
3 he has filed his annual abstract of assessment with the
4 administrator, either an abatement or an additional assessment
5 shall be made, as the case may be.

6 (3) If, during any calendar year, any movable structure is
7 moved to another state, the value to be placed upon such movable
8 structure shall be that proportion of value for the full calendar
9 year which the period of time during which the movable structure
10 was located in such county bears to the full calendar year. The
11 taxes due on said structure shall be paid before it is moved, and
12 the treasurer shall proceed to collect said taxes pursuant to
13 section 39-10-113.

14 39-5-109.6. Taxation of movable structures - effective
15 date. Commencing January 1, 1975, the taxation of movable
16 structures shall be as provided in this part 1. The authorized
17 agent shall provide to the county assessor a list of all movable
18 structures located within the county and the name and address of
19 the owner of said structure. All taxes on movable structures
20 collected prior to the effective date of this section shall be
21 refunded to the owners of said movable structures.

22 SECTION 3. 39-1-103 (4) (b), Colorado Revised Statutes
23 1973, is amended to read:

24 39-1-103. Actual value determined - when. (4) (b) The
25 valuation for assessment of movable structures shall be
26 determined as provided in part 2 1 of article 5 of this title.
27 The time and place of assessment and payment of taxes upon such

1 property shall likewise be as provided in said part 2 1 of
2 article 5.

3 SECTION 4. 39-5-101, Colorado Revised Statutes 1973, is
4 amended to read:

5 39-5-101. Duties of assessor. The assessor shall list all
6 taxable real and personal property located within his county on
7 the assessment date, other than that comprising the property and
8 plant of public utilities. ~~and-except-movable-structures;--which~~
9 ~~shall-be-assessed--in--the--manner--specified-in-part-2-of-this~~
10 ~~article;--In-any-case-in-which-the-actual-value-of-a-movable~~
11 ~~structure-cannot-be-determined-by-the-schedules-furnished-a~~
12 ~~county-clerk-and-recorder-by-the-department-of-revenue;--the~~
13 ~~county-assessor-shall-determine-such-actual-value-and-its~~
14 ~~valuation-for-assessment;~~

15 SECTION 5. 39-5-107 (1), Colorado Revised Statutes 1973, is
16 amended to read:

17 39-5-107. Personal property schedule. (1) ~~Except-for~~
18 ~~movable-structures;~~ All taxable personal property shall be listed
19 on a form of schedule approved by the administrator and prepared
20 and furnished by the assessor. Such schedule shall ~~be--so~~
21 ~~designed--as-to-show~~ INCLUDE the owner's name and address and the
22 location and general description of his taxable personal
23 property, divided into the various subclasses, and shall provide
24 sufficient space for the furnishing of such information, derived
25 from the books of account, records, or Colorado income tax
26 returns of the owner of such property as may be required by the
27 assessor to determine the actual value of such property.

1 SECTION 6. 42-1-102 (82) (b), Colorado Revised Statutes
2 1973, is amended to read:

3 42-1-102. Definitions. (82) (b) "Movable structure" means
4 any wheeled vehicle, ORIGINALLY DESIGNED TO CONTAIN TOWING GEAR
5 AND WHEELS, exceeding either eight feet in width or thirty-two
6 feet in length excluding towing gear and bumpers, without motive
7 power, which is designed and commonly used for occupancy by
8 persons for residential purposes, in either temporary or
9 permanent locations, and which may be drawn over the public
10 highways by a motor vehicle.

11 SECTION 7. 42-3-101 (3), Colorado Revised Statutes 1973, is
12 amended to read:

13 42-3-101. Legislative declaration. (3) It is further
14 declared that the unique nature of movable structures requires
15 that ~~while the registration requirements of this article are~~
16 ~~appropriate for the identification of such structures, the~~
17 ~~continued development of such structures into residential housing~~
18 ~~of a more permanent and immobile nature requires that~~ such
19 structures be made subject to the ad valorem method of taxation
20 in a manner similar to the taxation of other more permanent
21 structures used for residential purposes.

22 SECTION 8. 42-3-102 (1), (2), and (3), Colorado Revised
23 Statutes 1973, are amended to read:

24 42-3-102. Registration required - exemptions. (1) Every
25 owner of a motor vehicle, trailer, semitrailer, or vehicle which
26 is primarily designed to be operated or drawn upon any highway of
27 this state, or any owner of a trailer coach, a mobile home, a

1 ~~movable--structure~~; or mobile machinery whether or not it is
2 operated on the highways, except such vehicles as are
3 specifically exempted by section 42-3-103, shall, on January 1 of
4 each calendar year or within ten days after the purchase of any
5 of the vehicles described in this subsection (1), apply to the
6 department of revenue and shall obtain registration therefor,
7 except when an owner is permitted to operate a vehicle under the
8 special provisions of this article relating to lienholders,
9 manufacturers, dealers, and nonresidents.

10 (2) An owner of a foreign vehicle operated within this
11 state for the transportation of persons or property for
12 compensation or for the transportation of merchandise shall
13 register such vehicle and pay the same fees and tax therefor as
14 are required in subsection (1) of this section with reference to
15 like vehicles. This provision shall not be construed so as to
16 require registration or reregistration in this state of any motor
17 vehicle, including trucks and buses, trailers, semitrailers,
18 trailer coaches, OR mobile homes, ~~or-movable-structures~~; where
19 such vehicle, truck, bus, trailer, semitrailer, trailer coach, OR
20 mobile home ~~or-movable-structure~~ is used in interstate commerce,
21 but registration or reregistration shall be required in
22 accordance with or to the extent that reciprocity exists between
23 the state of Colorado and any foreign country or another state, a
24 territory, or a possession of the United States.

