TAX HANDBOOK
State and Local Taxes in Colorado

COLORADO LEGISLATIVE COUNCIL

RESEARCH PUBLICATION NO. 320
December, 1987

TAX HANDBOOK

State and Local Taxes in Colorado

Legislative Council

Report to the

Colorado General Assembly

Research Publication No. 320
December, 1987

OFFICERS
Sen. Ted L. Strickland
Chairman
Rep. Carl B. "Bev" Bledsoe
Vice Chairman
STAFF
Charles S. Brown
Director
David Hite
Assistant Director

COLORADO GENERAL ASSEMBLY

LEGISLATIVE COUNCIL

ROOM 029 STATE CAPITOL
DENVER, COLORADO 80203-1784
(303) 866-3521

December 31, 1987

To Members of the Fifty-sixth Colorado General Assembly:

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

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

Legislative Council staff responsible for this publication were Stan Elofson, Principal Analyst, and Scott Nachtrieb, Research Associate.

Respectfully submitted,

Charles S. Brown

Charles S. Brown
Director

CB/ag

TABLE OF CONTENTS

Page

LETTER OF TRANSMITTAL iii

TABLE OF CONTENTS v

INTRODUCTION 1

I. GENERAL FUND 3

II. OTHER MAJOR STATE FUNDS 9

III. STATE TAXES 17

- Cigarette 18
- Estate and Gift 21
- Gross Ton-Mile 26
- Income
  - I. Corporate 28
  - II. Personal 33
- Insurance Premiums 37
- Liquor 39
- Lottery 43
- Motor Fuel
  - I. Gasoline 45
  - II. Special Fuels 48
- Pari-Mutuel Racing 50
- Passenger-Mile 53
- Sales and Use
  - I. Sales 54
  - II. Use 58
- Severance 60
- Tobacco Products 63
- Tourism Promotion 65
- Unemployment Insurance 66

IV. LOCAL TAXES 69

- Accommodations 70
- County Accommodations 70
- Admissions.......... 71
- Occupational
  - I. General 72
  - II. Liquor and Beer Occupational 74
  - III. Utility Occupational 75
- Property 76
- Real Estate Transfer 85
- Sales and Use 86
- Specific Ownership 91

Page

V. APPENDICES

Major Tax Sources in Other States 95

APPENDIX A
I. Major Tax Sources in Other States 97
II. Additional Taxes Having 2% or Greater Yield ... 100

APPENDIX B
Per Capita Tax Revenue in Other States 103

LIST OF CHARTS AND TABLES

Table I -- Total State Tax Collections For FY 1986 2
Chart I -- 1987 General Fund Tax Receipts 3
Table II -- Tax Receipts For State General Fund 4
Table III -- Actual Revenues Collected 1976 - 1987 6
Table IV -- Sales Tax Rates in Colorado 87

INTRODUCTION

The following pages present an outline of major state taxes imposed and collected in Colorado. A section on local taxation has been included to provide as complete a profile of Colorado taxation as possible. The Colorado Lottery has also been included as it is a significant source of income for several governmental purposes. Not included in this report are specific license and registration fees, permits, and revenues from fines and court costs. However, some comparative data for all 50 states collections from licenses are provided in the appendix.

Constitutional and Statutory Budgetary Restrictions

Colorado's Constitution mandates a balanced budget each fiscal year (Article X, section 16). Colorado law requires that a percentage of state moneys appropriated from the general fund be reserved in any fiscal year. For FY 1986 and 1987, the reserve requirement was 5 percent but has been increased to 6 percent for FY 1988 and thereafter (24-75-201.1, (1)(d), C.R.S.). The law also requires the state to limit appropriations to 7 percent over the previous year's appropriations. Moneys appropriated for reappraisals of classes of property and fund transfers are not included in the 7 percent limitation (24-75-201.1, (1)(a), C.R.S.).

Total Tax Collections

Colorado state government collected approximately $2.7 billion in taxes for FY 1987 from eighteen tax sources. About 63.2 percent of that revenue was collected from two sources -- personal income tax and sales tax (see Table I). In addition to tax revenues, the state collected $14.1 million in court receipts, $11.7 million from other sources, and $10.8 million from interest income during the fiscal year which are not included in Table I.

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

This edition does not include information on tax policies or financial mechanisms that may be established under three types of special districts created or authorized in the 1987 legislative session: scientific and cultural facilities districts, the transit construction authority, and tunnel districts. These districts may be financed through a variety of fee assessments and taxes but no additional taxes or assessments have been imposed as yet.

Table I

TOTAL NET STATE TAX COLLECTIONS FOR FY 1987
Collections Without Regard to Fund Disposition
($ in Millions)

Tax	Fiscal 1987	Percent Of Total
Personal Income	$1,081.9	39.5%
Sales	648.3	23.7
Motor Fuel	291.1	10.6
Unemployment Insurance	227.3	8.3
Corporate Income	136.7	5.0
Insurance Premiums	84.1	3.1
Use	68.6	2.5
Cigarette	66.1	2.4
Lottery	35.0	1.3
Gross Ton-Mile	31.7	1.2
Liquor	23.6	0.9
Estate	18.7	0.7
Severance	11.6	0.4
Pari-Mutuel Racing	9.0	0.3
Tourism Promotion	3.9	0.1
Tobacco	2.7	0.1
Inheritance	0.1	0.0
Gift	0.0*	0.0
TOTAL	$2,740.4	100.0%

* Less than $100,000 revenue collections

I. GENERAL FUND

All moneys not earmarked by the constitution or by statute for special funds are credited to the general fund. This fund is the state's major operating fund. The major taxes credited to the fund include personal income, sales and use, corporate income, and several excise taxes. Other taxes credited to the fund are: cigarette; tobacco; insurance premiums; liquor; pari-mutuel racing; and the estate, inheritance, and gift taxes. State inheritance and the gift taxes are no longer levied but still produced about $120,000 in revenue in FY 1987 as taxes subject to prior law. These two taxes were removed as of January 1, 1980. The tobacco products tax which raised about $2.7 million in FY 1987 was added July 1, 1986.

Chart I

1987 GENERAL FUND TAX RECEIPTS

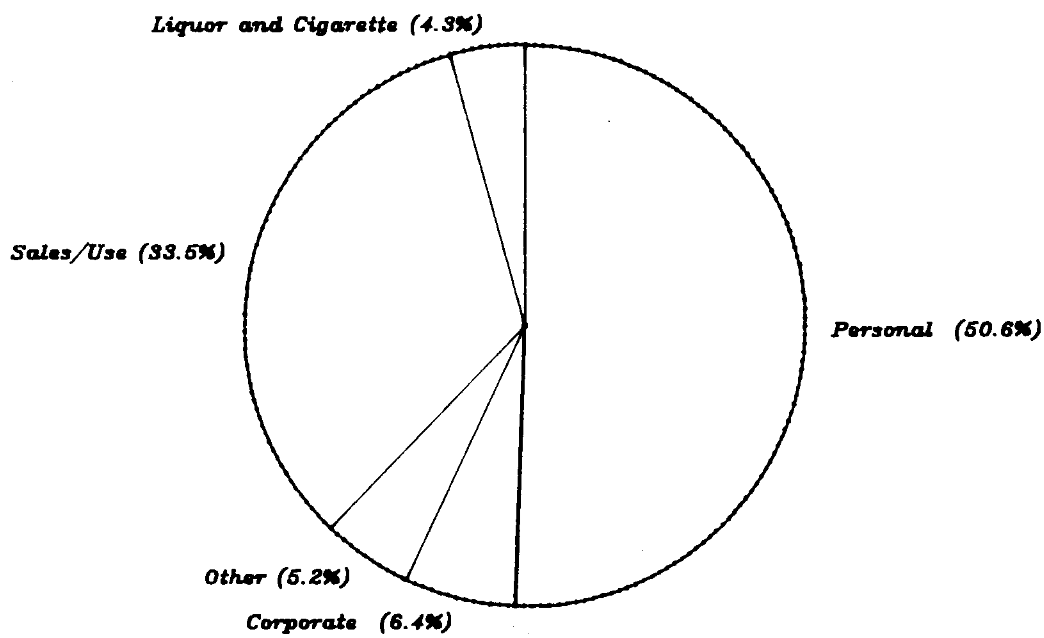

Table II compares 1978 and 1987 general fund tax receipts by source and depicts the amount and percentage each tax contributed to the general fund. Personal income and sales and use taxes accounted for approximately 80.9 percent of the 1987 general fund receipts.

General fund tax receipts have increased approximately 97.6 percent since 1978. There has been a dramatic increase in the importance of personal income taxes as the major source of support for the general fund -- over 48 percent of general fund revenue in FY 1986 and 50.6 percent in FY 1987. Taxes that have a smaller percentage contribution to the total general fund revenue in 1987 than in 1978 are cigarette, corporate income, liquor, sales and use, pari-mutuel racing, and the total of inheritance and estate taxes. The insurance premiums tax contribution to the general fund has also increased in importance compared to ten years earlier.

Table II

TAX RECEIPTS FOR STATE GENERAL FUND
Comparison of FY 1978 and FY 1987
($ in Millions)

Tax	Fiscal 1978	Percent of 1978 Total	Fiscal 1987	Percent of 1987 Total
Cigarette	$48.6	4.5%	$66.1	3.1%
Tobacco	--	--	2.7	0.1
Estate (Gift)				
I. Estate	--	--	18.6	0.9
II. Inheritance	21.2	2.0	0.1	--
III. Gift	1.3	0.1	0.0*	--
Income				
I. Corporate	89.3	8.3	136.7	6.4
II. Personal	442.7	40.9	1,081.9	50.6
Insurance Premiums	31.1	2.9	84.1	3.9
Liquor	16.3	1.5	23.6	1.1
Pari-Mutuel Racing	7.7	0.7	9.0	0.4
Sales and Use				
I. Sales	387.2	35.8	648.3	30.3
II. Use	37.6	3.5	68.6	3.2
TOTAL	$1,083.0	100.0%	$2,139.7	100.0%

Less than $100,000 revenue collections

(Sources: Division of Accounts and Control and Department of Revenue)

Tax Collections History

Table III on the following page provides a historical perspective of collection figures for each tax source from FY 1978 to 1987. Sales tax collections were the major source of state revenues until FY 1982. Sales tax collections peaked in FY 1984 at $731.4 million with the imposition of a temporary 1/2 cent increase and have decreased since expiration of the temporary increase.

Corporate income tax collections have been sporadic with a low of $66.5 million in FY 1983 and a high of $136.7 million in FY 1987. Individual income tax receipts have increased in nine of the last ten years; the one decrease occurred from FY 1979 to FY 1980. Individual income tax receipts have contributed the largest percentage to the state general fund since FY 1982.

Motor fuel taxes increased $93.2 million for FY 1987 over FY 1986 due to a tax rate increase.

Table III

ACTUAL NET STATE REVENUES BY TAX SOURCE FY 1978 THROUGH 1987
($ in Millions)

Tax Source	1978	1979	1980	1981	1982	1983	1984	1985	1986	1987
Sales	$387.2	$458.9	$482.7	$485.8	$541.6	$565.1	$731.9	$673.8	$662.9	$648.3
Use	37.6	47.1	53.3	54.4	74.1	66.1	66.8	73.0	76.1	68.6
Cigarette	48.6	33.3	34.8	37.0	37.2	36.7	47.4	52.3	50.9	66.1
Tobacco	--	--	--	--	--	--	--	--	--	2.7
Other	3.3	3.7	4.1	3.1	2.0	2.0	2.1	1.9	1.9	1.9
Income										
Individual	442.7	480.6	465.6	479.4	621.0	703.3	796.4	921.7	973.2	1,081.9
Corporate	89.3	115.8	117.4	84.8	88.8	66.5	94.1	78.8	124.4	136.7
Insurance	31.1	35.7	40.0	41.6	47.9	51.6	56.6	64.7	75.0	84.1
Pari-Mutuel	7.7	8.0	8.2	8.8	9.5	8.4	8.6	7.7	8.5	9.0
Inheritance	21.2	22.8	24.1	2.0	1.6	0.3	0.1	0.1	0.1	0.0
Estate	--	--	0.0	4.9	11.0	8.5	10.3	13.8	13.5	18.6
Gift	1.3	1.3	1.1	0.4	0.2	0.0	0.0	0.0	0.0	0.0
Gross Ton-Mile/ Passenger-Mile	20.3	21.8	23.0	24.6	24.3	23.7	28.6	30.2	30.8	31.7
Spirituous Liq.	14.6	16.1	15.3	15.5	16.0	15.4	15.7	15.4	14.4	13.8
Wine	1.7	2.0	2.0	2.1	2.3	2.4	2.5	2.6	2.7	2.6
Beer										
3.2% or Less	1.0	1.1	1.1	1.2	1.2	1.2	1.1	1.1	1.1	1.1
More Than 3.2%	4.6	5.1	5.2	5.3	5.8	5.6	5.7	5.7	5.6	5.7
Lottery	--	--	--	--	--	41.7	40.7	32.0	29.2	35.0
Motor Fuel	107.5	114.8	113.5	108.3	138.9	142.8	188.4	186.5	197.9	291.1
Severance	6.6	18.7	23.1	31.6	48.7	26.3	28.8	23.8	28.4	11.6
Tourism Tax	--	--	--	--	--	0.0	2.9	3.3	3.6	3.9
Unemployment Insurance	83.9	81.3	67.9	61.5	86.9	122.6	247.3	264.4	251.7	227.3

1/ Sources: Division of Accounts and Control (sales through pari-mutuel), Department of Revenue (inheritance through tourism), Department of Highways (GTM and motor fuel), and Department of Labor and Employment (unemployment insurance).

Fund Transfers

Due to revenue shortfalls, the General Assembly has, since 1982, adopted a series of budget transfers to meet the constitutional provision requiring a balanced budget. The following is a summary of those transfers. Footnotes are on the following page.

