TAX HANDBOOK

State and Local Taxes in Colorado

COLORADO LEGISLATIVE COUNCIL

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Legislative Council

Report to the

Colorado General Assembly

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COLORADO GENERAL ASSEMBLY

LEGISLATIVE COUNCIL

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To Members of the Fifty-seventh Colorado General Assembly:

This report represents the third edition of the Tax Handbook, a guide to state and local taxes in Colorado. The purpose of this handbook is to serve as 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 contributing to the publication were Stan Elofson, Assistant Director, Harriet Crittenden La Mair, Research Associate, and Scott Nachtrieb, Fiscal Analyst B.

Respectfully submitted,

Charles S. Brown

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Director

CB/td

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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, collections from licenses are compared for all 50 states 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 monies appropriated from the general fund be reserved in any fiscal year. For FY 1986 and 1987, the reserve requirement was 5 percent, was increased to 6 percent for FY 1988, and was decreased to 4 percent in FY 1989 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. Monies appropriated for reappraisals of classes of property 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 $2.8 billion in taxes for FY 1988 from eighteen tax sources. About 65.2 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.

Table I

TOTAL NET STATE TAX COLLECTIONS FOR FY 1988
Collections Without Regard to Fund Disposition
($ in Millions)

Tax	Fiscal 1988	Percent Of Total
Personal Income	$1,169.3	41.6%
Sales	663.4	23.6
Motor Fuel	302.1	10.7
Unemployment Insurance	208.6	7.4
Corporate Income	138.4	4.9
Insurance Premiums	78.4	2.8
Cigarette	60.8	2.2
Use	59.3	2.1
Lottery	33.0	1.2
Gross Ton-Mile	31.0	1.0
Liquor	22.0	0.8
Estate	13.3	0.5
Severance	15.3	0.5
Pari-Mutuel Racing	8.5	0.3
Tourism Promotion	6.8	0.2
Tobacco	3.1	0.01
Inheritance	(0.2)*	0.0
Gift	0.0 **	0.0
TOTAL	$2,813.1	100.0%

* Tax refunds for prior years exceeded the revenues for FY 1988.
** Less than $100,000 revenue collections.

I. GENERAL FUND

All monies not earmarked by the constitution or by statute for special funds are credited to the general fund. This fund is the state's major operating fund. The major taxes credited to the fund include personal income, sales and use, corporate income, and several excise taxes. Other taxes credited to the fund are: cigarette; tobacco; insurance premiums; liquor; pari-mutuel racing; and the estate, inheritance, and gift taxes. State inheritance and the gift taxes are no longer levied but collections continue from previous years' liabilities.