25 (3) Every nonresident, including any foreign corporation,
26 carrying on business within this state and owning and operating
27 in such business any motor vehicle, trailer, semitrailer, trailer

1 coach, OR mobile home ~~or--movable-structure~~ within this state
2 shall be required to register each such vehicle and pay the same
3 fees and tax therefor as are required with reference to like
4 vehicles owned by residents of this state. This provision shall
5 not be construed so as to require registration or reregistration
6 in this state of any motor vehicle, including trucks and buses,
7 trailers, trailer coaches, OR mobile homes, ~~or--movable~~
8 ~~structures~~; where such vehicle is used in interstate commerce,
9 but registration or reregistration shall be required in
10 accordance with or to the extent that reciprocity exists between
11 the state of Colorado and any foreign country or another state, a
12 territory, or a possession of the United States.

13 SECTION 9. 42-3-104 (2), Colorado Revised Statutes 1973, is
14 amended to read:

15 42-3-104. Application for registration - tax. (2) The
16 owner of such vehicle or his agent shall, upon filing the
17 application for registration, pay such fees as are prescribed by
18 section 42-3-123, together with the annual specific ownership tax
19 on the motor vehicle, trailer, semitrailer, trailer coach, or
20 mobile home for which the license is to be issued. ~~The-owner-of~~
21 ~~a-movable-structure-shall-at-that-time-pay-the-ad--valorem--taxes~~
22 ~~imposed--on-such-vehicle-pursuant-to-part-2-of-article-5-of-title~~
23 ~~39,--C.R.S.--1973.~~

24 SECTION 10. 42-3-105 (6), Colorado Revised Statutes 1973,
25 is amended to read:

26 42-3-105. Classification - taxable value - imposition of
27 tax. (6) Movable structures shall not be classified for

1 purposes of imposing specific ownership taxes but shall be
2 subject to the imposition of ad valorem taxes in the manner
3 provided in part 2 1 of article 5 of title 39, C.R.S. 1973.

4 SECTION 11. 42-3-122 (1) (a), Colorado Revised Statutes
5 1973, is amended to read:

6 42-3-122. Violation of registration provisions - penalty.

7 (1) (a) To operate, or for the owner thereof knowingly to permit
8 the operation of, upon a highway any vehicle subject to
9 registration under this article or to possess or to have in
10 custody or control any trailer coach OR mobile home, ~~or-movable~~
11 ~~structure~~; whether operated on the highway or not, except mobile
12 homes, OR trailer coaches ~~or--movable--structures~~ owned by a
13 licensed dealer or licensed manufacturer while being held for
14 sale or resale or while operated on the streets or highways with
15 dealer plates or depot tags in accordance with laws applicable to
16 such use for motor vehicle dealers and manufacturers, which is
17 not registered or which does not have attached thereto and
18 displayed thereon the number plate or plates assigned thereto by
19 the department for the current registration year;

20 SECTION 12. 42-3-123 (5) (a), Colorado Revised Statutes
21 1973, is amended to read:

22 42-3-123. Registration fees - passenger-mile and ton-mile
23 taxes. (5) (a) Trailer coaches AND mobile homes, ~~and-movable~~
24 ~~structures~~ three dollars;

25 SECTION 13. 42-3-129 (4), Colorado Revised Statutes 1973,
26 is amended to read:

27 42-3-129. Additional registration fees - apportionment of

1 fees. (4) Two dollars and fifty cents of each annual vehicle
2 registration fee prescribed in section 42-3-123, exclusive of the
3 annual registration fees prescribed in said section for
4 motorcycles, motorscooters, motorbicycles, trailer coaches,
5 mobile homes, ~~movable---structures~~; mobile machinery and
6 self-propelled construction equipment, and trailers having an
7 empty weight of two thousand pounds or less and exclusive of any
8 registration fee paid for a fractional part of a year, shall not
9 be transmitted to the department but shall be paid over by the
10 authorized agent, as collected, to the county treasurer, who
11 shall credit the same to an account entitled "apportioned vehicle
12 registration fees". On the tenth day of each month, the county
13 treasurer shall apportion the balance in such account existing on
14 the last day of the preceding month between the county and the
15 cities and incorporated towns located within the boundaries of
16 the county, on the basis of the record of rural and urban
17 registrations kept by the authorized agent to indicate the place
18 of residence of each vehicle owner.

19 SECTION 14. 42-4-409 (2) (b) (III), Colorado Revised
20 Statutes 1973, is amended to read:

21 42-4-409. Permits for excess size and weight. (2) (b)
22 (III) Copies of all such permits shall be transmitted promptly
23 by the issuing agency to the ~~authorized-agent-of-the-department~~
24 ~~in~~ COUNTY ASSESSOR OF both the county from which the move is
25 being made and, if within the state, the county of destination,
26 and a copy shall also be transmitted to the ~~department~~ MORTGAGEE,
27 IF ANY, OF THE MOVABLE STRUCTURE.

1 SECTION 15. 42-6-126 (3), Colorado Revised Statutes 1973,
2 is amended to read:

3 42-6-126. Duration of lien of mortgage - extensions. (3)
4 The duration of the lien of any mortgage on a mobile home or
5 movable structure, as defined in section 42-1-102 (82), shall be
6 for the full term of the mortgage. ~~but-the-lien-of-the-mortgage~~
7 ~~may-be-extended-beyond-the-original-term-thereof-for-succcessive~~
8 ~~three-year-periods-by-following-the-procedure-prescribed-in~~
9 ~~subsection-(1)-of-this-section-during-the-term-of-the-mortgage-or~~
10 ~~any-extension-thereof.~~

11 SECTION 16. Repeal. Part 2 of article 5 of title 39,
12 39-10-101 (4), 42-3-105 (1) (e), and 42-3-112 (4), Colorado
13 Revised Statutes 1973, are repealed.