FUND TRANSFERS USED AS STATE BUDGET BALANCING MEASURES -- 1982 TO 1987
($ in Millions)

Fiscal Year	Fund Name	Amount Transferred	Amount Repaid	Date Repaid	Fund or Agency Receiving Money
1982	Special Reserve	$30.0 1/	$30.0 1/	7-01-82	Public School
1983	Special Reserve	51.0 1/	51.0 1/	7-01-83	Public School
	Severance Tax	49.9	2/	6-30-86	Fiscal Emergency
	CWCBCF*	24.6	31.1	6-30-85	Fiscal Emergency
	HUTF**	15.9	17.9	6-30-85	Fiscal Emergency
	Lottery	12.5	13.3	6-30-85	Fiscal Emergency
1984	Dept. of State Cash Fund	1.5			General Fund
	Severance Tax	14.5	2/	6-30-86	Cap. Const.
	Fire and Police Pension (FPPF)	6.0			GF transfer was not made
1985	Severance Tax	11.1	2/	9-01-86	Cap. Const.
		3.0 3/			CATI***
	Dept. of State Cash Fund	1.0			General Fund
1986	Severance Tax		2/		Cap. Const.
	CWCBCF	20.0	4/	6-30-87	Cap. Const.
1987	Fire and Police Pension	20.0			No GF transfer in FY 1987 (Transfer in subsequent years changed from April 30 to Sept. 30)
	Severance Tax	19.7			General Fund
1988	General Fund	19.7 5/			Payment in FY 88 to Severance Tax
	Fire and Police Pension	14.5 6/			Payment to FPPF on 9/30/88 will be $5.5 M
	Severance Tax	8.0 7/			

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

1/ These funds represent a delay in payment to school districts of moneys from the public school fund. Payments to the public school fund (and school districts) from the special reserve fund (section 24-75-201.1, C.R.S.) were delayed at the end of FY 1982 to the beginning of FY 1983 and from the end of FY 1983 to the beginning of FY 1984.

2/ The amount of money borrowed from the severance tax fund from 1983 to 1986 equaled about $75.5 million. H.B. 1010, 1986 session, delayed $30 million of the transfer until September 1, 1986. In H.B. 1375, 1985 session, the General Assembly transferred the amount which constituted the repayment ($74.8 million) to the capital construction fund with no provision for repaying the severance tax fund (Laws of 1985, p. 1269).

3/ These funds were appropriated to Colorado Advanced Technology Institute and are to remain available until June 30, 1988. The funds may not be expended until the decision is made to construct the superconducting supercollider accelerator in Colorado.

4/ S.B. 196, 1987 session, provides that all but $5.0 million is to be repaid by the end of FY 1986-87 and the remaining $5.0 million is to be repaid in FY 1987-88.

5/ Repayment of the severance tax trust fund in FY 1988 is to include interest payment on the amount borrowed in FY 1987 (S.B. 196, 1987 session).

6/ H.B. 1353 reduces the general fund transfer to the fire and police pension to $5.5 million for FY 1988.

7/ H.B. 1353 requires a diversion of an estimated $8 million in gross receipts from the severance tax trust fund to the general fund for FY 1988.

SOURCES: State Treasurer, Water Conservation Board, the State Lottery Commission, and Session Laws of Colorado since 1980.

II. OTHER MAJOR STATE FUNDS

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

Old Age Pension Fund

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

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

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

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

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

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

After satisfying the requirements of the OAPF, the stabilization fund, and the medical care fund, all remaining moneys are credited to the general fund. Listed on the following page are moneys credited to the OAPF by source, moneys used by OAPF requirements, and the total remaining that was credited to the general fund in FY 1987 as reported by the Department of Social Services.

OAPF Obligations -- FY 1987

Tax Source	Total Collections	Funds: OAPF and Stabilization	Medical	Balance to General Fund
Sales	$648,308,000			
Use	68,781,000			
Liquor	23,172,000			
Cigarette	64,484,000			
Others	+ 1,954,000			
Total	$806,699,000	$40,367,000	$10,000,000	$756,332,000

Highway Users Tax Fund

Constitutional and statutory citations. The highway users tax fund (HUTF) was created by Article X, section 18 of the Colorado Constitution. Statutory sections relevant to the HUTF are 39-26-123, 43-2-116, 43-2-129, and 43-4-201 through 43-4-216, C.R.S.

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

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

Revenue sources.

	FY 1986-87 Receipts ($ in Millions)
Basic Fund:	
7 cent motor fuel tax	$113.6
Gross ton-mile and passenger-mile tax	31.8
Motor vehicle registrations	30.8
Motor vehicle penalty assessment	4.5
Miscellaneous	13.5
Interest	1.5
Basic Fund Total	$195.7
Sales and use taxes (see page 54)	$ 40.0
Additional fuel tax (includes bridge fund)	177.5
Subtotal	217.5
Total HUTF	$413.2

Disbursements:	Expenditures
Deductions (see page 45)	$ 65.7
State share	204.8
County share	89.6
City share	53.1
Total	$413.2

(Source: Department of Highways)

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

FY 1988 -- 75 percent to the state highway fund
-- 15 percent to counties
-- 10 percent to municipalities

FY 1989 -- $20 million to the state highway fund
-- $ 6 million to the counties
-- $ 4 million to the municipalities

FY 1990 and
FY 1991 -- $ 6 million to the counties
-- $ 4 million to the municipalities

Water Conservation Board Construction Fund

This fund was created by section 37-60-121, C.R.S., and is managed by the Colorado Water Conservation Board. The General Assembly allocates money to the construction fund to finance water projects that are of statewide concern. The fund also receives money from charges imposed by the board for contracts entered into for the use of construction fund moneys and 10 percent of federal mineral lease revenues. House Bill 1158, 1987 session, appropriated $15 million for FYs 1990 and 1991 and $20 million for FY 1991. The money is to be distributed 50 percent to the fish and wildlife resources account, 25 percent to the fund, and 25 percent to the Colorado water resources and power development authority.

The 1987 act also appropriated $5 million for FY 1989 to the water rights final settlement fund which provides tribal development funds for the Southern Ute Indian and Ute Mountain Ute Indian tribes. In 1987, the General Assembly authorized $22.3 million for continuing projects and $13.7 million in new projects (S.B. 15).

Capital Construction Fund

The capital construction fund (CCF) was created by section 24-75-302, C.R.S., to finance the state's capital construction needs. The moneys for the fund are appropriated by the General Assembly from the general fund and the CCF automatically receives 50 percent of the net lottery proceeds. House Bill 1355, 1987 session, appropriated $15 million to the fund for FY 1989 and 1990 and $25 million for FY 1991.

Beginning with FY 1986 and each year thereafter, 75 percent of general fund revenues in excess of general fund appropriations and the required reserve are to be transferred to the CCF (24-75-201.1 (1) (c) (I), C.R.S.). For FY 1988, Senate Bill 196 requires the transfer to CCF of 75 percent of revenues after appropriations, retention of the required reserve, and restoration of the Colorado water conservation board trust fund and severance tax trust fund. Recommendations for capital construction expenditures are submitted by the Capital Development Committee and the Governor.

TOTAL CAPITAL CONSTRUCTION APPROPRIATIONS
FY 1979 to FY 1988
($ in Millions)

Fiscal Year	Total Capital Construction	Percent of Total General Fund
1979	$13.3	1.2%
1980	30.4	2.6
1981	35.2	2.8
1982	20.0	1.5
1983	8.0	0.5
1984 1/	22.7	1.3
1985	36.4	2.0
1986	101.3 2/	5.4
1987	40.6	2.0 (est)
1988*	50.3	2.4 (est)
Ten-Year Total	$358.1	
Ten-Year Average	$ 35.8	2.17%

1/ Appropriations from FY 1984 to present include state lottery funds

2/ Includes the transfer of $74.8 million from the severance tax trust fund (H.B. 1375, 1985 session)

* Contains no supplemental appropriations

Severance Tax Trust Fund

The severance tax trust fund, section 39-29-109, C.R.S., is a permanent fund held in trust as a replacement for depleted natural resources and for the development and conservation of the state's water resources. Fifty percent of the severance taxes are credited to the state severance tax fund and 50 percent to the local government severance tax fund. However, income from investment of the state trust fund is credited to the state general fund. According to the Department of Local Affairs, about $15.7 million of severance tax trust fund and mineral lease fund moneys were awarded statewide to various public projects.

Local Government Severance Tax Fund

The local government severance tax fund was created by section 39-29-110, C.R.S. Fifty percent of the severance taxes are credited to the state severance tax fund and 50 percent to the local government severance tax fund. Of the 50 percent local share, 15 percent is distributed to counties or municipalities based on the proportion of employees of natural resource industries residing in their incorporated and unincorporated areas. The Department of Local Affairs distributes the remaining 35 percent to local governments impacted by the development of natural resources.

Mineral Lease Fund

The mineral lease fund was established by Title 34, Article 63, C.R.S. The fund is the depository of moneys received by the state from the United States for Colorado's share of sales, bonuses, royalties, and rentals of public lands within the state. Public schools and political subdivisions impacted by energy development have priority use of the fund. Distributions for calendar year 1986 totaled $43,091,912. The distribution formula and the amount distributed to each entity in 1986 are listed on page 14.

MINERAL LEASE FUND DISTRIBUTION FORMULA AND 1986 DISTRIBUTIONS
($ in Millions)

First cut

-- 50 percent to counties from which the funds were derived with a maximum of $200,000 per county -- ($3.2)
-- 25 percent to public school fund -- ($10.8)
-- 15 percent to the local government mineral impact fund -- ($6.5)
-- 10 percent to Colorado water conservation board trust fund -- ($4.3)

Distribution of funds from counties whose 50 percent share exceeded $200,000 -- ($18.4)

-- $10.1 million to public school fund -- ($10.1)

Balance of county excess after deposits to school fund -- ($8.3)

-- counties who contributed to the excess receive up to $800,000 of the remaining funds -- ($3.6)
  -- school districts receive 25 percent -- ($1.7)
  -- towns receive 37.5 percent of county funds -- ($1.2)

Funds from counties whose 50 percent share exceeded $800,000 -- ($4.7)

-- 50 percent to state school fund -- ($2.4)
-- 50 percent to DLA -- ($2.4)
  -- counties whose 50 percent share exceeded $800,000 get 25 percent of the DLA's 50 percent -- ($.6)

Conservation Trust Fund

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

Public School Fund

The public school fund was created by Article IX, section 3 of the Colorado Constitution. The statutory provisions relating to the investment and use of the fund are contained in Article 41, Title 22, C.R.S. The school fund consists of the proceeds of such lands granted to the state by the federal government for educational purposes, all estates that may escheat to the state, 25 percent of mineral lease moneys, and grants, gifts, or other devices made to the state for educational purposes. No part of the fund may be transferred to any other fund. The fund itself is inviolate; only the interest from the fund may be expended and only for the maintenance of the state's schools.

Fire and Police Members' Benefit Fund

The General Assembly established the fire and police members' benefit fund in 1979 to establish an actuarially sound statewide retirement system for all firemen and policemen hired after April 8, 1978, and to provide for the actuarial funding of all the existing pension systems (section 31-30-1012, C.R.S.). Contributions to the fund are from made by local government employers, employees, and from the state's insurance premiums tax revenues. From 1979 through 1986, the state made annual contributions of roughly $21 million to assist local governments. State contributions are to terminate when the fund is determined to be actuarially sound.

The annual contributions for these years were distributed as follows:

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

-- Approximately $6 million, which decreases 10 percent per year until local governments assume full funding in 1994, to the death and disability fund;

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

In 1987, the General Assembly moved the date on which the state makes its annual contribution to the fund from April 30 to September 30 (S.B. 196). This change, in effect, negated the FY 1987 payment. In addition, Senate Bill 243 decreased the FY 1988 payment to $5.5 million.

III. STATE TAXES

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

This information was obtained from the Colorado Revised Statutes, (C.R.S.), and the Session Laws of Colorado, 1877 through 1987. The revenue collection figures are from the annual reports of the Department of Revenue and the Division of Accounts and Control unless otherwise noted. Information on taxes in other states and federal taxes was obtained from the Commerce Clearing House State Tax Guide and Federal Tax Guide.

Cigarette Tax

Enacted: 1964

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

Tax Base: Cigarettes, imposed at the wholesale level.

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

Administration and Collection: The Department of Revenue is responsible for administering the cigarette tax. The tax is imposed on wholesalers, and payment of the tax is evidenced by stamps affixed to cigarette packages or by a metered imprint. Metering machines are inspected, read, and set once a month. At the time of inspection the metering machine is set to a number requested by the wholesaler. The amount of tax is determined based on the setting, less the discount of four percent of the face value of stamps. Payment is due on or before the twentieth day following the setting of the metering machine. Wholesalers purchasing stamps must pay the tax on or before the twentieth day following purchase to receive the four percent discount.

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

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

Disposition of Revenue: Article XXIV of the Colorado Constitution creates the old age pension fund (OAPF) and provides for the funding of its basic requirements from excise taxes, retail business license fees, alcoholic beverage taxes, inheritance tax fees, incorporation fees and other money the General Assembly may allocate. Funds remaining after meeting the basic requirements of the OAPF are then credited to the general fund.

Since July 1, 1973, local governments have been entitled to a share in the proceeds of the state cigarette tax. In order to qualify for these moneys, local governments are prohibited from imposing fees, licenses, or taxes on any person as a condition for engaging in the sale of cigarettes, and they are prohibited from taxing cigarettes. Beginning July 1, 1987, local governments will be apportioned an amount equal to 27 percent of the proceeds from the entire twenty-cent tax. The funds are distributed to cities and towns in proportion to the amount of state sales tax collected in a jurisdiction relative to all state sales taxes collected. Funds are distributed to counties based on the percentage that collections in the unincorporated area of the county bear to sales tax revenues statewide. Distributions to local governments are made monthly.

Distribution of Cigarette Tax Revenues
($ in Millions)

Fiscal Year	State Share	City and County Share
1981	$19.4	$17.7
1982	19.2	18.0
1983	18.9	17.8
1984	29.9	17.6
1985	35.2	17.0
1986	34.3	16.6
1987	50.4	15.7

Collections:

Cigarette Tax Receipts
($ in Millions)

Fiscal Year	Collections	Percent Change	Fiscal Year	Collections	Percent Change
1977	$33.2		1982	$37.2	0.5%
1978	48.6	46.4%	1983	36.7	- 1.3
1979	33.4	-31.3	1984	47.4	29.2
1980	34.8	4.2	1985	52.3	10.3
1981	37.0	6.3	1986	50.9	- 2.7
			1987	66.1	29.9

(Source: Accounts and Control for both tables.)

Other States: Cigarette taxes are imposed in all 50 states. The tax ranges from two cents per pack in North Carolina to 38 cents per pack in Minnesota. Hawaii's tax rate is 40 percent of the wholesale price. The national average, excluding Hawaii, is approximately 17.7 cents per pack. Tax rates for neighboring states are as follows.

approximately 17.7 cents per pack. Tax rates for neighboring states are as follows.