CHART I

1988 GENERAL FUND TAX RECEIPTS

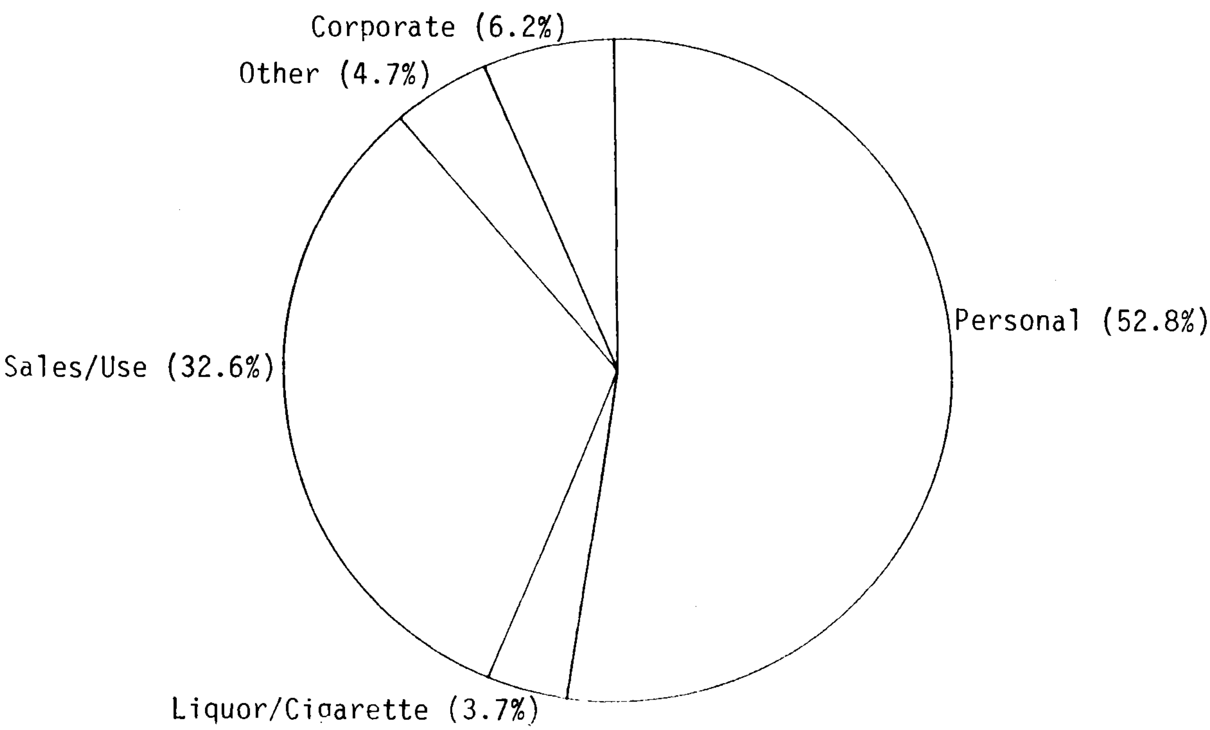

Table II compares 1978 and 1988 general fund tax receipts by source and depicts the amount and percentage each tax contributed to the general fund. Personal income and sales and use taxes accounted for approximately 85.4 percent of the 1988 general fund receipts.

General fund tax receipts have increased approximately 104 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 -- from 40.9 percent of general fund revenue in FY 1978 to 52.8 percent in FY 1988. Taxes that have a smaller percentage contribution to the total general fund revenue in 1988 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 1988
($ in Millions)

Tax	Fiscal 1978	Percent of 1978 Total	Fiscal 1988	Percent of 1988 Total
Cigarette	$48.6	4.5%	$60.8	2.7%
Tobacco	--	--	3.1	0.1
Estate (Gift)				
I. Estate	--	--	13.3	0.6
II. Inheritance	21.2	2.0	(0.2)*	--
III. Gift	1.3	0.1	0.0 **	--
Income				
I. Corporate	89.3	8.3	138.4	6.2
II. Personal	442.7	40.9	1,169.5	52.8
Insurance Premiums	31.1	2.9	78.4	3.6
Liquor	16.3	1.5	22.0	1.0
Pari-Mutuel Racing	7.7	0.7	8.5	0.4
Sales and Use				
I. Sales	387.2	35.8	663.4	29.9
II. Use	37.6	3.5	59.3	2.7
TOTAL	$1,083.0	100.0%	$2,216.7	100.0%

* Tax refunds for prior years exceeded the revenues.
** 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 1988. 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. In FY 1988 the sales tax collections increased by $15.1 million over FY 1987, the first increase 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 $138.4 million in FY 1988. Individual income tax receipts have increased in nine of the last ten years; 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 have increased $104.2 million over FY 1986 due to tax rate increases for gasoline and diesel fuel.

Table III

ACTUAL NET STATE REVENUES BY TAX SOURCE FY 1979 THROUGH 1988
($ in Millions)