14 SECTION 17. Safety clause. The general assembly hereby
15 finds, determines, and declares that this act is necessary for
16 the immediate preservation of the public peace, health, and
17 safety.

COMMITTEE ON STATE AND LOCAL FINANCE

BILL 52

A BILL FOR AN ACT

1 CONCERNING PROPERTY EXEMPT FROM THE GENERAL PROPERTY TAX.

Bill Summary

Revises the income limits that senior citizens must meet to enable their residences to qualify for property tax exemptions, and, in the case of residences that house both qualified and nonqualified persons, adds provisions insuring that all benefits resulting from the exemption accrue only to those qualified, and that all property taxes levied on the residence are paid only by the nonexempt residents.

2 Be it enacted by the General Assembly of the State of Colorado:

3 SECTION 1. 39-3-101 (1) (g) (II) (A) and (1) (g) (IV),
4 Colorado Revised Statutes 1973, are amended to read:

5 39-3-101. Exempt property. (1) (g) (II) (A) The structure
6 is occupied as an orphanage, or by single individuals sixty-two
7 years of age or over EACH OF WHOSE INCOME DOES NOT EXCEED
8 THIRTY-FIVE HUNDRED DOLLARS AND WHOSE NET ASSETS DO NOT EXCEED
9 EIGHTEEN THOUSAND DOLLARS, or by a family, the head of which or
10 whose spouse is sixty-two years of age or over, whose incomes-and
11 assets--are--within--one--hundred--fifty--percent--of--the--limits
12 prescribed--for--similar--individuals--or--families--who--occupy
13 whatever-low-rent-public-housing;-financed-pursuant-to-chapter-8;
14 title--42;-United--States--Code;-is-nearest-in-distance-to-such

1 **structure:** INCOME DOES NOT EXCEED FORTY-FIVE HUNDRED DOLLARS AND
2 WHOSE NET ASSETS DO NOT EXCEED EIGHTEEN THOUSAND DOLLARS. In
3 determining the assets of such individuals or families, the value
4 of any reversionary right in and to an occupancy fee shall be
5 considered a part of net worth for purposes of determining
6 eligibility for tax exemption under this paragraph (g); and

7 (IV) In the event the occupants of the residential property
8 include not only persons who are qualified under subparagraph
9 (II) (A) of this paragraph (g) but also include occupants not so
10 qualified, then the portion of such residential property that is
11 utilized by qualified occupants shall be deemed to be property
12 used solely and exclusively for strictly charitable purposes and
13 not for private gain or corporate profit, and such portion, but
14 only such portion, shall be exempt under the provisions of
15 subparagraph (I) of this paragraph (g), AND ALL THE BENEFITS
16 WHICH RESULT FROM SUCH EXEMPTION SHALL ACCRUE TO THE BENEFIT OF
17 THOSE OCCUPANTS WHO ARE QUALIFIED UNDER SUBPARAGRAPH (II) (A) OF
18 THIS PARAGRAPH (g). The determination as to what portion of such
19 structure is so utilized shall be made by the property tax
20 administrator on the basis of the facts existing on the annual
21 assessment date for such property, and said administrator is
22 authorized to find that the nonexempt portion has a value that
23 bears a ratio to the value of the whole structure and land that
24 is identical to the ratio by which the number of units occupied
25 by nonqualified occupants bears to the total number of occupied
26 units in such structure, AND ALL OF THE TAXES WHICH ARE ASSESSED
27 TO SUCH PROPERTY AS A RESULT OF SUCH DETERMINATION SHALL BE

1 CHARGED IN A PRO RATA MANNER TO THE NONQUALIFIED OCCUPANTS.

2 SECTION 2. Effective date. This act shall take effect
3 January 1, 1976.

4 SECTION 3. Safety clause. The general assembly hereby
5 finds, determines, and declares that this act is necessary for
6 the immediate preservation of the public peace, health, and
7 safety.

COMMITTEE ON STATE AND LOCAL FINANCE

BILL 53

A BILL FOR AN ACT

1 CONCERNING THE GENERAL PROPERTY TAX, AND RELATING TO PROPERTY
2 EXEMPT THEREFROM.

Bill Summary

Requires that in order for certain property to be exempt from the general property tax, the property not be leased to persons other than those attending school or receiving care and treatment while living in an eligible eleemosynary facility.

3 Be it enacted by the General Assembly of the State of Colorado:

4 SECTION 1. 39-3-101 (1) (g) (I) (B), Colorado Revised
5 Statutes 1973, is amended to read:

6 39-3-101. Exempt property. (1) (g) (I) (B) Such property
7 is residential and the structure and the land upon which such
8 structure is located are used as an integral part of a church or
9 of an eleemosynary hospital, an eleemosynary licensed health care
10 facility, school, or institution whose property is otherwise
11 exempt from taxation under this article AND WHICH IS NOT LEASED
12 OR RENTED AT ANY TIME TO PERSONS OTHER THAN THOSE ATTENDING SUCH
13 SCHOOL AS STUDENTS OR TO PERSONS ACTUALLY RECEIVING CARE OR
14 TREATMENT FROM SUCH HOSPITAL, LICENSED HEALTH CARE FACILITY, OR
15 INSTITUTION FOR PHYSICAL OR MENTAL DISABILITY, WHICH CARE OR

1 TREATMENT REQUIRES SAID PERSONS TO BE DOMICILED WITHIN SAID
2 HOSPITAL, FACILITY, OR INSTITUTION; or

3 SECTION 2. Effective date. This act shall take effect
4 January 1, 1976.

5 SECTION 3. Safety clause. The general assembly hereby
6 finds, determines, and declares that this act is necessary for
7 the immediate preservation of the public peace, health, and
8 safety.