State	Rate per Pack of 20 Cigarettes
Arizona	15 cents
Kansas	24 cents
Nebraska	27 cents
New Mexico	15 cents
Oklahoma	23 cents
Utah	23 cents
Wyoming	8 cents

Federal Tax:

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

Estate and Gift Taxes

I. Estate Tax

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

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

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

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

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

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

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

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

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

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

Administration: Department of Revenue

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

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

Disposition of Revenue: After requirements of the old age pension fund have been satisfied, the remainder is credited to the general fund (see page 9).

Collections:

Inheritance and Estate Tax Receipts

Year	Inheritance Tax	Estate Tax	Total	Percent Change
1977	$19.2	$0	$19.2	
1978	21.2	0	21.2	10.7%
1979	22.8	0	22.8	7.5
1980	24.1	.01	24.1	5.6
1981	2.0	4.9	6.9	-71.0
1982	1.6	10.9	12.6	79.7
1983	.3	8.5	8.8	-29.9
1984	.06	10.3	10.3	17.2
1985	.05	13.8	13.8	34.2
1986	.04	13.5	13.5	- 2.4
1987	.1	18.6	18.7	38.4

(Source: Department of Revenue.)

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

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

II. Gift Tax

Enacted: 1937

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

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

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

Low and High Tax Ranges for Gift Taxes

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

Administration: Department of Revenue

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

Disposition of Revenue: General fund

Collections:

Gift Tax Receipts
($ in Millions)

Fiscal Year	Revenue	Fiscal Year	Revenue
1977	$4.8	1982	$.2
1978	1.3	1983	.04
1979	1.3	1984	.002
1980	1.1	1985	.002
1981	.4	1986	.003
		1987	.019

(Source: Department of Revenue.)

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

Gross Ton-Mile Tax

Enacted: 1927

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

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

Present Rate:

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

2) 2 mills (.2 of one cent) upon each gross ton-mile of cargo weight.

Exemptions:

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

Exempted vehicles must still pay an annual registration fee.

Administration: Department of Revenue

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

History of Tax Rates:

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

Disposition of Revenue: GTM taxes are credited to the highway users tax fund.

Collections:

Gross Ton-Mile Tax Receipts
($ in Millions)

Fiscal Year	Collections	Percent Change	Fiscal Year	Collections	Percent Change
1977	$18.9		1982	$24.6	- 1.1%
1978	20.3	7.3%	1983	23.7	- 2.5
1979	21.8	7.1	1984	28.6	20.4
1980	22.9	5.4	1985	30.2	5.8
1981	24.6	7.1	1986	30.8	2.0
			1987	31.7	2.9

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

Other States: Most states, in addition to registration fees on contract carriers through the purchase of a certificate of convenience and necessity, impose a gross receipts tax on income received from within a state, a ton-mile or passenger-mile tax, or flat rate privilege tax based on the weight or carrying capacity of the vehicle. Most states require either the purchase of a certificate of convenience and necessity or payment of a flat rate privilege tax. Kansas, Nebraska, Oklahoma, and Utah impose flat fees on contract carriers. Arizona, New Mexico, and Wyoming impose carrier taxes based on miles traveled and vehicle weight.

Income Taxes

I. Corporate

Enacted: 1937

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

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

Present Rate:

Tax Years Beginning After July 1, 1986 but Before July 1, 1987

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

Tax Years Beginning After July 1, 1987 But Before July 1, 1988

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

Tax Years Beginning After July 1, 1988 But Before July 1, 1989

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

For tax years beginning July 1, 1989, the tax rate on income of $50,000 or less is set at five percent (5%). Beginning July 1, 1990, a rate of 5.4 percent will apply to income in excess of $50,000. Each year thereafter, the rate will decrease one tenth of one percent (.1%) until July 1, 1993, when the tax rate is to remain at 5.0 percent on all income.

History of Tax Rates:

Tax Years Beginning After January 1

1937	1947	1951-1956	1957	1958-1980
4%	5%	5% with 20% credit	5% with 15% credit (one year only)	5%

Tax Years Beginning After January 1, 1981

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

Tax Years Beginning After January 1, 1982

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

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

Rate -- Flat 5% on taxable income

Determination of Corporate Income: Prior to 1985, Colorado employed the unitary method of computing corporate income (H.B. 1010, 1985 session). Under this method, corporate income from all sources was considered in the determination of taxable income. As amended in 1985, Colorado excludes income from foreign sources of corporations doing business in Colorado if 80 percent or more of the corporation's property and payroll is located outside the United States.

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

The actual determination of taxable income in Colorado closely follows federal corporate taxable income. There are, however, several additions, credits, deductions, and modifications that may change the final income figure and the taxes paid. The major corporate tax credits, and their corresponding reduction in tax liability, are listed below. However, these credits, except the investment tax credit (ITC), applied to specific years and have expired. These credits are still being claimed because of carry forward provisions in the law. The credits listed below will decline in the future.

House Bill 1331, 1987 session, adopted the definitions for property qualifying for the investment tax credit (ITC) from federal tax law before federal tax reform. The bill also allows taxpayers to continue to claim a ten percent (10%) ITC beginning January 1, 1988 for property used in Colorado. The credit may not exceed $1,000 for any tax year.

Credits		Credit Taken 1985-86 (millions)
Investment tax credit		$ 13.5
New business facilities tax credit		1.4
Commercial energy tax credit		.3
Inventory property tax credit		.4
	Total	$ 15.6

Administration: Department of Revenue

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

Disposition of Revenue: A small portion (1.3% in FY 1987) of all income taxes are apportioned to cities and towns and to unincorporated areas as a method to distribute a share of cigarette taxes (39-22-623, C.R.S.). In addition, House Bill 1350 transfers about 3.3 percent of all income taxes to the highway users tax fund for FY 1988 (see highway users tax fund page 10). The remainder is credited to the state general fund.

Collections:

Corporate Income Tax Receipts
($ in Millions)

Fiscal Year	Collections	Percent Change	Fiscal Year	Collections	Percent Change
1977	$80.0		1982	$88.8	4.7%
1978	89.3	11.6%	1983	66.5	-25.1
1979	115.8	29.7	1984	94.1	41.5
1980	117.4	1.4	1985	78.8	-16.3
1981	84.8	-27.8	1986	124.4	57.8
			1987	136.7	9.8

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

State	Flat or Graduated Rate	Number of Taxable Classes	Tax is Based On	Range of Rates
Arizona	Graduated	7	FTI *	2.5% to 10.57%
Kansas	Flat	1	FTI	4.5
Nebraska	Graduated	2	FTI	4.75 to 6.65
New Mexico	Graduated	3	FTI	4.8 to 7.6
Oklahoma	Flat	1	FTI	5.0
Utah	Flat	1	GI** less deductions	5.0
Wyoming	No income tax	--	--	--

* Federal Taxable Income
** Gross Income

Federal Tax: Prior to the passage of the Federal Tax Reform Act of 1986, the federal corporate tax rate followed the graduated rates listed on page 32.

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

New federal corporate tax rates were fully effective on July 1, 1987. Corporations whose tax year includes this date must prorate their tax allowing the use of lower rates after July 1, 1987. The old rates (15 through 46 percent) were reduced to three rates using the following schedule:

Taxable Income	Rate (graduated)
First $50,000	15%
Over $50,000 to $75,000	25
Over $75,000 to $100,000	34
Over $100,000	5% surtax up to maximum of $11,750 to phase out graduated rate benefits

Income Tax

II. Personal

Enacted: 1937

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

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

Tax Base: The Colorado personal income tax follows federal law to arrive at an individual's filing status and federal taxable income (which is the basis for calculating Colorado tax liability). Federal taxable income includes the federal personal exemption ($1,900) and standard deduction ($2,540 single and $3,760 married). Colorado taxable income is determined by adding or subtracting the following modifications from the federal taxable income.

Additions	Subtractions
Federal net operating loss carryover	Pension, annuity, and self retirement income exclusion
Lump-sum distribution deducted from income at federal level	Military retirement income exclusion
Interest income of out of state municipal bonds or other state's bonds	State income tax refund reported on federal return
	Federal bond interest
	Gain or loss resulting from sale of property having a higher Colorado basis than federal
	Net operating loss deduction carried over from a taxable year prior to January 1, 1987

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

Present Rate: Five percent (5%) "flat tax"

Alternative minimum tax. In addition to the five percent flat tax, an alternative minimum tax (AMT) is imposed at a rate of three and seventy-five one hundredths percent (3.75%). The AMT is imposed on the federal alternative minimum taxable income after applying Colorado modifications.

Administration and Collection: Department of Revenue

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

History of Tax Changes:

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

1/ This was the effective tax rate for years when the one-half percent credit applied.
2/ Same tax brackets as 1963 adjusted yearly by the annual inflation factor (AIF).
3/ Tax rate of 5% on taxable income.
4/ 1959 -- All net income $10,000 and above was taxed at 9% and the income bracket of $11,000 and over was eliminated.

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

Disposition of Revenue: A small portion (1.3 percent in FY 1987) of income taxes are apportioned to cities and towns and to unincorporated areas as a method to distribute a share of cigarette taxes (39-22-623, C.R.S.). In addition, House Bill 1350 transfers about 3.3 percent to the highway users tax fund for FY 1988. (See highway users tax fund page 10). The remainder is credited to the general fund.

Collections:

Personal Income Tax Receipts
($ in Millions)

Fiscal Year	Revenues	Percent Change	Fiscal Year	Revenues	Percent Change
1977	$368.9		1982	$621.0	29.5%
1978	442.7	20.1%	1983	703.3	13.3
1979	480.6	8.6	1984	796.4	13.2
1980	465.6	- 3.1	1985	921.7	15.7
1981	479.4	3.0	1986	973.2	5.6
			1987	1,081.9	11.2

Other States: Nine states levy a flat income tax rate, and six states -- Florida, Nevada, South Dakota, Texas, Washington, and Wyoming -- do not levy a personal income tax. Thirty-five states use a graduated rate system. Neighboring states impose personal income taxes as summarized below.

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

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

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

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

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

Single return - First $17,850 -- 15% (graduated)
- Over $17,850 to $43,750 -- 28%

Joint return - First $29,750 -- 15%
- Over $29,750 to $71,900 -- 28%

- Above $43,750 (single) and $71,900 (joint) 5% surcharge

Insurance Premiums Tax

Enacted: 1913

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

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

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

Exemptions:

- -- fraternal and benevolent associations;
- -- mutual protective associations writing crop hail insurance on that portion of the premium designated to the loss fund;
- -- policies issued before 1959 by domestic insurance companies maintaining their principal place of business in this state and having 30 percent of its assets invested in county, city, town, district, or this state's bonds or warrants;
- -- premiums contracted for after December 31, 1968 on policies in connection with a pension, profit sharing, or annuity plan.

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

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

History of Rates:

1913	2.0%	All companies
	--	Companies with 50% or more of their assets in Colorado bonds or warrants were exempt
1949	2.0%	Surplus line insurance (insurance not otherwise available in Colorado purchased through licensed brokers from "unauthorized" insurance companies (e.g., Lloyds))
1959	2.25%	All companies

	1.0 %	Companies with 50% or more of their assets in Colorado bonds or warrants
1960	2.25%	All companies
	1.0	Companies with 30% or more of their assets in Colorado bonds or warrants
1969	2.25%	All companies
	1.0 %	Companies maintaining a home or regional office in the state
1972	1.0%	Captive insurance companies (wholly owned subsidiary companies that insure only the risks of the parent company)

Disposition of Revenue: Moneys are credited to the general fund, however, each year over $20 million of collections have been transferred to the fire and police members' benefit fund for firemen's and policemen's pension unfunded liability, for death and disability insurance, and for volunteer firemen. The FY 1987 fund transfer was not made and the amount transferred for FY 1988 was reduced to $5.5 million (S.B. 196 and S.B. 243, 1987 session). (See page 15 for fire and police members' benefit fund.)

Collections:

Insurance Premium Tax Receipts
($ in Millions)

Fiscal Year	Collections	Percent Change	Fiscal Year	Collections	Percent Change
1977	$27.8		1982	$47.9	15.1%
1978	31.0	11.5%	1983	51.6	7.7
1979	35.7	15.2	1984	56.6	9.7
1980	40.0	12.0	1985	64.7	14.3
1981	41.6	4.0	1986	75.0	15.9
			1987	84.1	12.1

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

Liquor Taxes

Enacted: 1935

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

Tax Base: The tax is imposed on the manufacturer or the first wholesaler within the state and applies to the following alcoholic beverages:

Fermented malt beverages -- any beverage obtained by the fermentation of barley, malt, hops, or similar product containing between 0.5 percent and 3.2 percent alcohol by weight that can be sold to persons 21 years old or older or who were 18 years of age on or before July 30, 1987 (H.B. 1320, 1987 session).

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

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

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

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

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

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

Present Rates:

Fermented malt beverage	--	8 cents per gallon
Malt liquors	--	8 cents per gallon
Vinous liquors	--	7.33 cents per liter
Limited winery	--	.7 cents per liter
Spiritous liquors	--	60.26 cents per liter

Administration and Collection: Department of Revenue

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

Exemptions:

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

History of Tax Rates:

Liquor Tax Rates in Colorado
(in cents)

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

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

Disposition of Revenue: After the requirements of the old age pension fund have been satisfied, the remainder is credited to the general fund (see page 9).

Collections:

Liquor Tax Receipts

Fiscal Year	Beer*	Wine	Spiritous Liquor	Total	Percent Change
1977	$5,204,218	$1,423,947	$12,301,862	$18,930,027	
1978	5,634,117	1,710,954	14,573,003	21,918,074	15.8%
1979	6,173,075	2,003,197	16,081,046	24,257,318	10.7
1980	6,224,503	1,998,067	15,274,115	23,496,685	-3.1
1981	6,516,359	2,054,645	15,447,147	24,018,151	2.2
1982	7,025,820	2,288,703	16,004,297	25,318,820	5.4
1983	6,777,128	2,356,358	15,361,303	24,494,789	-3.3
1984	6,807,206	2,448,959	15,645,375	24,901,540	1.7
1985	6,853,673	2,615,591	15,370,214	24,839,478	-0.2
1986	6,723,560	2,691,536	14,417,139	23,832,235	-0.1
1987	6,784,453	2,604,373	13,783,955	23,172,781	-2.8

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

Fiscal Year	Fermented Malt Beverage (3.2% or less)	Malt Liquor (more than 3.2%)
1977	$ 959,376	$4,244,842
1978	998,099	4,636,018
1979	1,074,073	5,099,002
1980	1,107,234	5,117,269
1981	1,201,185	5,315,174
1982	1,239,326	5,786,494
1983	1,200,248	5,576,880
1984	1,117,716	5,689,490
1985	1,119,471	5,734,202
1986	1,080,314	5,643,246
1987	1,049,616	5,734,837

(Source: Department of Revenue.)

