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GOVERNOR'S COMMITTEE ON ADMINISTRATIVE ORGANIZATION

First Partial Report

of the

Subcommittee on Fiscal Affairs

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LETTER of TRANSMITTAL

January 9, 1955

Honorable Allyn Cole, Chairman  
Governor's Committee on Administrative Organization  
Glenwood Springs, Colorado

Dear Mr. Cole:

Transmitted herewith is the First Partial Report of your sub-  
committee on Fiscal Affairs.

Sincerely,  
S/ Palmer L. Burch  
PALMER L. BURCH, Chairman  
Subcommittee on Fiscal Affairs  
G. C. A. O.

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January 10, 1955

Honorable Dan Thornton  
Governor, State of Colorado  
State Capitol  
Denver, Colorado

Dear Governor Thornton:

Transmitted herewith is a copy of the First Partial Report of the sub-  
committee which has been studying fiscal affairs for your Governor's  
Committee on Administrative Organization.

Sincerely,  
S/ Allyn Cole  
ALLYN COLE, Chairman  
G. C. A. O.

## FISCAL PROBLEMS

The Governor's Committee on Administrative Organization named a subcommittee on fiscal problems and charged this group with the responsibility of examining the Colorado Tax Structure and to determine what, if any, changes appear to be necessary. Concurrent with this subcommittee's assignment there was a Joint Legislative Resolution (SJR 22, 1953) requiring that the Legislative Council undertake research on this same subject. Subsequently, the Council has issued three reports on the subject of state finances, namely:

- Research Publication No. 1, The Fund Structure (describing the extent and effect of earmarking of state revenues).
- Research Publication No. 9, Colorado Tax Structure--The Income Tax.
- Research Publication No. 9-1, Colorado Tax Structure--The Property Tax, Succession and Gift Taxes, Insurance Tax, and Sales and Use Taxes.

These publications provide the factual situation regarding the major portion of Colorado tax receipts (excluding the Highway User Taxes), and this subcommittee respectively suggests that they be made a part of the First Partial Report of the GCAO.

The subcommittee on fiscal affairs notes, in United States Bureau of Census reports that Colorado ranks 12th, among the 48 states, in terms of per capita tax burden on the state level, and only 20th, in terms of ability to pay as measured by per capita income. It further notes that the two other subcommittees of the GCAO are working in the subject areas of boards, bureaus, and institutions and in personnel. It is within the purview of these other subcommittees to review purpose and level of state expenditures. Therefore, this subcommittee respectfully submits that, in view of the basic principle of government finance, (i. e., expenditure requirements are first established and then

sufficient revenues are raised to meet these requirements) it defer recommendations relative to fiscal matters until the work of the other two subcommittees is nearer completion.

This subcommittee, at this point in its deliberations, concludes that Colorado taxpayers are already carrying a sizeable state tax burden, and that if some areas of state fiscal responsibility are not receiving adequate support, it is due to an overemphasis, within the state's overall fiscal ability, in other functional areas. The problem appears to be the matter of a more equitable distribution of the available resources among the functions for which state government is assumed to have a fiscal responsibility.