COMMITTEE ON STATE AND LOCAL FINANCE

BILL 54

A BILL FOR AN ACT

1 CONCERNING THE VALUATION OF LIVESTOCK FOR PURPOSES OF AD VALOREM
2 TAXATION.

Bill Summary

Reduces the valuation for assessment of livestock to five percent of the actual value thereof. Directs the county assessor to use the Colorado crop and livestock reporting service in determining actual value. Directs that the actual value is to be determined on the basis of market value, if not reported.

3 Be it enacted by the General Assembly of the State of Colorado:

4 SECTION 1. 39-5-109 (6) (b), Colorado Revised Statutes
5 1973, is REPEALED AND REENACTED, WITH AMENDMENTS, to read:

6 39-5-109. Inventory schedules - valuation. (6) (b) The
7 term "stocks of merchandise" includes livestock. The average
8 number of head of each class of livestock shall be determined by
9 the total number of head on hand on the last day of each month
10 during the calendar year ending on the last day of December
11 immediately preceding the assessment date, divided by twelve.
12 The valuation for assessment for all livestock shall be five
13 percent of the actual value thereof. The actual value of
14 livestock shall be determined by the county assessor using the
15 Colorado crop and livestock reporting service reports

1 encompassing the preceding twelve-month reporting period ending
2 October 31 of the year preceding the assessment date on all
3 classes which those reports include. The actual value of classes
4 of livestock not reported by said service shall be determined by
5 the county assessor on the basis of market value.

6 SECTION 2. Effective date. This act shall take effect
7 January 1, 1976.

8 SECTION 3. Safety clause. The general assembly hereby
9 finds, determines, and declares that this act is necessary for
10 the immediate preservation of the public peace, health, and
11 safety.

COMMITTEE ON STATE AND LOCAL FINANCE

BILL 55

A BILL FOR AN ACT

1 CONCERNING THE VALUATION OF AGRICULTURAL PRODUCTS FOR PURPOSES OF
2 AD VALOREM TAXES.

Bill Summary

(NOTE: This summary applies to this bill as introduced and does not necessarily reflect any amendments which may be subsequently adopted.)

Provides that agricultural products in a raw or unprocessed state are to be valued at five percent of the actual value thereof. The taxes due on such property or to be paid by the person who holds a warehouse receipt therefor or who is in actual possession of the products on the assessment date.

3 Be it enacted by the General Assembly of the State of Colorado:

4 SECTION 1. 39-1-103, Colorado Revised Statutes 1973, is
5 amended BY THE ADDITION OF A NEW SUBSECTION to read:

6 39-1-103. Actual value determined - when. (7) The
7 valuation for assessment of stored agricultural products in a raw
8 or unprocessed state shall be determined as provided in section
9 39-5-111.

10 SECTION 2. 39-1-107, Colorado Revised Statutes 1973, is
11 amended BY THE ADDITION OF A NEW SUBSECTION to read:

12 39-1-107. Tax Liens. (4) The lien of general taxes
13 against agricultural products in a raw or unprocessed state shall

1 extend and apply to any such products held by the person owing
2 the taxes, whether or not such products are the identical
3 products upon which such taxes were levied.

4 SECTION 3. 39-5-111 (2), Colorado Revised Statutes 1973, is
5 amended to read:

6 39-5-111. Livestock, agricultural products - not valued,
7 when. (2) Agricultural products in a raw or unprocessed state,
8 whether grown or produced within or without this state, SHALL BE
9 VALUED FOR ASSESSMENT AT FIVE PERCENT OF THE ACTUAL VALUE
10 THEREOF, AS DETERMINED BY THE ASSESSOR. SUCH PRODUCTS, when
11 still owned by the grower, ~~or~~ producer, OR LIVESTOCK FEEDER
12 thereof and placed in storage in any county of this state for
13 marketing in the ordinary course of trade, shall not be subject
14 to appraisal and valuation by the assessor of such county unless
15 the same remain within such county for a period exceeding twelve
16 months. THE TAXES DUE UPON SUCH VALUATION FOR ASSESSMENT OF THE
17 PROPERTY SHALL BE PAID BY THE PERSON WHO HOLDS A WAREHOUSE
18 RECEIPT OR, IN THE ABSENCE OF SUCH WAREHOUSE RECEIPT, BY THE
19 PERSON WHO IS IN ACTUAL POSSESSION OF SUCH PRODUCTS ON THE
20 ASSESSMENT DATE.

21 SECTION 4. Effective date. This act shall take effect
22 January 1, 1976.

23 SECTION 5. Safety clause. The general assembly hereby
24 finds, determines, and declares that this act is necessary for
25 the immediate preservation of the public peace, health, and
26 safety.

COMMITTEE ON STATE AND LOCAL FINANCE

BILL 56

A BILL FOR AN ACT

1 CONCERNING VINOUS LIQUORS, AND REDUCING THE EXCISE TAX THEREON.

Bill Summary

Authorizes wines produced or processed in Colorado to be taxed at a rate of six cents per gallon, the present rate on malt liquors, while imported wines will continue to be taxed at five or seven and one-half cents per quart, depending on alcoholic content.