Other States: The range of tax rates on alcoholic beverages varies greatly among the 50 states. The lowest tax on beer is about 1.9 cents per gallon. The lowest rate for distilled spirits is about 25 cents a liter. These rates do not include local taxes, licenses, surtaxes, additional taxes imposed or markup prices added by state control boards. Sixteen states have alcohol control boards. The alcohol beverage tax rates for Colorado's bordering states are listed below.

Liquor	Ariz.	Kan.	Neb.	N.Mex.	Okla.	Utah	Wyo.
Wort/liquid malt		$.20					
Beer 3.2% and less	$.16	.18	$.23	$.18		$.35	$.28
Beer over 3.2%	.16	.18	.23	.18	$.40	.35	.20
Wine 14% or less 1/ (per liter)	.22	.079	.197	.25	.165	13% 2/	.25
Wine over 14% 1/ (per liter)	1.05	.197	.355	.25	.328	13% 2/	.25
Wine - other 1/ (per liter)		.079 domestic table)	.013 (farm wineries)		.475 (sparkling)	13% 2/	.25
Spiritous liquor 1/ (per liter)	.79	.658	.763	1.04	1.31	13% 2/	.25
Other		clubs (10% of gross receipts)			mixed beverages (10% of retail value)		

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

Federal Tax:

Liquor Tax Rates

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

Lottery

Enacted: 1982

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

Collection Base: Sale of Colorado lottery tickets

Administration and Collection: State Lottery Division, Department of Revenue

Collection Period: Daily

Disposition of Revenue: Revenues from the lottery are credited to the lottery fund. At least 50 percent of the total revenue accruing from the sale of lottery tickets must be disbursed as prize money. All expenses of the division are paid from the lottery fund. After payment of prizes and the expenses of the division, net lottery collections are disbursed as follows:

- -- 40 percent of the proceeds are transferred to the conservation trust fund;
- -- 10 percent are appropriated by the General Assembly to the Division of Parks and Outdoor Recreation (DOPR); and
- -- 50 percent are appropriated for state capital construction.

Collections:

Lottery Receipts *
($ in Millions)

Fiscal Year	Collections*	Percent Change
1983	$41.7	--
1984	40.7	- 2.4%
1985	32.0	-21.4
1986	29.2	- 8.75
1987	35.0	19.9

• Receipts after distribution of prize moneys (50%). These funds are distributed to the conservation trust fund, Division of Parks and Outdoor Recreation, and state capital construction fund.

Distribution of net lottery collections (after payment of prizes and the division expenses) from FY 1983 to FY 1987 are as follows:

Fiscal Year	Conservation Trust Fund*	Division of Parks and Outdoor Recreation	State Capital Construction
1983	$ 16.7	$ 4.2	$ 20.8
1984	16.6	4.1	20.7
1985	12.8	3.2	16.0
1986	11.7	2.9	14.5
1987	14.0	3.5	17.5
TOTALS	$71.8	$17.9	$89.5

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

Other States: Lottery ballot proposals have passed in the following 28 states -- Kansas, Florida, Virginia, Montana, South Dakota, Washington, Oregon, California, Arizona, Colorado, Iowa, Illinois, Missouri, Michigan, Ohio, West Virginia, Maryland, Delaware, Pennsylvania, New Jersey, New York, Connecticut, Rhode Island, Massachusetts, Vermont, New Hampshire, Maine, and Idaho. Idaho's referendum was declared unconstitutional; the referendum will be resubmitted to the voters in 1988.

Motor-Fuel Taxes

I. Gasoline

Enacted: 1919

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

Tax Base: Tax is imposed on all gasoline and gasohol, except fuel used for aviation purposes.

Present Rate: Effective July 1, 1986: 18 cents per gallon on gasoline and 18 cents per gallon on gasohol. The tax increase is to expire on July 1, 1989 at which time the tax will be 12 cents for gasoline and 7 cents for gasohol. It should be noted that it is the intent of the General Assembly to modify or extend the tax increase after reviewing the results of a study concerning allocation of highway repair costs. Refunds are available to bulk purchasers for purposes other than in vehicles operating on state highways, e.g., agricultural use and stationary gas engines.

Administration and Collection: Department of Revenue

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

History of Tax Rates:

Fiscal Year	Gasoline	Gasohol	Fiscal Year	Gasoline	Gasohol
1919	1 cent		1967 1/	6 cents	
1923	2		1969	7	
1927	3		1978	7	2 cents
1929	4		1981	9	4
1947	6		1983	12	7
1966 1/	7		1986	18	18

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

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

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

Motor Fuel Tax Distribution

First 7 Cents (1969 law)	Additional Revenues (amendments in 1981, 1983, 1986)
A. "Off-the-top" deductions	A. "Off-the-top" bridge repair (16%)
B. Remaining funds 65% to state highway fund 26% to counties 9% to cities	B. Remaining funds 60% to state highway fund 22% to counties 18% to cities

Collections:

Motor Fuel Tax Receipts*
($ in Millions)

Fiscal Year	Collections	Percent Change	Fiscal Year	Collections	Percent Change
1977	$ 99.9		1982	$138.9	28.3%
1978	107.5	7.6%	1983	142.8	2.8
1979	114.8	6.8	1984	188.4	31.9
1980	113.5	- 1.1	1985	186.5	- 1.0
1981	108.3	- 4.6	1986	197.9	6.1
			1987	291.1	47.1

* Includes special fuel collections

(Source: Department of Highways)

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

State	Gasoline
Arizona	$.16
Kansas	.11
Nebraska	.179
New Mexico	.14
Oklahoma	.16
Utah	.19
Wyoming	.08

Georgia and Florida also impose sales taxes on motor fuels. Several states periodically adjust the tax rate in accordance with the wholesale or retail price. The average gasoline tax rate for the fifty states, excluding local taxes, sales taxes, inspection fees, or license fees is approximately 14.3 cents per gallon. Four states -- Oregon, Nevada, Connecticut, and Mississippi -- enacted legislation increasing their rates during 1988.

Thirty-three states impose the same state tax for diesel as for gasoline. Five states have lower rates for diesel than for gasoline -- Arkansas, Kentucky, Oklahoma, South Carolina, and Virginia.

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

Gasoline .... 9.1 cents per gallon
Gasohol .... 3 cents per gallon

Motor-Fuel Taxes

II. Special Fuels

Enacted: 1919

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

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

Present Rate: Effective July 1, 1986: 20.5 cents per gallon. The tax increase is to expire on July 1, 1989 at which time the tax will be 13 cents. It should be noted that it is the intent of the General Assembly to modify or extend the tax increase after reviewing the results of a study concerning allocation of highway repair costs. Persons who have obtained ton-mile tax permits pay taxes on the number of gallons of fuel used in the state multiplied by the tax rate per gallon. Refunds are available to bulk purchasers of special fuel for certain vehicles.

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

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

History of Tax Rates:

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

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

Disposition of Revenue: (See gasoline tax, page 45)

Exemptions:

- -- fuel used by farm vehicles on farms,
- -- fuel used by construction equipment within the area of a highway construction project,
- -- fuel used by the United States government, the state, and their political subdivisions, and
- -- fuel used by passenger cars weighing less than 10,000 pounds (In lieu of the tax such operators pay an annual license fee of $50.)

Collections: (See gasoline tax, page 46)

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

State	Special Fuel
Arizona	$.16
Kansas	.13
Nebraska	.179
New Mexico	.16
Oklahoma	.13
Utah	.19
Wyoming	.08

For additional information, see page 46.

Federal Tax: The federal tax on special fuels is listed below.

Diesel fuel ....15.1 cents per gallon
Special motor fuels (including alcohol fuels from petroleum) .... 9.1 cents per gallon
Alcohol fuels from natural gas .... 4.5 cents per gallon

Pari-Mutuel Racing

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

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

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

Present Rate and Distribution:

Type of Racing Operation	Rate		Distribution
Greyhound*	4.0%	On all wagers	General Fund
Horse Racing commercial year-round (no commercial year-round tracks currently operate)	4.0%	On all wagers	General Fund
	0.5%	On win, place, or show	Horse Breeders and Owners Awards and Supplemental Purse Fund
	3.5%	All other wagers	
Fair Circuit (operate at state and county fairs -- seven meets took place during 1987)	4.0%	On all wagers	General Fund
	5.5%	On win, place, or show and,	Horse Breeders and Owners Awards and Supplemental Purse Fund
	6.0%	On other wagers	
Nonprofit year-round (None currently exist)	1.0%	On all wagers or cash fee, whichever is greater	Racing Commission Cash Fund
	0.5%	On win, place, or show and,	Horse Breeders and Owners Awards and Supplemental Purse Fund
	3.5%	All other wagers	

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

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

Collection Period: Daily

History of Tax Rates:

Year	Other Than Horse Races (Greyhound)	Horse Races (Pari-Mutuel Tax Rates, based on handle)
1947	5%	5%
1949	5%	5%
1967	5%	3% of first $200,000 4% excess of $200,000 but not over $300,000 5% excess of $300,000 but not over $500,000 6% excess of $500,000
1969	5%	4% of first $200,000 5% excess of $200,000 but not to over $300,000 daily 6% in excess of $300,000 daily
1979	5%	3.75% commercial 4% nonprofit public fair
1981	4%	4% commercial 5.5% public nonprofit fair
1983	4%	4% commercial 9.5% public nonprofit fair 1.5% nonprofit year-round
1986	Present rate	Present rate, see page 50

Collections:

Pari-Mutuel Tax Receipts
($ in Millions)

Fiscal Year	Collections	Percent Change	Fiscal Year	Collections	Percent Change
1977	$6.5		1983	$9.5	8.0%
1978	7.7	18.5%	1983	8.4	-11.6
1979	8.0	3.9	1984	8.6	2.4
1980	8.2	2.5	1985	7.7	-10.5
1981	8.8	7.3	1986	8.5	10.3
			1987	9.0	5.8

1986 Revenue by Type of Racing*

Greyhound	$8,813,955
Horse Racing (non-profit year round)	none
Fair Circuit	$ 30,785

Other States: According to the Department of Commerce, **Statistical Abstract, 1987,** 30 states impose a tax on pari-mutuel betting. For regional states, the tax is imposed as listed below. Utah and Wyoming do not allow pari-mutuel wagering. Texas and Kansas adopted a 1986 general election referendum allowing pari-mutuel wagering.

Arizona........ 2% if handle does not exceed $100,000
4% on first $100,000
7% of excess over $100,000

Kansas......... Tax may not be less than 3% or more than 6% of total money wagered each day.
Horse race track
3/18 of daily handle
Greyhound race track
3/18 of daily handle 1st 4 years
4/18 of daily handle 5th year
5/18 of daily handle 6th and succeeding years
Dual race track
-- greyhounds
3/10 of daily handle 1st 7 years
4/18 of daily handle 8th and 9th year
5/18 of daily handle 10th and subsequent years
-- horses
3/18 of daily handle

Nebraska....... State Fair meets: 4% on excess over $7,000,000
All other meets:
4% if the average daily handle is less than 95% of the 1985 average daily handle
4.5% if the average daily handle is between 95 and 100% of the 1985 average daily handle
5% if the average daily handle exceeds 100% of the 1985 average daily handle

New Mexico..... 2.0% up to $250,000
2.5% over $250,000 to $350,000
3.5% over $350,000 to $400,000
4.0% over $400,000

Oklahoma....... 6%

Passenger-Mile Tax

Enacted: 1927

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

Tax Base: Passenger miles traveled by passenger buses

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

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

Administration and Collection: Department of Revenue

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

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

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

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

Other States: For additional information, see the gross ton-mile tax page 26.

Sales and Use Taxes

I. Sales Tax

Enacted: 1935

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

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

Present Rate: The state rate is 3 percent on taxable sales. Local governments may impose, with voter approval, additional taxes as long as the combined city, county, and state rate does not exceed 7 percent. However, the 7 percent limitation cannot prohibit a county from levying a 1 percent tax. (See pages 86 to 90 for further discussion of local sales taxes.)

Administration and Collection: The Department of Revenue administers all state sales taxes collected by merchants. The department also administers sales taxes for 154 municipalities, 31 counties, and the Regional Transportation District. There are 35 home rule cities that collect and administer their own sales tax.

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

History of Tax Rates:

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

Disposition of Revenue: After the requirements of the old age pension fund have been satisfied, the remainder is credited to the general fund (see page 9).