Tax Source	1979	1980	1981	1982	1983	1984	1985	1986	1987	1988
Sales	$458.9	$482.7	$485.8	$541.6	$565.1	$731.9	$673.8	$662.9	$648.3	$663.4
Use	47.1	53.3	54.4	74.1	66.1	66.8	73.0	76.1	68.6	59.3
Cigarette	33.3	34.8	37.0	37.2	36.7	47.4	52.3	50.9	66.1	60.8
Tobacco	--	--	--	--	--	--	--	--	2.7	3.1
Other	3.7	4.1	3.1	2.0	2.0	2.1	1.9	1.9	1.9	--
Income										
Individual	480.6	465.6	479.4	621.0	703.3	796.4	921.7	973.2	1,081.9	1,169.5
Corporate	115.8	117.4	84.8	88.8	66.5	94.1	78.8	124.4	136.7	138.4
Insurance	35.7	40.0	41.6	47.9	51.6	56.6	64.7	75.0	84.1	
Pari-Mutuel	8.0	8.2	8.8	9.5	8.4	8.6	7.7	8.5	9.0	8.5
Inheritance	22.8	24.1	2.0	1.6	0.3	0.1	0.1	0.1	0.0	(0.2)
Estate	--	0.0	4.9	11.0	8.5	10.3	13.8	13.5	18.6	13.3
Gift	1.3	1.1	0.4	0.2	0.0	0.0	0.0	0.0	0.0	0.0
Gross Ton-Mile/ Passenger-Mile	21.8	23.0	24.6	24.3	23.7	28.6	30.2	30.8	31.7	31.0
Spiritous Liq.	16.1	15.3	15.5	16.0	15.4	15.7	15.4	14.4	13.8	13.1
Wine	2.0	2.0	2.1	2.3	2.4	2.5	2.6	2.7	2.6	2.4
Beer										
3.2% or Less	1.1	1.1	1.2	1.2	1.2	1.1	1.1	1.1	1.1	0.9
More Than 3.2%	5.1	5.2	5.3	5.8	5.6	5.7	5.7	5.6	5.7	5.6
Lottery	--	--	--	--	41.7	40.7	32.0	29.2	35.0	33.0
Motor Fuel	114.8	113.5	108.3	138.9	142.8	188.4	186.5	197.9	291.1	302.1
Severance	18.7	23.1	31.6	48.7	26.3	28.8	23.8	28.4	11.6	15.3
Tourism Tax	--	--	--	--	0.0	2.9	3.3	3.6	3.9	6.8
Unemployment Insurance	81.3	67.9	61.5	86.9	122.6	247.3	264.4	251.7	227.3	208.6

(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

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

FUND TRANSFERS USED AS STATE BUDGET BALANCING MEASURES -- 1982 TO 1988
($ 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

Fiscal Year	Fund Name	Amount Transferred	Amount Repaid	Date Repaid	Fund or Agency Receiving Money
1988	Fire and Police Pension	14.5 /5			Payment to FPPF on 9/30/88 was $5.5 M
	Severance Tax	8.0 /6			
1989	Severance Tax	15.3			General Fund

* Colorado Water
** HUTF
*** Colorado Advanced Technology Institute

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

/2 The amount of money borrowed from the severance tax fund from 1983 to 1986 equaled about $75.5 million. House Bill 1010, 1986 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 December 31, 1990. There is a stipulation that the funds may not be expended unless the decision was made in favor of locating the superconducting supercollider accelerator in Colorado.

/4 Senate Bill 196, 1987 session, provided 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 House Bill 1353, 1987 session, reduced the general fund transfer to the fire and police pension to $5.5 million for FY 1988.

/6 House Bill 1353 required 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 the other major state funds referred to in this report.

Old Age Pension Fund

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

Purpose. The fund 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 Colorado Constitution requires that the following monies 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 monies in any fund of the state or political subdivision thereof that was allocated to the OAPF before January 1, 1957;

-- all federal grants for old age assistance;

-- all inheritance taxes, estate taxes, and incorporation fees; and

-- such monies as the General Assembly may allocate.

The sum total of the monies credited to OAPF amounts to a total in great excess of the monies actually expended by the fund. For example, in FY 1987, only 6.2 percent of the credited funds were expended. The remainder of the monies flow into the general fund.

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

-- Stabilization Fund -- maintained at $5 million; and

-- Old Age Pension Health and Medical Care Fund -- up to $10 million annually.

After satisfying the requirements of the OAPF, the stabilization fund, and the medical care fund, all remaining monies are credited to the general fund. Listed below is the disposition of those monies expended by OAPF.

OAPF REVENUE DISPOSITION -- FY 1988

Fund	Amount
Constitutional Requirements	
OAPF Grants	$27,492,863
Stabilization Fund	5,000,000
Medical Care Fund	10,000,000
Statutory Requirements	
Home Care Allowance	10,225,294
Adult Foster Care	278,834
TOTAL	$52,996,991

(SOURCE: Department of Social Services.)