2 Be it enacted by the General Assembly of the State of Colorado:

3 SECTION 1. 12-47-131 (1), Colorado Revised Statutes 1973,
4 is amended to read:

5 12-47-131. Excise tax. (1) An excise tax at the rate of
6 six cents per gallon on VINOUS LIQUORS PRODUCED OR PROCESSED IN
7 COLORADO AND all malt liquors, five cents per quart or fraction
8 thereof on all OTHER vinous liquors containing fourteen percent
9 or less of alcohol, and seven and one-half cents per quart or
10 fraction thereof on all OTHER vinous liquors containing more than
11 fourteen percent of alcohol by volume, and twenty-two and
12 one-half cents per pint or fraction thereof on all spirituous
13 liquors is imposed; except that the tax upon spirituous liquors
14 in individual sealed bottles containing two ounces or less shall
15 be five cents per such bottle, and such taxes shall be collected
16 on all such respective liquors, not otherwise exempt from the

1 tax, sold, offered for sale, or used in this state. ~~except--that~~
2 Upon the same liquors, only one such tax shall be paid in this
3 state. The manufacturer thereof, or the first licensee receiving
4 alcoholic liquors in this state if shipped from without the
5 state, shall be primarily liable for the payment of such tax;
6 but, if such liquor is transported by a manufacturer or
7 wholesaler to a point outside of the state and there disposed of,
8 ~~then~~ such manufacturer or wholesaler, upon the filing with the
9 state licensing authority of a duplicate bill of lading, invoice,
10 or affidavit showing such transaction, shall not be subject to
11 the tax provided in this section on such liquor, and, if such tax
12 has already been paid, it shall be refunded to said manufacturer
13 or wholesaler.

14 SECTION 2. Effective date. This act shall take effect July
15 1, 1975.

16 SECTION 3. Safety clause. The general assembly hereby
17 finds, determines, and declares that this act is necessary for
18 the immediate preservation of the public peace, health, and
19 safety.

COMMITTEE ON STATE AND LOCAL FINANCE

BILL 57

A BILL FOR AN ACT

1 CONCERNING THE JUDICIAL DEPARTMENT OPERATING BUDGET AND COURT
2 FACILITIES, AND MAKING AN APPROPRIATION THEREFOR.

Bill Summary

Provides that counties are responsible for maintaining and providing court facilities until July 1, 1977. After January 1, 1976, the state is to pay the counties for certain services, the amount to be determined by the court administrator and the county commissioners. Imposes a moratorium on court facilities, and state is to pay fifty percent of costs incurred as a result of a new judgeship. The legislative council is to conduct a study of the court facilities and report to the general assembly in September 1976.

3 Be it enacted by the General Assembly of the State of Colorado:

4 SECTION 1. 13-3-108, Colorado Revised Statutes 1973, is
5 REPEALED AND REENACTED, WITH AMENDMENTS, to read:

6 13-3-108. Maintenance of court facilities - capital
7 improvements. (1) Until July 1, 1977, the board of county
8 commissioners in each county shall have the responsibility of
9 providing and maintaining adequate courtrooms and court-related
10 facilities for the state court system within the county,
11 including, but not limited to:

- 1 (a) Cleaning services and general maintenance;
2 (b) Heat, power, and light;
3 (c) Acceptable storage space for court records and
4 exhibits;
5 (d) Courtroom and chamber carpeting;
6 (e) Window covering.

7 (2) On and after January 1, 1976, the state shall pay each
8 county quarterly for providing the following to the state court
9 system within each county:

- 10 (a) Cleaning services and general maintenance;
11 (b) Heat, power, and light;
12 (c) Air conditioning operation.

13 (3) The amount of payment required by subsection (2) of
14 this section shall be predetermined by the court administrator
15 and the board of county commissioners of each county and shall be
16 based upon the actual square foot maintenance costs incurred.

17 (4) Except as provided in subsection (5) of this section,
18 no projects for the alteration or remodeling of existing court
19 facilities, additions to court facilities, new air conditioning
20 for court facilities, or the construction of new court
21 facilities, except those planned and funded or under construction
22 on July 1, 1975, shall be undertaken until July 1, 1977.

23 (5) Any other provision of law to the contrary
24 notwithstanding, if any new judgeship is created by law on or
25 after July 1, 1975, the state, upon the approval of the court
26 administrator, shall pay fifty percent of all capital
27 construction costs, including, but not limited to, remodeling,

1 alteration, and the installation of new air conditioning incurred
2 by a county as a result of the new judgeship. The provisions of
3 this subsection (5) shall not apply to costs incurred from
4 capital construction begun on or after July 1, 1977, and shall be
5 subject to available appropriations.

6 (6) The legislative council, in cooperation with the court
7 administrator, shall prepare a court facilities study to be
8 submitted to the joint budget committee of the general assembly
9 no later than September 30, 1976. The study shall be based on
10 criteria and standards developed to measure the adequacy of
11 existing facilities and the needs of the judicial system for the
12 next ten years, and the study report shall contain an explanation
13 of these standards. The study shall include:

14 (a) An inventory of all existing court facilities with an
15 evaluation of their adequacy compared to the standards;

16 (b) A determination of both the rental value and the
17 replacement value of all existing facilities;

18 (c) The cost of remodeling, expanding, or otherwise
19 improving existing facilities found to be inadequate;

20 (d) The additional facilities, if any, needed by the state
21 court system in each county and the estimated cost of such
22 facilities;

23 (e) Recommended standards and guidelines for determining
24 state court facility space needs;

25 (f) The capital construction needs of each court and
26 court-related agency, by county and by priority, for the ten-year
27 plan and the estimated cost thereof;

1 (g) Alternative proposals for assumption by the state of
2 all court facilities in the state court system;

3 (h) An evaluation of alternate methods of funding present
4 and future court facility needs of the state judicial system
5 solely by the state, solely by the counties, or by both the state
6 and the counties.