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

Exemptions

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

-- cigarettes;
-- all commodities subject to use taxes;
-- special fuel defined as diesel, kerosene, liquified petroleum gases, and natural gas;
-- lubricating oil used other than in motor vehicles;
-- gasoline;
-- drugs dispensed by prescription;
-- insulin dispensed by a physician;
-- glucose used for treatment in insulin reactions;
-- urine and blood testing kits;
-- insulin measuring and injecting devices including hypodermic syringes and needles;
-- prosthetic devices;
-- wheelchairs and hospital beds;
-- corrective eye glasses, contact lenses or hearing aids;
-- therapeutic devices or appliances which are used to treat or correct a disability or when recommended by a doctor;
-- sales to the federal government, the state of Colorado, and its political subdivisions;
-- sales to charitable organizations;
-- sales to nonprofit schools;
-- construction and building materials for use in building, altering or repairing structures used by the federal government, the state of Colorado or political subdivisions thereof, charitable organizations, and public schools;
-- division of partnership assets according to their interest in the partnership;
-- transfer of assets to a corporation in exchange for the corporation's outstanding stock;
-- assets of shareholders or dissolution of professional corporations;
-- distribution of a corporation's assets to its stockholders;
-- transfer of assets from a parent corporation to a subsidiary;
-- transfer of assets from a subsidiary to a parent corporation when the parent corporations owns at least 80 percent of the subsidiary;
-- transfer of partnership interest;
-- transfer of reorganization;
-- transfer of assets to a partnership for interest in the partnership;
-- repossession of property by a chattel mortgage holder or foreclosure;
-- transfer of assets between parent and subsidiary which are owned by the same shareholders;
-- beginning January 1, 1988, purchases of machinery or machine tools in excess of $1,000;
-- beginning January 1, 1988, purchases of machinery or machine tools by a person engaged in manufacturing and to be used solely

in an enterprise zone, regardless of the amount;

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

Collections:

Sales Tax Receipts
($ in Millions)

Fiscal Year	Collections	Percent Change	Fiscal Year	Collections	Percent Change
1977	$325.5		1982	$541.6	11.5%
1978	387.2	19.0%	1983	565.1*	4.3
1979	458.9	18.5	1984	731.9*	29.5
1980	482.7	5.2	1985	673.8*	-7.9
1981	485.8	0.6	1986	662.9	-1.6
			1987	648.3	-2.2

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

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

Sales Tax Rates and Major
Exemptions in Neighboring States

State	Sales Tax Rate	Use Tax Rate	Local Taxes	Food Exemption	Drugs Exemption
Arizona	5.0%		Yes	Yes	Yes
Kansas	4.0		Yes	No	Yes
Nebraska	4.0	Same	Yes	Yes	Yes
New Mexico	4.75	as	Yes	No	No
Oklahoma	4.0	sales	Yes	No	Yes
Utah	5 3/32	tax	Yes	No	Yes
Wyoming	3.0		Yes	No	Yes

II. Use Tax

Enacted: 1937

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

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

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

Administration and Collection: Department of Revenue

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

History of Tax Rates:

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

Disposition of Revenue: After the requirements of the old age pension fund have been satisfied, the remainder is credited to the general fund (see page 9).

Exemptions: Items exempt from state sales tax are also exempt from the state use tax (see sales tax exemptions, on page 55).

Collections:

Use Tax Receipts
($ in Millions)

Fiscal Year	Use Tax Collections	Net Percent Change	Fiscal Year	Use Tax Collections	Net Percent Change
1977	$34.1		1982	$74.1	36.2%
1978	37.6	10.3%	1983	66.1*	-10.8
1979	47.1	25.3	1984	66.8*	1.1
1980	53.3	13.2	1985	73.0*	9.3
1981	54.4	2.1	1986	76.1	4.2
			1987	68.6	-9.9

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

Other States: See the sales tax discussion on page 57.

Severance Tax

Enacted: 1977

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

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

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

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

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

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

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

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

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

Gross Income	Rate
Under $25,000	2%
$25,000 but under $100,000	$ 500 plus 3% in excess of $ 25,000
$100,000 but under $300,000	$ 2,750 plus 4% in excess of $100,000
$300,000 and over	$10,750 plus 5% in excess of $300,000

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

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

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

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

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

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

Administration and Collection: Department of Revenue

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

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

Disposition of Revenue: Revenues are divided between the state and local severance tax trust funds, 50 percent to each fund. For fiscal year 1988, gross receipts to the state fund are to be credited to the state general fund.

Collections:

Severance Tax Receipts
(Revenues before distribution)

Fiscal Year	Oil and Gas Production	Coal	Metallic Minerals and Molybdenum	Total Collections	Change
1978*	$ 2,952,180	$ 1,843,470	$ 1,808,330	$ 6,603,980	--
1979	6,749,642	8,274,170	3,665,613	18,689,425	183.0%
1980	7,999,420	11,069,687	4,041,997	23,111,104	23.7
1981	16,894,013	10,594,911	4,117,633	31,606,557	36.8
1982	33,879,603	11,736,919	3,061,156	48,677,678	54.0
1983	14,678,533	11,212,495	388,610	26,279,638	- 46.0
1984	18,096,324	10,365,876	308,463	28,770,663	9.5
1985	12,649,707	8,747,954	2,426,835	23,824,496	- 17.2
1986	11,631,493	9,067,819	962,691	21,662,003	- 9.1
1987	4,696,000	6,138,000	463,000	11,570,000	- 46.6

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

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

According to the Department of Commerce, **State Government Tax Collections in 1986,** Colorado ranks 19th in severance tax revenue collections. Texas collected the most revenue followed by Alaska. These two states also collected almost half of all severance tax revenue in the United States in 1986 -- $1.6 and $1.4 billion, respectively. Colorado collected $22.6 million during the same period. The 1986 revenue collection figures for other states in the western region are listed below.

State	Collections
Kansas	$ 102,108,000
Nebraska	4,037,000
New Mexico	367,214,000
Oklahoma	571,375,000
Utah	43,905,000
Wyoming	387,292,000

Tobacco Products Tax

Enacted: 1986

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

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

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

Administration and Collection: Department of Revenue

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

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

Disposition of Revenue: Fifteen percent of the revenue is credited to the general fund and 85 percent to the old age pension fund. After the requirements of the old age pension fund have been satisfied, the remainder is credited to the general fund (see page 9).

Collections: FY 1987 was the first year for collecting the tax.

Tobacco Products Receipts
($ in Millions)

Fiscal Year	Receipts
1987	$2.7

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

State	Rate
Arizona	2 cents per ounce
Kansas	10% of wholesale prices
Nebraska	15% of purchase price
New Mexico	25% of product value
Oklahoma	
-- cigars under 3 lbs. per 1,000	9 mills per cigar
-- cigars over 3 lbs. per 1,000	1 cent per cigar
-- all other cigars	$20 per 1,000
-- smoking tobacco	40% of factory list price
-- chewing tobacco	30% of factory list price
Utah	35% of sales price

Federal Tax:

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

Tourism Promotion Fund Tax

Enacted: 1983

Statutory Citation: Title 39, Article 26.1, C.R.S.; Title 24, Article 32, Part 13, C.R.S.

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

Present Rate: Two-tenths of one percent (0.2%).

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

Collection Period: Quarterly

History of Tax Rates: The tax became effective May 1, 1983. House Bill 1214, 1987 session, increased the rate and extended imposition of the tax until July 1, 1993.

Fiscal Year	Rate
1983	.1%
1987	.2

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

Disposition of Revenue: Credited to the Colorado tourism promotion fund for use by the Colorado Tourism Board.

Collections:

Tourism Promotion Tax Receipts
($ in Millions)

Year	Collections
1983	$ .002
1984	2.9
1985	3.3
1986	3.6
1987	3.9

(Source: Department of Revenue.)

Unemployment Insurance Tax

Enacted: 1936

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

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

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

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

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

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

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

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

---

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

Collection Period: Taxes are payable quarterly by each employer for each calendar year in which he is subject to the tax. The funds are credited to the unemployment insurance trust fund.

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

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

Changes in the taxable wage base are listed below.

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

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

Disposition of Revenue: Revenue credited to the unemployment insurance trust fund is only withdrawn to pay unemployment benefits.

Collections:

Unemployment Insurance Tax Receipts
($ in Millions)

Fiscal Year	Collections	Percent Change	Fiscal Year	Collections	Percent Change
1977	$90.9		1982	$86.9	41.3%
1978	83.9	-7.7%	1983	122.6	41.1
1979	81.3	-3.1	1984	247.3	101.7
1980	67.9	-16.5	1985	264.4	6.9
1981	61.5	- 9.4	1986	251.7	-4.8
			1987	227.3	-9.7

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

IV. LOCAL TAXES

Article X, section 7, of the Colorado Constitution empowers the General Assembly to vest the power of taxation in the state's political subdivisions. Article XX, section 6, establishes home rule cities and towns and provides them broader taxation powers than for statutory cities and towns. County home rule authority was created in Article XIV, section 16 of the Colorado Constitution. Municipalities may not impose income taxes as the General Assembly has the exclusive power in this area of taxation (Article X, section 17).

Specific constitutional and statutory citations have been presented for each tax where applicable. Brief descriptions of the tax and their rates are also provided. Information pertaining to the types of taxes levied in cities and the rates imposed is from the Colorado Municipal League's Municipal Taxes, 1988 edition. Department of Revenue data was used for rates of sales and use taxes for the cities and counties.

Accommodations or Lodger's Tax

Constitutional and Statutory Authority: Article XX, Colorado Constitution

Description of Tax: This tax is usually applied to the price for renting or leasing of accommodations for less than 30 consecutive days. Some home rule cities impose a separate admissions tax and others impose their sales tax rate.

Rates: Fifty-nine cities reported imposing the city sales tax or an equivalent rate, while the 17 cities listed below reported levying rates in addition to their sales tax rates.

Municipality	Rate	Municipality	Rate
Arvada	2.0%	Glenwood Springs	1.5%
Avon	1.8	Greeley	3.0
Breckenridge	2.0	Green Mtn. Falls	2.0
Colorado Springs	2.0	Manitou Springs	2.0
Cortez	2.0	Montrose	0.9
Durango	2.0	Ouray	1.0
Englewood	2.0	Snowmass Village	0.1
Ft. Collins	3.0	Steamboat Springs	1.0

County Accommodations or Lodger's Tax

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

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

Rate: Not more than 2 percent

Admissions Tax

Constitutional and Statutory Authority: Article XX, Colorado Constitution

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

Municipalities Levying Separate Admissions Taxes:

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

Occupational Taxes

I. General

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

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

Municipalities Levying General Occupations Tax and Tax Rates:

Municipality	Rate (Annual Rate Unless Noted)
Aspen	Firms with: 10 employees or less -- $100 11-50 employees -- $200 50 or more employees -- $400
Aurora	$2.00 per employee per month, matched by employer
Basalt	$20 per business
Bayfield	$25 per business; $5 per employee over 2
Black Hawk	$50 per business
Breckenridge	5 employees or less -- $100 6-10 employees -- $200 11-20 employees -- $400 20-30 employees -- $500 30 or more employees -- $600
Central City	$200 per business
Denver	Employee Occupational Privilege Tax: $2.00 per employee per month, matched by employer
Dillon	$60 per business
Durango	Firms with: 5 employees or less -- $38.50 6-10 employees -- $66 11-20 employees -- $93.50 Over 20 employees -- $110
Eagle	$50 per business (proposed for 1988)
Edgewater	$50 per business, $2 per employee

Erie	$25 home occupation, $50 per business, $100 manufacturing, plus $5 per employee
Estes Park	$50 per business
Evans	$25 per business
Fruita	$25 per business
Golden	$25; applies to businesses which do not require a sales tax license
Green Mtn. Falls	$25 per business
Greenwood Village	$2.00 per employee per month, matched by employer
Hot Sulphur Spr.	City sales tax license
Ignacio	Firms with: $25 plus $5 per employee over 2 employees
Keenesburg	$5 per business
Leadville	$50 per business
Louisville	$10 per business
Lyons	$5 per business license
Manitou Springs	Renewal $35 per business nonretail $50 per business retail New businesses $50 per business nonretail new $100 per business retail new
Mt. Crested Butte	Per employee 0-2 $100 3-7 $275 8-15 $475 16-24 $1,000 25 or more $1,500
Snowmass Village	$100 per business
Vail	$100 to $500 based on the number of employees
Ward	$20 per business
Winter Park	$60 per business
Woodland Park	Class 2 business -- $30 Multiple business -- $50 Vending machines -- $20 Newspaper vending racks -- $2 each

Occupational Taxes

II. Liquor and Beer Occupation Tax

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

Description of tax: Numerous cities impose a privilege tax to permit the sale of liquor and beer by various establishments and at special events. In 1987, 92 cities reported imposing this tax. Annual fees ranged from $100 to $3,650.

Number of Municipalities Levying Tax and Range of Taxes:

Type of Business	No. of Cities	Under $100	$100-$499	$500-$999	Over $1,000	Range of Taxes Low	Range of Taxes High
Retail liquor store	86	37	39	10	0	$22.50	$ 989
Drug store	58	23	27	8	0	22.50	989
Hotel & restaurant	76	29	25	14	8	25.00	3,650
Club	61	24	29	6	2	15.00	3,225
Tavern	74	25	28	13	8	22.50	2,958
Beer & wine	56	18	27	9	2	13.00	1,080
3.2% beer							
On premises	63	29	23	9	2	3.75	2,280
Off premises	62	28	30	4	0	3.75	750
On and off	58	25	22	9	2	3.75	2,080
Arts	19	9	9	1	0	10.00	989
Racktrack	9	3	4	1	1	48.25	2,958
Extended hours	31	21	8	1	1	30.00	1,500

Occupational Taxes

III. Utility Occupational Tax or Franchise Fee

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

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

Rates:

Municipal Taxes or Fees on Utilities
(1987 Rates)

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

1/ Four cities impose a flat tax or a fee based on the number of accounts per year.
2/ Three cities impose a flat fee.
3/ Seven cities levy fees on a per subscriber basis.
4/ The base for rates on telephone companies vary from flat fees per month or per year, or fees that are based on the number of accounts, per month, quarter, or year.

Property Tax

Enacted: 1876

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

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

Administration:

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

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

- -- investigating taxpayer complaints;
- -- conducting legislative impact studies;
- -- providing technical assistance to assessors on valuation and appraisals;

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

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

Collections:

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

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

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

Property Valuation:

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

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

Base year. The actual value for a tax year reflects the level of value for the base year. For the 1987 tax year, the base year was 1985. The level of value for the base year (1985) was the actual value of taxable property as determined for the preceding calendar year (1984). Property types not valued on the base year method are producing mines (H.B. 1002, 1987 Session), oil and gas lands or leaseholds (S.B. 8, 1987 Session), and coal and non-metallic producing mines (S.B. 88, 1987 Session), and agricultural lands. The 1989 assessment will be based on a 1987 level of value. Beginning in 1991, assessments are to be conducted annually.

Assessed value. Assessed value for residential real property is computed by multiplying the actual value by the rate set by the 1982 constitutional amendment. However, the 1982 amendment also required that the General Assembly insure that, whenever there is a change in the level of value, the percentage of the total statewide valuation for assessment attributed to residential real property remain the same as in the preceding year. H.B. 1003, 1987 Session, set the rate at 18 percent for tax years 1987 and 1988. Rate changes made pursuant to Article X, section 3 are summarized below. All other taxable property is to be valued at 29 percent. Classes of property with separate assessment provisions include oil and gas lands and leaseholds and producing mines.