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. Statute 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 1987-88 Receipts
Basic Fund:	($ in Millions)
7 cent motor fuel tax	$114.4
Gross ton-mile and passenger-mile tax	31.0
Motor vehicle registrations	32.0
Motor vehicle penalty assessment	3.7
Miscellaneous	16.6
Interest	1.2
Basic Fund Total	$198.9
General fund transfer	$ 15.7
Additional fuel tax (includes bridge and road fund)	169.6
Subtotal	185.3
Total HUTF	$384.2

Disbursements:	Expenditures
Deductions	$ 67.0
State share	188.0
County share	82.0
City share	47.2
Total	$385.7

(SOURCE: Department of Highways.)

Sales and use tax diversion ("Noble Money"). House Bill 1350, 1987 session, phased out the general fund diversion, the HUTF 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 was 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 1989 -- $20 million to the HUTF
-- $ 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

Special district fees. The E-470 construction authority was authorized by the voters during the 1988 general election to impose a $10 increase in automobile registration fees. The fee has not yet been increased. The transit construction authority was limited in its powers, including its taxing abilities, by S.B. 197 of the 1988 session. The authority may only impose an assessment or exercise any of its statutory powers after approval is granted by the General Assembly.

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 monies 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 1992. 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.

Appropriations include $15 million for FYs 1990 and 1991 and $20 million for FY 1992. The money is to be distributed 50 percent to the fish and wildlife resources account, 25 percent to the fund, and 25 percent to the Colorado Water Resources and Power Development Authority. For FY 1989, $5 million is appropriated to the Water Rights Final Settlement Fund which provides tribal development funds for the Southern Ute Indian and Ute Mountain Indian tribes.

Senate Bill 30, 1988 session, authorized $9.9 million for new water projects.

Capital Construction Fund

The capital construction fund (CCF) was created by section 24-75-302, C.R.S., to finance the state's capital construction needs. The monies for the fund are appropriated by the General Assembly from the general fund and the CCF automatically receives 50 percent of the net lottery proceeds. House Bill 1340, 1986 session, continued the suspension of the 1/2 percent credit on personal income tax through December 31, 1990. House Bill 1340 designated that specific amounts raised by the suspension of the credit be transferred to the CCF, beginning July 1, 1988. The bill designated $15 million for 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 (section 24-75-201.1 (1) (c) (I), C.R.S.). Recommendations for capital construction expenditures are submitted by the Capital Development Committee to the Joint Budget Committee, the General Assembly, and to the Governor. (For changes in lottery fund distribution, see the lottery section on page 46.)

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

Fiscal Year	Total Capital Construction	Percent of Total General Fund
1979	$30.4	2.6%
1980	35.7	2.8
1981	20.0	1.5
1982	8.0	0.5
1983 /1	22.6	1.3
1984	36.3	2.0
1985	101.3 /2	5.4
1986	40.6	2.0
1987	50.3	2.4
1988	39.5	2.4
Ten-Year Total	$384.4	
Ten-Year Average	$ 38.4	2.24%

/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).

State Severance Tax Trust Fund

The State Severance Tax Trust Fund is a permanent fund held in trust as a replacement for depleted natural resources and for the development and conservation of the state's water resources (section 39-29-109, C.R.S.). Fifty percent of the severance taxes are credited to the State Severance Tax Trust 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 in 1987 about $12.7 million of Severance Tax Trust Fund and Mineral Lease Fund monies 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 Article 63 of Title 34, C.R.S. The fund is the depository of monies received by the state from the federal government for Colorado's share of sales, bonuses, royalties, and rentals of public lands within the state. Public schools and political subdivisions impacted by energy development have priority use of the fund. The amount distributed for calendar year 1987 totaled $34,312,512. The distribution formula and the amount distributed to each entity in 1987 are listed below. Amounts in parentheses represent 1987 distributions in millions.