7 SECTION 2. Appropriation. In addition to any other
8 appropriation, there is hereby appropriated out of any moneys in
9 the state treasury not otherwise appropriated, for the fiscal
10 year beginning July 1, 1975, to the court administrator, the sum
11 of _____ dollars (\$), or so much thereof as may be
12 necessary, for the implementation of this act.

13 SECTION 3. Effective date. This act shall take effect July
14 1, 1975.

15 SECTION 4. Safety clause. The general assembly hereby
16 finds, determines, and declares that this act is necessary for
17 the immediate preservation of the public peace, health, and
18 safety.

COMMITTEE ON STATE AND LOCAL FINANCE

BILL 58

A BILL FOR AN ACT

1 CONCERNING THE INCOME TAX, AND PROVIDING FOR THE EXCLUSION
2 THEREFROM OF AMOUNTS RECEIVED AS PENSIONS OR ANNUITIES.

Bill Summary

Excludes all amounts received as pensions from Colorado adjusted gross income. Excludes annuities, if there is no pension and the taxpayer is sixty years old or older, to the extent of five thousand dollars. Provides that taxpayer may combine pensions and annuities to exclude not more than five thousand dollars.

3 Be it enacted by the General Assembly of the State of Colorado:

4 SECTION 1. 39-22-110 (3) (c), Colorado Revised Statutes
5 1973, is REPEALED AND REENACTED, WITH AMENDMENTS, to read:

6 39-22-110. Colorado adjusted gross income of a resident
7 individual. (3) (c) Amounts received as pensions, including
8 retirement pay of members of any component of the armed forces of
9 the United States, to the extent included in federal adjusted
10 gross income or, if there are no amounts received as pensions,
11 amounts received as annuities by persons sixty years of age or
12 older to the extent included in federal adjusted gross income,
13 not to exceed five thousand dollars in any one taxable year. If
14 the amounts received as pensions are less than five thousand

1 dollars, the taxpayer may subtract so much of the amounts
2 received as annuities as will increase the total amounts of
3 pensions and annuities subtracted under this paragraph (c) to
4 five thousand dollars.

5 SECTION 2. Repeal. 39-22-110 (3) (i), Colorado Revised
6 Statutes 1973, is repealed.

7 SECTION 3. Applicability. This act shall apply to all
8 taxable years commencing after December 31, 1974.

9 SECTION 4. Safety clause. The general assembly hereby
10 finds, determines, and declares that this act is necessary for
11 the immediate preservation of the public peace, health, and
12 safety.

COMMITTEE ON STATE AND LOCAL FINANCE

BILL 59

A BILL FOR AN ACT

1 CONCERNING THE COLORADO SURTAX, AND EXEMPTING THE UNDISTRIBUTED
2 INCOME OF A SUBCHAPTER S CORPORATION THEREFROM.

Bill Summary

Exempts the undistributed income of a Subchapter S corporation from the Colorado surtax.

3 Be it enacted by the General Assembly of the State of Colorado:

4 SECTION 1. 39-22-106, Colorado Revised Statutes 1973, is
5 amended BY THE ADDITION OF A NEW SUBSECTION to read:

6 39-22-106. Surtax imposed on individuals. (5) The
7 provisions of this section shall not apply to the undistributed
8 income of a small business corporation under Subchapter S of the
9 internal revenue code which has a Subchapter S election in
10 effect.

11 SECTION 2. Effective date. This act shall take effect
12 January 1, 1976.

13 SECTION 3. Safety clause. The general assembly hereby
14 finds, determines, and declares that this act is necessary for
15 the immediate preservation of the public peace, health, and
16 safety.

COMMITTEE ON STATE AND LOCAL FINANCE

BILL 60

A BILL FOR AN ACT

1 CONCERNING THE COLORADO INCOME TAX, AND INCREASING THE PERCENTAGE
2 STANDARD DEDUCTION AND THE LOW INCOME ALLOWANCE.

Bill Summary

Increases the percentage standard deduction from the lesser of ten percent of Colorado adjusted gross income or one thousand dollars to the lesser of fifteen percent of Colorado adjusted gross income or two thousand dollars, and increases the low income allowance from one thousand dollars to one thousand three hundred dollars. A married taxpayer filing a separate return is to receive one-half of said dollar amounts.

3 Be it enacted by the General Assembly of the State of Colorado:

4 SECTION 1. 39-22-112 (2), (3), and (7), Colorado Revised
5 Statutes 1973, are amended to read:

6 39-22-112. Colorado standard deduction of a resident
7 individual. (2) The percentage standard deduction shall be ~~ten~~
8 FIFTEEN percent of the Colorado adjusted gross income or ~~one~~ TWO
9 thousand dollars, whichever amount is the lesser, but in the case
10 of a married taxpayer filing a separate return, it shall be ~~ten~~
11 FIFTEEN percent of the Colorado adjusted gross income or ~~five~~
12 ~~hundred~~ ONE THOUSAND dollars, whichever amount is the lesser.