Property Tax Rate Adjustments Since 1982

Year	Rate: Residential	Rate: All Other	Reference
1982	21%	29%	Constitution
1987	18	29	H.B. 1003 & Constitution

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

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

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

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

Section 39-3-101, et seq., C.R.S., clarifies and further defines the constitutional exemptions. Some items that are excluded from property taxation through further definition of the constitutional exemptions are:

- -- nonprofit domestic water companies;
- -- intangible property, such as stocks and bonds;
- -- works of art, such as paintings, mosaics, and unique architectural embellishments; and
- -- property used by the state and its political subdivisions under installment sales or lease purchase agreement.

Residential Property:

The General Assembly, in the 1987 Session, set the rate for assessment of residential property at 18 percent of the actual value as determined for the base year (S.B. 1003). Mobile homes' valuation for assessment is the same as for other residential property. However, mobile homes that are part of a licensed dealer's inventory are exempt.

Public Utilities:

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

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

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

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

Base year method. Public utilities are assessed under the base year method. A factor is applied to adjust the current year level of value to the utility's level of value in 1985 to establish actual value.

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

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

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

Natural Resource Property:

Mines. Mines are divided into two classes -- producing and non-producing. Producing mines are those whose gross proceeds during the preceding calendar year exceeded $5,000. Producing mines are valued for assessment at an amount equal to 25 percent of the mine's gross proceeds. If the net proceeds of a mine exceed 25 percent of the gross proceeds, the valuation for assessment will be the net proceeds.

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

Oil and gas leaseholds. Oil and gas leaseholds and lands are valued for assessment at an amount equal to 87.5 percent of the selling price of oil and gas sold or transported from the wellhead during the preceding calendar year. Oil and gas leaseholds utilizing secondary recovery, tertiary recovery, or recycling projects to conserve oil and gas are valued at an amount equal to 75 percent of the selling price of production during the preceding calendar year. The selling price of oil and gas delivered to the United States or the state and its political subdivisions as a royalty is excluded. Certain surface and subsurface equipment is assessed separately.

Agriculture Property:

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

Tax Deferral For the Elderly and Credits:

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

1) the taxpayer claiming the deferral dies;

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

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

Revenue Limitations - Public Disclosure:

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

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

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

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

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

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

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

History of Property Tax Revenues:

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

Property Tax Revenue for Selected Years
by Types of Governmental Units, 1930-1986 1/
(in millions)

Year	State	Special District and County	Municipal	County Public School	General School 2/	Total	Total State Assessed Valuation
1930	$5.7	$10.1	$9.4	$5.8	$18.3	$49.2	$1,586.5
1935	3.3	7.7	7.8	4.8	13.5	37.0	1,088.4
1940	4.8	7.1	10.3	3.9	15.6	11.7	1,113.0
1945	4.3	10.2	10.1	3.5	19.1	47.2	1,219.2
1950	6.4	18.7	14.2	4.5	37.6	81.3	1,644.6
1955	10.4	28.4	20.0	8.5	66.2	133.6	2,870.7
1960	7.8	44.8	26.5	25.7	99.1	204.1	3,582.1
1961	5.4	46.6	25.4	26.7	111.5	215.5	3,699.7
1962	5.3	42.9	32.3	24.4	126.4	232.2	3,810.4
1963	5.1	55.2	31.8	25.6	140.5	258.2	3,924.7
1964	5.2	58.0	33.2	26.7	155.4	278.5	3,989.8
1965	--	63.6	34.3	27.8	158.4	284.2	4,087.6
1966	--	66.5	36.0	28.8	174.7	306.0	4,235.8
1967	--	71.3	37.3	30.5	194.9	334.0	4,432.6
1968	--	75.6	38.7	32.9	213.9	361.1	4,661.2
1969	--	79.1	40.9	--	267.1	387.1	4,908.9
1970	--	91.3	43.6	--	304.1	439.1	5,158.7
1971	--	105.1	45.3	--	341.6	492.0	5,464.3
1972	--	111.4	48.9	--	371.8	532.0	5,984.8
1973	--	133.7	52.9	--	328.8	515.4	6,688.0

Year	State	Special District and County	Municipal	County Public School	General School 2/	Total	Total State Assessed Valuation
1974	--	$158.7	$60.6	--	$395.1	$614.4	$7,490.1
1975	--	190.2	66.5	--	447.2	703.8	8,435.9
1976	--	202.9	70.9	--	517.3	791.1	10,058.8
1977	--	219.9	73.3	--	553.3	846.4	10,689.6
1978	--	240.0	77.9	--	570.1	888.0	11,586.3
1979	--	272.0	84.5	--	620.9	977.4	12,460.5
1980	--	322.7	92.4	--	705.4	1,120.6	13,717.8
1981	--	361.0	99.1	--	757.3	1,217.4	14,777.1
1982	--	409.0	105.5	--	835.9	1,350.4	15,730.5
1983	--	482.6	115.5	--	945.1	1,543.2	17,185.7
1984	--	520.0	121.8	--	996.3	1,638.1	17,905.1
1985	--	573.5	129.5	--	1,114.4	1,817.4	18,740.0
1986	--	623.6	138.1	--	1,181.4	1,943.1	19,215.7

1/ Division of Property Taxation, Sixteenth Annual Report, 1986.
2/ Includes General, Capital Reserve, Bond Redemption, and Junior College funds.

Real Estate Transfer Tax

Constitutional and Statutory Authority: Article XX, Colorado Constitution

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

Rates:

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

Sales and Use Taxes

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

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

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

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

1) statute of limitations relating to the enforcement of sales and use tax collections;
2) statute of limitations applicable to refunds of sales and use taxes;
3) the amount of penalties and interest payable on delinquent remittances of such taxes;
4) the posting of bonds;
5) the use of a standard reporting form; and
6) the dispute resolution process for deficient taxes.

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

State statutes limit the total state, county, and municipal sales tax to 7 percent, except that the rate may be 8 percent if necessary to allow a county to impose a 1 percent sales tax. Thus, a 4 percent municipal levy in conjunction with a 3 percent state levy could not prohibit a county from levying a 1 percent tax. The Regional Transportation District (RTD) sales tax and state and local tourism taxes are not included in the statutory limit on sales taxes.

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

SALES TAX IN COLORADO

Rates for Counties, Municipalities, RTD, and State--July 1, 1986

COUNTY CITY	CITY RATE	RTD AND COUNTY RATE	TOTAL INCLUDES STATE RATE 1/
ADAMS 2/		0.60%	3.60%
Arvada (part)	3.00%	0.60	6.60
Aurora (part)	3.50	0.60	7.10
Bennett *	2.00	0.00	5.00
Brighton	3.00	0.60	6.60
Broomfield (part)	3.00	0.60	6.60
Commerce City	3.00	0.60	6.60
Federal Heights	2.00	0.60	5.60
Northglenn	3.00	0.60	6.60
Thorton	3.50	0.60	7.10
Westminster (part)	3.25	0.60	6.85
Bennett is exempt from the RTD			3.00
ALAMOSA		0.00	3.00
Alamosa	1.00	3.00	7.00
ARAPAHOE 2/		0.60	3.60
Aurora (part)	3.50	0.60	7.10
Cherry Hills Vil.	3.00	0.60	6.60
Columbine Valley	3.00	0.60	6.60
Englewood	3.00	0.60	6.60
Glendale	3.50	0.60	7.10
Greenwood Village	3.00	0.60	6.60
Littleton (part)	3.00	0.60	6.60
Sheridan *	3.00	0.60	6.60
Byers and Strasburg are exempt			3.00
ARCHULETTA *		2.00	5.00
BACA *		0.00	3.00
Springfield *	2.00	0.00	5.00
BENT *		1.00	4.00
Las Animas	2.00	1.00	6.00

COUNTY CITY	CITY RATE	RTD AND COUNTY RATE	TOTAL INCLUDES STATE RATE 1/
BOULDER 2/		0.60%	3.60%
Boulder	2.15%	0.60	5.75
Broomfield (part)	3.00	0.60	6.60
Erie	3.50	0.60	7.10
Lafayette	2.00	0.60	5.60
Longmont	2.75	0.60	6.35
Louisville *	2.00	0.60	5.60
Lyons	3.00	0.60	6.60
Nederland	3.00	0.60	6.60
Ward *	2.00	0.60	5.60
CHAFFEE *		2.00	5.00
Buena Vista *	2.00	2.00	7.00
Salida *	1.00	2.00	6.00
Poncha Springs *	1.00	2.00	6.00
CHEYENNE *		0.00	3.00
Cheyenne Wells	2.00	0.00	5.00
Kit Carson	2.00	0.00	5.00
CLEAR CREEK *		1.00	4.00
Empire	3.00	1.00	7.00
Georgetown	3.00	1.00	7.00
Idaho Springs	3.00	1.00	7.00
Silver Plume *	3.00	1.00	7.00
CONEJOS *		0.00	3.00
Antonito *	2.00	0.00	5.00
La Jara *	2.00	0.00	5.00
Manassa *	1.00	0.00	4.00
Romeo *	1.00	0.00	4.00
COSTILLA *		1.00	4.00
Blanca *	2.00	1.00	6.00
San Luis *	2.00	1.00	6.00

COUNTY CITY	CITY RATE	RTD AND COUNTY RATE	TOTAL INCLUDES STATE RATE 1/
CROWLEY *		0.00%	3.00%
Ordway	2.00%	0.00	5.00
CUSTER		1.00	4.00
Silver Cliff	2.00	1.00	6.00
Westcliffe *	2.00	1.00	6.00
DELTA *		2.00	5.00
Cedaredge	1.50	2.00	6.50
Delta	2.00	2.00	7.00
Hotchkiss *	2.00	2.00	7.00
Paonia *	1.00	2.00	6.00
DENVER, Cty & Co 2/	3.50	0.60	7.10
DOLORES *		0.00	3.00
Dove Creek	2.00	0.00	5.00
Rico *	2.00	0.00	5.00
DOUGLAS 2/ *		0.60	3.60
Castle Rock	2.00	0.00	5.00
Larkspur *	2.00	0.00	5.00
Littleton (part)	3.00	0.60	6.60
Parker	2.50	0.00	5.50
EAGLE *		1.00	4.00
Avon *	4.00	1.00	8.00
Basalt	2.00	1.00	6.00
Eagle *	4.00	1.00	8.00
Gypsum *	2.00	1.00	6.00
Minturn *	4.00	1.00	8.00
Red Cliff *	2.00	1.00	6.00
Vail *	4.00	1.00	8.00
ELBERT *		0.00	3.00
EL PASO *		0.00	3.00
Calhan	2.00	0.00	5.00
Colorado Springs	2.50	0.00	5.50
Fountain	3.00	0.00	6.00
Green Mtn. Falls *	2.00	0.00	5.00
Manitou Springs	3.50	0.00	6.50
Monument	2.00	0.00	5.00
Palmer Lake	2.00	0.00	5.00
FREMONT		1.50	4.50
Canon City	2.00	1.50	6.50
Florence	2.00	1.50	6.50

COUNTY CITY	CITY RATE	RTD AND COUNTY RATE	TOTAL INCLUDES STATE RATE 1/
GARFIELD *		0.25%	3.25%
Carbondale	3.00%	0.25	6.25
Glenwood Springs	2.75	0.25	6.00
New Castle	2.00	0.25	5.25
Parachute	3.00	0.25	6.25
Rifle	2.00	0.25	5.25
Silt	3.00	0.25	6.25
GILPIN *			3.00
Black Hawk *	4.00	0.00	7.00
Central City	4.00	0.00	7.00
GRAND *		1.00	4.00
Fraser	4.00	1.00	8.00
Granby	4.00	1.00	8.00
Grand Lake	4.00	1.00	8.00
Hot Sulphur Springs	4.00	1.00	8.00
Kremmling *	4.00	1.00	8.00
Winter Park *	4.00	1.00	8.00
GUNNISON *		1.00	4.00
Crested Butte	4.00	1.00	8.00
Gunnison	3.00	1.00	7.00
Marble *	2.00	1.00	6.00
Mt. Crested Butte	4.00	1.00	8.00
Pitkin *	3.00	1.00	7.00
HINSDALE		4.00	7.00
HUERFANO *		1.00	4.00
La Veta *	2.00	1.00	6.00
Walsenburg	2.00	1.00	6.00
JACKSON *		3.00	6.00
JEFFERSON 2/ *		1.10	4.10
Arvada (part)	3.00	1.10	7.10
Broomfield (part)	3.00	1.10	7.10
Edgewater	3.50	1.10	7.60
Golden	2.00	1.10	6.10
Lakewood	2.00	1.10	6.10
Morrison	3.00	1.10	7.10
Mountain View *	3.00	1.10	7.10
Westminster (part)	3.25	1.10	7.35
Wheat Ridge	2.00	1.10	6.10
Littleton (part)	0.00	1.10	4.10

COUNTY CITY	CITY RATE	RTD AND COUNTY RATE	TOTAL INCLUDES STATE RATE 1/
KIOWA *		0.00%	3.00%
Eads	2.00%	0.00	5.00
KIT CARSON *		0.00	3.00
Burlington	2.00	0.00	5.00
LAKE *		2.00	5.00
LA PLATA *		2.00	5.00
Bayfield *	1.00	2.00	6.00
Durango	2.00	2.00	7.00
Ignacio *	1.00	2.00	6.00
LARMIER *		0.00	3.00
Berthoud	2.00	0.00	5.00
Estes Park *	4.00	0.00	7.00
Fort Collins	2.75	0.00	5.75
Loveland	3.00	0.00	6.00
Wellington	2.00	0.00	5.00
LAS ANIMAS *		0.00	3.00
Trinidad	4.00	0.00	7.00
LINCOLN *		0.00	3.00
Limon	2.00	0.00	5.00
LOGAN *		0.00	3.00
Sterling	3.00	0.00	6.00
MESA		2.00	5.00
Collbran *	2.00	2.00	7.00
De Buque *	2.00	2.00	7.00
Fruita	2.00	2.00	7.00
Grand Junction	2.00	2.00	7.00
Palisade *	1.00	2.00	6.00
MINERAL *		1.00	4.00
Creede *	2.00	1.00	6.00
MOFFAT *		2.00	5.00
Craig *	1.50	2.00	6.50
MONTEZUMA *		0.00	3.00
Cortez	3.50	0.00	6.50
Dolores *	2.00	0.00	5.00
Mancos *	2.00	0.00	5.00

COUNTY CITY	CITY RATE	RTD AND COUNTY RATE	TOTAL INCLUDES STATE RATE 1/
MONTROSE *		0.00%	3.00%
Montrose	3.00%	0.00	6.00
Naturita	2.00	0.00	5.00
Nucla *	2.00	0.00	5.00
Olathe *	2.00	0.00	5.00
MORGAN *		0.00	3.00
Brush	2.00	0.00	5.00
Fort Morgan	3.00	0.00	6.00
Wiggins *	2.00	0.00	5.00
OTERO *		0.00	3.00
Fowler *	2.00	0.00	5.00
La Junta	3.00	0.00	6.00
Manzanola	2.00	0.00	5.00
Rocky Ford	3.00	0.00	6.00
OURAY *		1.00	4.00
Ouray *	3.00	1.00	7.00
Rigeway *	3.00	1.00	7.00
PARK *		0.00	3.00
Fairplay *	3.00	0.00	6.00
PHILLIPS *		0.00	3.00
Haxtun	1.00	0.00	4.00
Holyoke	1.50	0.00	4.50
PITKIN *		3.00	6.00
Aspen *	1.00	3.00	7.00
Basalt	2.00	2.00	7.00
Snowmass Village *	1.00	3.00	7.00
PROWERS *		0.00	3.00
Granada	2.00	0.00	5.00
Holly *	1.00	0.00	4.00
Lamar	3.00	0.00	6.00
PUEBLO *		0.00	3.00
Pueblo	3.50	0.00	6.50
RIO BLANCO		2.00	5.00
RIO GRANDE		1.00	4.00
Del Norte *	2.00	1.00	6.00
Monte Vista *	2.00	1.00	6.00

COUNTY CITY	CITY RATE	RTD AND COUNTY RATE	TOTAL INCLUDES STATE RATE 1/
ROUTT *		0.00%	3.00%
Hayden	3.00%	0.00	6.00
Oak Creek *	3.00	0.00	6.00
Steamboat Springs	4.00	0.00	7.00
SAGUACHE *		0.00	3.00
Center *	2.00	0.00	5.00
Saguache *	2.00	0.00	5.00
SAN JUAN *		1.00	4.00
Silverton *	3.00	1.00	7.00
SAN MIGUEL *		1.00	4.00
Norwood *	2.00	1.00	6.00
Telluride	4.00	1.00	8.00
SEDGWICK		1.00	4.00
Julesburg	1.00	1.00	5.00
Sedgwick *	1.00	1.00	5.00
SUMMIT •		2.00	5.00
Breckenridge *	2.00	2.00	7.00
Dillion	2.00	2.00	7.00
Frisco •	2.00	2.00	7.00
Silverthorne *	2.00	2.00	7.00
TELLER		1.00	4.00
Cripple Creek *	2.00	1.00	6.00
Woodland Park	3.00	1.00	7.00
Victor	3.00	1.00	7.00
WASHINGTON *		0.00%	3.00%
Akron	1.00%	0.00	4.00
Otis	2.00	0.00	5.00
			3.00
WELD *			
Ault	2.00	0.00	5.00
Dacono	3.00	0.00	6.00
Eaton *	2.00	0.00	5.00
Erie	3.50	0.00	6.50
Evans	3.00	0.00	6.00
Firestone	2.00	0.00	5.00
Fort Lupton	2.00	0.00	5.00
Garden City *	2.00	0.00	5.00
Gilcrest	3.00	0.00	6.00
Greeley	3.00	0.00	6.00
Hudson *	2.00	0.00	5.00
Johnston *	2.00	0.00	5.00
Keenesburg *	2.00	0.00	5.00
Kersey *	2.00	0.00	5.00
La Salle *	1.00	0.00	4.00
Lochbuie	2.00	0.00	5.00
Mead	2.00	0.00	5.00
Milliken *	2.00	0.00	5.00
Platteville *	2.00	0.00	5.00
Severance	2.00	0.00	5.00
Windsor •	2.00	0.00	5.00
YUMA		0.00	3.00
Wray	1.00	0.00	4.00
Yuma	2.00	0.00	5.00

• These entities DO NOT collect local use taxes.

1/ Total includes the combined sales tax rate for the municipalities, the counties, the Regional Transportation District (RTD) where applicable, and the state. On July 1, 1987, a tax of two-tenths of one percent (.2%) was levied on the sales of taxable food, drink, lodging services, skiing, auto rentals and admissions to tourist attractions until June 30, 1993.

2/ Total includes RTD sales tax of .6 of 1 percent (39-9-119, (2), C.R.S.) levied in the Denver metropolitan area.

(Source: Department of Revenue)

Specific Ownership Tax

Enacted: 1937

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

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

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

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

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

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

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

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

The tax is computed using the following schedule:

Years of Service	Class	Fee or Percent of Taxable Value
1st	A,B,C,D,F	2.10%
2nd	A,B,C,D,F	1.50%
3rd	A,B,C,D	1.20%
	F	1.25%
4th	A,B,C,D	0.90%
	F	1.00%
5th	F	0.75%
5th - 9th	A,B	0.45% or $10.0 whichever is greater
	C,D	0.45%
6th and over	F	.50% but not less than $5.00
10th and over	A	$10.00
	B,C	$3.00
	D	0.45% or $3.00 whichever is greater

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

Exemptions:

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

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

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

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

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

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

Collections:

Specific Ownership Tax Receipts
($ in Millions)

Calendar Year	Collection	Percent Change	Calendar Year	Collection	Percent Change
1978	$78.7		1983	$110.2	10.3%
1979	84.5	7.3%	1984	126.9	15.1
1980	87.5	3.6	1985	131.9	4.0
1981	98.7	12.8	1986	143.3	8.6
1982	99.9	1.2			

(Source: Department of Revenue)

APPENDICES

Major Tax Sources of the Fifty States

Appendix A contains five of the major revenue generating taxes imposed and license fee collections in the 50 states and the tax revenue received by each source. These data were reported by the Department of Commerce, Bureau of the Census, State Government Collections in 1986. The percentage of each tax to the state's total revenues is also shown for comparative purposes

The taxes presented produce the most revenues for the 50 states: income -- personal and corporate; sales and use; motor fuel; and severance. Motor fuel taxes include taxes for gasoline, diesel fuel, and other special fuels, but are generally devoted to highway purposes. Taxes not included are cigarette, alcohol, estate, inheritance, gift, insurance, documentary and stock transfer, pari-mutuel, amusement, public utility, state property, and local taxes. Motor vehicle registration fees and other state imposed fees are not included.

The Bureau of Census report also stated that the individual income and general sales tax have increased in importance since 1983 as a source of income, while corporate income and severance taxes have declined. Motor fuel and tobacco products taxes have remained relatively constant. Sales taxes accounted for more revenue than any other tax source in 27 of the 50 states and in 22 of the 39 states that impose both sales and income taxes. The individual income tax is the main revenue source in 20 states. Severance tax is the primary source of reveune in Alaska and Wyoming, while the corporate income tax is the largest source of revenue for New Hampshire.

Appendix B supplies a further comparison of the per capita tax burden by type of tax. Amounts of per capita state tax revenue range from a low of $470 in New Hamphshire to a high of $3,477 in Alaska.

Definitions

State tax revenues are the amounts received by a state from taxes collected excluding refunded amounts. Interest, penalities, and local shares of state imposed taxes are included. Locally collected and retained revenues are not included.

Sales and gross receipts tax. Sales or gross receipts tax applicable to the sale of all goods and services or gross receipts of a business imposed at a single or graduated rate. Dealers discounts are excluded.

Motor fuels. Tax on gasoline, diesel oil, aircraft fuel, and other fuels used in motor vehicles.

Alcoholic beverages. Taxes on all alcoholic beverages.

Cigarette/tobacco. Taxes on tobacco products including, cigarette papers, and synthetic cigars and cigarettes.

Insurance. Taxes specifically imposed on insurance companies that are measured by gross premiums or adjusted gross premiums.

Public utilities. Taxes imposed on the gross receipts of or units of service sold by public utilities. Public utilities include the following companies: public passenger and freight transportation, telephone, telegraph, light and power, and local government owned utilities.

Pari-mutuel. Taxes on wagers at race tracks.

Amusements. Taxes placed on admissions charges or gross receipts of types of amusement businesses.

License taxes. Taxes imposed at a flat rate or measured by capital stock, capital surplus, number of units, or capacity. This includes: motor vehicles and operators, corporations in general, public utilities, alcoholic beverages, amusements, occupations and businesses, hunting and fishing, and other licenses that may not be placed in the forementioned categories.

Individual income. Taxes on individual net income including interest, dividends, and other intangible forms of income.

Corporate income. Taxes on the net income of a corporation or business.

Death/gift. Taxes imposed on the transfer of property at death or as a gift.

Severance. Taxes imposed on the value or quantity of natural resource products removed from land or water.

Documentary. Taxes on the recording of the transfer of mortgages, deeds, and securities, except motor vehicle titles.

APPENDIX A

MAJOR STATE GOVERNMENT TAX REVENUE, BY TYPE OF TAX -- 1986

I. Total Collections and Percent of Total of All Tax Sources
($ in Millions)

State	Total	General Sales & Gross Receipts	Income Taxes: Individual	Income Taxes: Corporate	Severance	Motor Fuel	Licenses
Alabama	$2,997.1	$838.3	$757.3	$156.7	$75.1	$254.4	$260.2
		28.0%	25.3%	5.2%	2.5%	8.5%	8.7%
Alaska	1,856.5	0.0	0.6	177.8	1,432.9	22.7	63.8
		0.0%	0.0%	9.6%	77.2%	1.2%	3.4%
Arizona	3,195.7	1,459.3	702.0	170.8	0.0	257.4	225.7
		45.7%	22.0%	5.3%	0.0%	8.1%	7.1%
Arkansas	1,826.7	696.9	509.9	113.2	22.2	197.7	120.8
		38.1%	27.9%	6.2%	1.2%	10.8%	6.6%
California	30,878.4	10,405.9	11,368.1	3,833.3	19.2	1,193.7	1,041.3
		33.7%	36.8%	12.4%	0.1%	3.9%	3.4%
COLORADO	2,344.4	736.6	955.9	116.9	22.6	194.4	142.8
		31.4%	40.8%	5.0%	1.0%	8.3%	6.1%
Connecticut	3,836.8	1,624.9	300.7	616.8	0.0	241.9	205.6
		42.4%	7.8%	16.1%	0.0%	6.3%	5.4%
Delaware	882.7	0.0	393.7	88.9	0.0	33.1	265.5
		0.0%	44.6%	10.1%	0.0%	3.7%	30.1%
Florida	9,120.2	5,027.4	0.0	486.9	170.9	739.0	620.9
		55.1%	0.0%	5.3%	1.9%	8.1%	6.8%
Georgia	4,917.1	1,640.4	1,945.2	418.1	0.0	392.9	154.0
		33.4%	39.6%	8.5%	0.0%	8.0%	3.1%
Hawaii	1,490.7	746.7	467.8	43.7	0.0	44.1	25.9
		50.1%	31.4%	2.9%	0.0%	3.0%	1.7%
Idaho	744.7	250.5	256.0	42.7	0.5	77.7	67.3
		33.6%	34.4%	5.7%	0.1%	10.4%	9.0%
Illinois	9,800.8	3,366.2	2,645.4	859.7	0.0	618.9	734.3
		34.3%	27.0%	8.8%	0.0%	6.3%	7.5%

State	Total	General Sales & Gross Receipts	Income Taxes Individual	Income Taxes Corporate	Severance	Motor Fuel	Licenses
Indiana	$4,458.2	$2,161.3	$1,326.9	$183.6	$1.3	$369.4	$144.6
		48.5%	29.8%	4.1%	0.0%	8.3%	3.2%
Iowa	2,459.2	768.6	864.5	138.6	0.0	230.5	236.4
		31.3%	35.2%	5.6%	0.0%	9.4%	9.6%
Kansas	1,911.5	560.7	582.2	156.3	102.1	151.7	124.8
		29.3%	30.5%	8.2%	5.3%	7.9%	6.5%
Kentucky	3,216.3	881.3	819.9	233.5	229.3	194.5	187.5
		27.4%	25.5%	7.3%	7.1%	6.0%	5.8%
Louisiana	3,629.5	1,135.0	457.6	263.8	619.7	335.6	351.7
		31.3%	12.6%	7.3%	17.1%	9.2%	9.7%
Maine	1,101.4	383.3	337.1	51.9	0.0	91.4	81.9
		34.8%	30.6%	4.7%	0.0%	8.3%	7.4%
Maryland	4,669.6	1,189.6	1,929.5	250.3	0.0	308.8	158.0
		25.5%	41.3%	5.4%	0.0%	6.6%	3.4%
Massachusetts	7,668.4	1,721.3	3,617.3	1,068.0	0.0	291.2	205.8
		22.4%	47.2%	13.9%	0.0%	3.8%	2.7%
Michigan	9,314.2	2,687.0	3,248.2	1,449.6	52.8	593.4	534.1
		28.8%	34.9%	15.6%	0.6%	6.4%	5.7%
Minnesota	4,898.5	1,359.0	1,948.6	367.3	9.5	336.1	341.0
		27.7%	39.8%	7.5%	0.2%	6.9%	7.0%
Mississippi	1,917.3	1,030.7	272.6	97.3	72.9	124.5	153.6
		53.8%	14.2%	5.1%	3.8%	6.5%	8.0%
Missouri	3,608.1	1,530.2	1,116.5	174.2	0.0	214.9	304.4
		42.4%	30.9%	4.8%	0.0%	6.0%	8.4%
Montana	617.1	0.0	172.2	58.6	129.9	79.4	61.2
		0.0%	27.9%	9.5%	21.1%	12.9%	9.9%
Nebraska	1,119.4	349.9	351.8	54.6	4.0	146.5	93.8
		31.3%	31.4%	4.9%	0.4%	13.1%	8.4%
Nevada	1,048.3	519.5	0.0	0.0	0.0	79.7	117.6
		49.6%	0.0%	0.0%	0.0%	7.6%	11.2%
New Hampshire	484.5	0.0	24.9	99.1	0.5	70.0	82.1
		0.0%	5.1%	20.4%	0.1%	14.5%	16.9%