13 (3) (a) Except as provided in paragraph (b) of this
14 subsection (3), the low income allowance shall be ~~the sum of~~--A

1 basic-allowance-of-two-hundred-dollars-plus-one--hundred--dollars
2 for--each-exemption;-and-an-additional-allowance-amounting-to-the
3 excess;-if-any;-of-eight-hundred-dollars--over--the--sum--of--the
4 number--of--exemptions--multiplied-by-one-hundred-dollars-and-the
5 aggregate-of-one-half-of-the-amount-of--Colorado--adjusted--gross
6 income--in--excess--of:--One--thousand-dollars-plus-the-number-of
7 exemptions-multiplied-by-seven-hundred-fifty--dollars;---The--low
8 income--allowance--shall--not--exceed one thousand THREE HUNDRED
9 dollars.

10 (b) In the case of a married taxpayer filing a separate
11 return, the-basic-allowance-shall-be-one-hundred-dollars-plus-one
12 hundred--dollars-for-each-exemption;-and the low income allowance
13 shall not-exceed-five BE SIX hundred FIFTY dollars.

14 (7) THE AMENDMENTS TO this section shall apply only with
15 respect to taxable years beginning on or after January 1, 1970
16 1975.

17 SECTION 2. Safety clause. The general assembly hereby
18 finds, determines, and declares that this act is necessary for
19 the immediate preservation of the public peace, health, and
20 safety.

COMMITTEE ON STATE AND LOCAL FINANCE

BILL 61

A BILL FOR AN ACT

1 CONCERNING PUBLIC SCHOOL TRANSPORTATION, AND PROVIDING FOR SCHOOL
2 DISTRICT REIMBURSEMENT AND MAKING AN APPROPRIATION THEREFOR.

Bill Summary

Establishes public school transportation fund and provides methods of determining reimbursement entitlement. Requires local school boards to certify to the state board expenses incurred in transporting pupils. Directs state treasurer to reimburse local districts from the fund.

3 Be it enacted by the General Assembly of the State of Colorado:

4 SECTION 1. Article 51 of title 22, Colorado Revised
5 Statutes 1973, is REPEALED AND REENACTED, WITH AMENDMENTS, to
6 read:

7 ARTICLE 51

8 Public School Transportation

9 22-51-101. Legislative declaration. It is declared to be
10 the policy of this state to furnish financial aid to school
11 districts of the state for the transportation of pupils to and
12 from their places of residence and the public schools which they
13 attend and for board in lieu of transportation.

14 22-51-102. Definitions. As used in this article, unless
15 the context otherwise requires:

1 (1) "Current operating expenditures for pupil
2 transportation" means expenditures for providing pupil
3 transportation, exclusive of purchase of pupil transportation
4 vehicles or other capital outlays. The term includes
5 expenditures for the following: Motor fuel and oil, maintenance
6 and repair of vehicles, equipment, and facilities; costs of
7 employment for drivers while employed in pupil transportation;
8 costs of employment paid specifically for providing
9 transportation supervision and support services; insurance;
10 contracted services; and reimbursements to pupils who utilize
11 public transportation services. The term does not include
12 amounts spent for pupil transportation for special education and
13 vocational education programs for which the district is otherwise
14 entitled to receive state reimbursement.

15 (2) "Entitlement period" means the twelve-month period
16 ending June 30 next preceding application for and determination
17 of a reimbursement entitlement.

18 (3) "Pupil transportation" means the transportation of
19 pupils regularly enrolled in the public schools through grade
20 twelve to and from their places of residence and the public
21 schools in which enrolled and to and from one school of
22 attendance and another in vehicles owned or rented and operated
23 by a school district or under contract with a school district.

24 (4) "Reimbursement entitlement" means the amount of
25 reimbursement to which a school district is entitled under the
26 provisions of section 22-51-104.

27 22-51-103. Creation of the public school transportation

1 fund. There is hereby created in the office of the state
2 treasurer a fund to be known as the "public school transportation
3 fund" to which shall be credited such moneys as may be
4 appropriated by the general assembly for the purposes of this
5 article and which shall be held by the state treasurer and paid
6 out as provided in this article.

7 22-51-104. Methods of determining reimbursement
8 entitlement. (1) For financial aid in providing pupil
9 transportation, each school district shall have a reimbursement
10 entitlement, to be determined as follows:

11 (a) Twenty-four cents for each mile actually traveled by
12 vehicles operated by or for the school district in providing
13 pupil transportation during the entitlement period; and

14 (b) Twenty-five percent of any amount by which the school
15 district's current operating expenditures for pupil
16 transportation during the entitlement period exceeded the school
17 district's reimbursement entitlement under the provisions of
18 paragraph (a) of this subsection (1).

19 (2) For financial aid in the purchasing of pupil
20 transportation vehicles, each school district shall have a
21 reimbursement entitlement for an entitlement period of fifty
22 percent of the amount expended during said entitlement period for
23 the purchase of vehicles to be used in pupil transportation,
24 excluding any allowance for vehicles traded in and excluding
25 amounts received from the sale of pupil transportation vehicles.

26 (3) In no event shall the reimbursement entitlement of any
27 school district under the provisions of subsections (1) and (2)

1 of this section for any entitlement period exceed ninety percent
2 of the total amount expended by the school district during said
3 entitlement period for current operating expenditures for pupil
4 transportation and for the purchase of pupil transportation
5 vehicles.