State	Total	General Sales & Gross Receipts	Income Taxes Individual	Income Taxes Corporate	Severance	Motor Fuel	Licenses
New Jersey	$8,360.2	$2,614.4	$2,052.6	$954.9	$0.0	$339.0	$519.6
		31.3%	24.6%	11.4%	0.0%	4.1%	6.2%
New Mexico	1,462.1	625.9	102.6	72.1	367.2	104.5	64.8
		42.8%	7.0%	4.9%	25.1%	7.1%	4.4%
New York	22,747.4	4,760.9	11,582.3	1,901.9	0.0	468.9	776.2
		20.9%	50.9%	8.4%	0.0%	2.1%	3.4%
North Carolina	5,579.7	1,384.1	2,206.7	512.1	1.4	424.2	391.7
		24.8%	39.5%	9.2%	0.0%	7.6%	7.0%
North Dakota	616.1	177.0	73.4	56.3	147.0	50.5	55.6
		28.7%	11.9%	9.1%	23.9%	8.2%	9.0%
Ohio	9,062.2	3,166.0	2,776.9	477.8	9.9	663.7	804.2
		34.9%	30.6%	5.3%	0.1%	7.3%	8.9%
Oklahoma	2,959.6	656.0	687.6	107.1	571.4	205.7	326.2
		22.2%	23.2%	3.6%	19.3%	6.9%	11.0%
Oregon	1,931.3	0.0	1,193.8	161.7	32.4	133.8	242.7
		0.0%	61.8%	8.4%	1.7%	6.9%	12.6%
Pennsylvania	10,683.2	3,241.4	2,655.7	963.2	0.0	635.9	1,137.1
		30.3%	24.9%	9.0%	0.0%	6.0%	10.6%
Rhode Island	885.6	291.4	286.6	67.7	0.0	47.5	34.3
		32.9%	32.4%	7.6%	0.0%	5.4%	3.9%
South Carolina	2,887.1	1,111.5	907.3	149.5	0.0	253.2	158.4
		38.5%	31.4%	5.2%	0.0%	8.8%	5.5%
South Dakota	403.7	198.9	0.0	23.6	5.6	57.5	43.7
		49.3%	0.0%	5.8%	1.4%	14.2%	10.8%
Tennessee	3,272.0	1,865.9	67.4	268.6	2.3	369.3	332.3
		57.0%	2.1%	8.2%	0.1%	11.3%	10.2%
Texas	11,124.7	4,327.7	0.0	0.0	1,552.1	1,011.5	1,783.4
		38.9%	0.0%	0.0%	14.0%	9.1%	16.0%
Utah	1,364.8	558.6	451.5	66.5	43.9	117.7	57.5
		40.9%	33.1%	4.9%	3.2%	8.6%	4.2%
Vermont	499.5	98.6	160.5	30.5	0.0	38.5	42.9
		19.7%	32.1%	6.1%	0.0%	7.7%	8.6%

State	Total	General Sales & Gross Receipts	Income Taxes Individual	Income Taxes Corporate	Severance	Motor Fuel	Licenses
Virginia	$4,846.6	$1,020.2	$2,174.3	$280.8	$1.6	$307.6	$306.5
		21.0%	44.9%	5.8%	0.0%	6.3%	6.3%
Washington	5,219.3	3,113.2	0.0	0.0	37.0	393.6	263.8
		59.6%	0.0%	0.0%	0.7%	7.5%	5.1%
West Virginia	1,848.6	811.1	478.6	88.9	0.0	152.1	109.7
		43.9%	25.9%	4.8%	0.0%	8.2%	5.9%
Wisconsin	5,491.5	1,543.3	2,239.1	407.6	0.8	389.5	286.7
		28.1%	40.8%	7.4%	0.0%	7.1%	5.2%
Wyoming	795.4	184.2	0.0	0.0	387.3	37.2	60.5
		23.2%	0.0%	0.0%	48.7%	4.7%	7.6%

II. Additional State Taxes Having 2% or Greater Yield
($ in Millions)

Death/Gift Tax	Revenue	Percent of Yield	Documentary Tax	Revenue	Percent of Yield
Connecticut	$150.6	3.9%	Delaware	$ 25.8	2.9%
Iowa	58.3	2.4	Florida	444.9	4.9
Massachusetts	208.1	2.7	New Hampshire	34.2	7.1
New Hampshire	14.3	2.9	New York	679.3	3.0
New Jersey	188.6	2.3	Washington	113.7	2.2
Pennsylvania	322.8	3.0			
South Dakota	11.7	2.9			
Cigarette/Tobacco			**Insurance tax**		
Alabama	72.1	2.4	Alabama	107.2	3.6
Arkansas	63.1	3.5	Arizona	67.9	2.1
COLORADO	50.9	2.2	Arkansas	44.1	2.4
Connecticut	87.9	2.3	California	839.5	2.7
Florida	286.0	3.1	COLORADO	53.0	2.3
Illinois	194.8	2.0	Connecticut	112.8	2.9
Iowa	72.3	2.9	Delaware	19.7	2.2
Kansas	59.3	3.1	Florida	225.2	2.5
Louisiana	83.0	2.3	Georgia	99.0	2.0
Maine	37.7	3.4	Hawaii	34.8	2.3
Massachusetts	172.4	2.2	Idaho	23.6	3.2
Michigan	218.8	2.3	Iowa	72.8	3.0
Minnesota	101.4	2.1	Kansas	64.2	3.4
Mississippi	54.3	2.8	Kentucky	122.2	3.8
Missouri	81.9	2.3	Louisiana	177.2	4.9
Montana	13.1	2.1	Maine	24.2	2.2
Nebraska	30.9	2.8	Maryland	99.2	2.1
Nevada	26.0	2.5	Massachusetts	178.7	2.3

Cigarette/Tobacco (cont.)	Rev.	Percent of Yield
New Hampshire	$ 32.7	6.8%
New Jersey	214.2	2.6
Ohio	183.1	2.0
Oklahoma	75.3	2.5
Oregon	73.9	3.8
Pennsylvania	233.5	2.2
Rhode Island	29.4	3.3
South Dakota	15.0	3.7
Tennessee	81.3	2.5
Texas	378.7	3.4
Vermont	12.1	2.4
Washington	107.1	2.1
Wisconsin	127.1	2.3

Alcoholic Beverages Tax		
Alabama	69.2	3.2
Florida	435.2	4.8
Georgia	114.8	2.3
Hawaii	29.9	2.0
Kansas	44.8	2.3
Maine	31.5	2.9
Montana	14.1	2.3
New Hampshire	11.0	2.3
North Carolina	127.3	2.3
South Carolina	103.5	3.6
South Dakota	8.6	2.1
Texas	348.7	3.1
Vermont	14.8	3.0
Virginia	97.7	2.0

State Property Tax		
Alabama	63.4	2.1
Alaska	113.5	6.1
Arizona	114.7	3.6
California	1,533.6	5.0
Florida	206.6	2.3
Illinois	209.7	2.1
Kentucky	254.5	7.9
Maryland	114.0	2.4
Michigan	187.5	2.0
Montana	45.0	7.3
Nevada	33.7	3.2
New Hampshire	10.1	2.1
Washington	820.1	15.7
Wisconsin	128.4	2.3
Wyoming	105.9	13.3

Pari-Mutuel Tax		
New Hampshire	10.7	2.2

Insurance tax (cont.)	Rev.	Percent of Yield
Minnesota	$97.6	2.0%
Mississippi	62.7	3.3
Missouri	122.5	3.4
Montana	23.8	3.8
Nebraska	43.1	3.9
Nevada	32.9	3.1
New Hampshire	24.7	5.1
New Mexico	44.1	3.0
North Carolina	135.0	2.4
North Dakota	13.0	2.1
Ohio	196.4	2.2
Oklahoma	112.5	3.8
Oregon	46.9	2.4
Pennsylvania	259.8	2.4
Rhode Island	22.9	2.6
South Carolina	61.3	2.1
South Dakota	19.2	4.8
Tennessee	109.5	3.3
Texas	425.0	3.8
Utah	30.3	2.2
Vermont	11.2	2.2
Virginia	131.2	2.7
West Virginia	49.0	2.7

Public Utilities Tax		
Alabama	235.9	7.9
Arizona	80.3	2.5
Connecticut	271.6	7.1
Delaware	19.4	2.2
Florida	201.9	2.2
Hawaii	70.3	4.7
Illinois	647.9	6.6
Maine	30.9	2.8
New Jersey	1,002.8	12.0
New York	966.1	4.2
North Carolina	199.2	3.6
Ohio	647.7	7.1
Pennsylvania	518.3	4.9
Rhode Island	63.1	7.1
Texas	235.0	2.1
Vermont	19.9	4.0
Virginia	133.6	2.8
Washington	159.2	3.1
Wisconsin	166.8	3.0

Amusements Tax		
Nevada	217.0	20.7
New Jersey	191.6	2.3

APPENDIX B

STATE GOVERNMENT TAX REVENUE AND TAX REVENUE PER CAPITA, BY TYPE OF TAX 1/
($ in Millions)

State	1985 Per capita Personal Income	General Sales & Gross Receipts (Collections)	General Sales & Gross Receipts Per capita	Individual Income (Collections)	Individual Income Per capita	Total Revenue 2/ (Collections)	Total Revenue 2/ Per capita
Alabama	$10,673	$838.3	$206.8	$757.3	$186.8	$2,997.1	$739.5
Alaska	18,187	0.0	0.0	0.6	1.0	1,856.5	3,476.6
Arizona	12,795	1,459.3	439.9	702.0	211.6	3,195.7	963.4
Arkansas	10,476	696.9	293.8	509.9	215.0	1,826.7	770.1
California	16,065	10,405.9	385.7	11,368.1	421.3	30,878.4	1,144.5
COLORADO	14,812	736.6	225.5	955.9	292.6	2,344.4	717.6
Connecticut	18,089	1,624.9	509.5	300.7	94.3	3,836.8	1,203.1
Delaware	14,272	0.0	0.0	393.7	622.0	882.7	1,394.4
Florida	13,742	5,027.4	430.6	0.0	0.0	9,120.2	781.2
Georgia	12,543	1,640.4	268.7	1,945.2	318.7	4,917.1	805.5
Hawaii	13,814	746.7	703.1	467.8	440.5	1,490.7	1,403.6
Idaho	11,120	250.5	249.7	256.0	255.2	744.7	742.5
Illinois	14,738	3,366.2	291.4	2,645.4	229.0	9,800.8	848.3
Indiana	12,446	2,161.3	392.7	1,326.9	241.1	4,458.2	810.0
Iowa	12,594	768.6	269.6	864.5	303.2	2,459.2	862.6
Kansas	13,775	560.7	227.8	582.2	236.6	1,911.5	776.7
Kentucky	10,824	881.3	236.4	819.9	219.9	3,216.3	862.8
Louisiana	11,274	1,135.0	252.2	457.6	101.7	3,629.5	806.4
Maine	11,887	383.3	326.5	337.1	287.2	1,101.4	938.1
Maryland	15,864	1,189.6	266.5	1,929.5	432.3	4,669.6	1,046.3
Massachusetts	16,380	1,721.3	295.2	3,617.3	620.3	7,668.4	1,314.9
Michigan	13,608	2,687.0	293.8	3,248.2	355.2	9,314.2	1,018.5
Minnesota	14,087	1,359.0	322.5	1,948.6	462.4	4,898.5	1,162.4
Mississippi	9,187	1,030.7	392.7	272.6	103.9	1,917.3	730.4
Missouri	13,244	1,530.2	302.0	1,116.5	220.4	3,608.1	712.2
Montana	10,974	0.0	0.0	172.2	210.3	617.1	753.5
Nebraska	13,288	349.9	219.0	351.8	220.2	1,119.4	700.5
Nevada	14,481	519.5	539.5	0.0	0.0	1,048.3	1,088.6
New Hampshire	14,964	0.0	0.0	24.9	24.2	484.5	471.7
New Jersey	17,211	2,614.4	343.1	2,052.6	269.4	8,360.2	1,097.1
New Mexico	10,914	625.9	423.2	102.6	69.4	1,462.1	988.6
New York	16,050	4,760.9	267.9	11,582.3	651.7	22,747.4	1,280.0
North Carolina	11,617	1,384.1	218.6	2,206.7	348.6	5,579.7	881.3
North Dakota	12,052	177.0	260.7	73.4	108.1	616.1	907.3
Ohio	13,226	3,166.0	294.5	2,776.9	258.3	9,062.2	842.8

State	1985 Per capita Personal Income	General Sales & Gross Receipts (Collections)	General Sales & Gross Receipts Per capita	Individual Income (Collections)	Individual Income Per capita	Total Revenue 2/ (Collections)	Total Revenue 2/ Per capita
Oklahoma	$12,232	$656.0	$198.5	$687.6	$208.1	$2,959.6	$895.5
Oregon	12,622	0.0	0.0	1,193.8	442.5	1,931.3	715.8
Pennsylvania	13,437	3,241.4	272.6	2,655.7	223.4	10,683.2	898.6
Rhode Island	13,906	291.4	298.8	286.6	294.0	885.6	908.3
South Carolina	10,586	1,111.5	329.0	907.3	268.6	2,887.1	854.7
South Dakota	11,161	198.9	281.0	0.0	0.0	403.7	570.3
Tennessee	11,243	1,865.9	388.5	67.4	14.0	3,272.0	681.2
Texas	13,483	4,327.7	259.4	0.0	0.0	11,124.7	666.9
Utah	10,493	558.6	335.5	451.5	271.2	1,364.8	819.7
Vermont	12,117	98.6	182.2	160.5	296.7	499.5	923.3
Virginia	14,542	1,020.2	176.3	2,174.3	375.7	4,846.6	837.5
Washington	13,876	3,113.2	697.6	0.0	0.0	5,219.3	1,169.5
West Virginia	10,193	811.1	422.7	478.6	249.4	1,848.6	963.3
Wisconsin	13,154	1,543.3	322.5	2,239.1	467.9	5,491.5	1,147.7
Wyoming	13,223	184.2	363.4	0.0	0.0	795.4	1,568.9

1/ This table is prepared from per capita income estimates for calendar year 1985, using July 1, 1986 population estimates, and 1986 state fiscal year collections. Source: U.S. Department of Commerce, Bureau of the Census, State Government Tax Collections in 1986

2/ Total revenue represent the total revenues collected from the following state taxes: individual and corporate income, severance, property, death/gift, documentary, sales and use, motor fuels, public utilities, cigarette/tobacco, insurance, alcoholic beverage, pari-mutuel, amusements, other taxes that may not be catagorized in one of the forementioned taxes, and license taxes.