6 (4) For financial aid in providing board allowances in lieu
7 of transportation, each school district shall have a
8 reimbursement entitlement for an entitlement period for each
9 pupil temporarily residing during said entitlement period for the
10 purpose of attending school at a place nearer the school of
11 attendance than his permanent residence, and for whom the
12 district has paid a board allowance in lieu of furnishing
13 transportation, in the amount of one dollar for each day such
14 board was paid by the district.

15 22-51-105. Certifications by school boards. (1) On or
16 before August 15 of each year the school board of each school
17 district entitled to and desiring reimbursement under this
18 article for the preceding entitlement period shall certify to the
19 state board of education on forms to be provided by the
20 commissioner of education the following information:

21 (a) The total number of miles traveled during said
22 entitlement period by vehicles operated by or for the school
23 district in providing pupil transportation;

24 (b) The total amount of the school district's current
25 operating expenditures for pupil transportation during said
26 entitlement period;

27 (c) The total amount expended by the school district during

1 said entitlement period for the purchase of vehicles to be used
2 in pupil transportation, excluding any allowances for vehicles
3 traded in;

4 (d) The total amount received by the school district during
5 the entitlement period from the sale of pupil transportation
6 vehicles;

7 (e) The total number of pupil days for which board was paid
8 by the district during said entitlement period in lieu of
9 transportation for pupils temporarily residing for the purpose of
10 attending school at places nearer the school of attendance than
11 their permanent places of residence;

12 (f) The amounts and sources of reimbursements which the
13 school district received or is entitled to receive for pupil
14 transportation during said entitlement period from sources other
15 than the public school transportation fund.

16 22-51-106. Certification to and payment by state treasurer
17 - deficiency in fund. (1) On or before October 15 of each year,
18 the commissioner of education shall certify to the state
19 treasurer the amount of the reimbursement entitlement of each
20 school district for the entitlement period next preceding. The
21 state treasurer shall thereupon pay from the public school
22 transportation fund directly to the treasurer of each school
23 district which has elected under the law to withdraw its funds
24 from the custody of the county treasurer the amount certified as
25 the reimbursement entitlement of the school district; and for all
26 other school districts, he shall pay to the county treasurer of
27 the county in which each school district has its headquarters the

1 amount certified as reimbursement entitlement of each district
2 and the county treasurer shall forthwith credit to the general
3 fund of each district in his county the amount certified
4 therefor.

5 (2) In the event the amount of money appropriated by the
6 general assembly to the public school transportation fund is less
7 than the total amount of the reimbursement entitlements of all of
8 the school districts for the preceding entitlement period, the
9 amount to be distributed to each school district shall be in the
10 same proportion as the amount which the appropriation made bears
11 to the total amount of the reimbursement entitlements of all
12 districts.

13 22-51-107. Requirements for participation. Unless
14 otherwise authorized by the commissioner of education, any school
15 district which has not filed the certifications required by
16 section 22-51-105 on or before the date provided in said section
17 or has not complied with the rules and regulations promulgated by
18 the state board of education pursuant to section 22-51-108 shall
19 not be entitled to any reimbursement under this article.

20 22-51-108. Rules and regulations. The state board of
21 education shall promulgate rules and regulations for the
22 administration of this article. Such rules and regulations shall
23 include reasonable and adequate standards of safety in the
24 maintenance and operation of buses, the maintenance of records by
25 districts, the length of bus routes, the number of children to be
26 transported in the various types of buses, and such other rules
27 and regulations pertaining to pupil transportation as will

1 promote the welfare of the students and afford reasonable
2 protection to the public.

3 22-51-109. County treasurer's fees. No fees shall be
4 charged by the county treasurers of the state for receiving or
5 crediting funds of the school districts received under this
6 article.

7 SECTION 2. Appropriation. There is hereby appropriated,
8 out of any moneys in the state treasury not otherwise
9 appropriated, to the public school transportation fund, for the
10 fiscal year commencing July 1, 1975, the sum of _____
11 dollars (\$____), or so much thereof as may be necessary, for the
12 implementation of this act.

13 SECTION 3. Safety clause. The general assembly hereby
14 finds, determines, and declares that this act is necessary for
15 the immediate preservation of the public peace, health, and
16 safety.

COMMITTEE ON STATE AND LOCAL FINANCE

BILL 62

A BILL FOR AN ACT

1 CONCERNING ATTENDANCE ENTITLEMENT UNDER THE "PUBLIC SCHOOL
2 FINANCE ACT OF 1973", AND RELATING TO THE DETERMINATION
3 THEREOF.

Bill Summary

Allows attendance entitlement to be determined by taking ninety-six percent of the average daily membership of a school district during the four-week counting period or periods of the first year, the second year, or the average of the first, second, third, and fourth years next preceding the budget year.

4 Be it enacted by the General Assembly of the State of Colorado:

5 SECTION 1. 22-50-104 (2), Colorado Revised Statutes 1973,
6 is amended to read:

7 22-50-104. Attendance entitlement. (2) The attendance
8 entitlement of a district for any budget year shall be the
9 average daily attendance of the district or ninety-six percent of
10 the average daily membership of the district during the four-week
11 counting period or periods of ~~either-the-first-or-second-year~~ THE
12 FIRST YEAR NEXT PRECEDING THE BUDGET YEAR, THE SECOND YEAR NEXT
13 PRECEDING THE BUDGET YEAR, OR THE AVERAGE OF THE FIRST, SECOND,
14 THIRD, AND FOURTH YEARS next preceding the budget year, whichever
15 is the largest number.

1 SECTION 2. Safety clause. The general assembly hereby
2 finds, determines, and declares that this act is necessary for
3 the immediate preservation of the public peace, health, and
4 safety.