MINERAL LEASE FUND DISTRIBUTION FORMULA AND CALENDAR YEAR 1987 DISTRIBUTIONS

I. Initial distribution

- -- 50 percent to counties from which the funds were derived with a maximum of $200,000 per county -- ($3.1)
- -- 25 percent to the state Public School Fund -- ($8.6)
- -- 15 percent to the Local Government Mineral Impact Fund -- ($5.1)
- -- 10 percent to the Colorado Water Conservation Board Trust Fund -- ($3.4)

II. Distribution of funds from counties whose 50 percent share exceeded $200,000 -- ($14.1)

-- $10.1 million to the Public School Fund -- ($10.1)

Balance of county excess after deposits to school fund -- ($4.0)

- -- counties who contributed to the excess receive up to $800,000 of the remaining funds -- ($3.3)
  - -- school districts receive 25 percent -- ($1.4)
  - -- towns receive 37.5 percent of county funds -- ($0.8)

III. Funds from counties whose 50 percent share exceeded $800,000 -- ($1.6)

- -- 50 percent to the State School Fund -- ($0.8)
- -- 50 percent to DLA -- ($0.8)
  - -- counties whose 50 percent share exceeded $800,000 get 25 percent of DLA's 50 percent -- ($0.2)

Conservation Trust Fund

The Conservation Trust Fund was established by section 29-21-101, C.R.S. The fund receives 40 percent of net lottery proceeds. Monies credited to the fund are disbursed by the Division of Local Government (DLA) to eligible counties, cities, and special districts based on population. The disbursed monies may be expended only for the acquisition, development, and maintenance of new conservation sites or for capital improvements or maintenance for recreational purposes. (See the lottery section on page 46 for more information.)

Public School Fund

The State Public School Fund is created in Section 3 of Article IX of the Colorado Constitution. The statutory provisions relating to the investment and use of the fund are contained in Article 41 of Title 22, C.R.S. The school fund consists of the proceeds of such lands granted to the state by the federal government for educational purposes, all estates that may escheat to the state, 25 percent of mineral lease monies, 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 create an actuarially sound statewide retirement system for all firemen and policemen hired after April 8, 1978, and to provide for the actuarial funding of all the existing pension systems (section 31-30-1012, C.R.S.). Contributions to the fund are made by local government employers, employees, and from the state. 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 FY 1988 contributions were distributed as follows:

- -- approximately $15.6 million to fund the unfunded liabilities of the "old" funds;

- -- approximately $3 million, which decreases 10 percent per year until local governments assume full funding in 1994, to the death and disability account; and
- -- approximately $2.2 million to match the local levy of up to 1/2 mill for volunteer firemen's pensions.

Water Pollution Control Revolving Fund

The Water Pollution Control Revolving Fund was authorized under section 37-95-107.6, C.R.S., during the 1988 legislative session. The fund is administered by the Colorado Water Resources and Power Development Authority and is designed to provide assistance in the form of loans to governmental agencies for the construction of publicly owned wastewater treatment plants. The fund receives Environmental Protection Administration (EPA) grant dollars and must match those funds with 20 percent state dollars. The fund is able to match the EPA dollars by the authority creating separate accounts in the fund. The accounts may be pledged and assigned as security for issuing revenue bonds.

III. STATE TAXES

If applicable, the following information is presented in this section for each state levied tax:

* Date of Enactment
* Constitutional and Statutory Citations
* Tax Base
* Present Rate
* Administration and Collection
* History of the Rates
* Disposition of Revenue
* Collection 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 and the Session Laws of Colorado, 1877 through 1988. The revenue collection figures are from the annual reports of the Department of Revenue and the Division of Accounts and Control (Department of Administration) unless otherwise noted. Information on taxes in other states and federal taxes was obtained from the Commerce Clearing House State Tax Guide and Federal Tax Guide and by use of comparative data published by the Colorado Public Expenditures Council.

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 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 4 percent of the face value of stamps. Payment is due on or before the tenth day of the month following the month of purchase. Wholesalers purchasing stamps must pay the tax on or before the tenth day following purchase to receive the 4 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. To qualify for these monies, local governments are prohibited from imposing fees, licenses, or taxes on any person as a condition for engaging in the sale of cigarettes, and they are prohibited from taxing cigarettes. Since July 1, 1987, local governments have been apportioned an amount equal to 27 percent of the proceeds from the entire 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	48.4	15.9
1988	43.8	17.0

Collections:

Cigarette Tax Receipts
($ in Millions)

Fiscal Year	Collections	Percent Change	Fiscal Year	Collections	Percent Change
1978	$48.6	N/A	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
1982	37.2	0.5	1987	64.3	26.3
			1988	60.8	-5.4

(SOURCE: Division of 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.

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)

CONTROLLED SUBSTANCES TAX

Enacted: 1988.

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

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

Present Rate:

Marijuana -- $100 per ounce (and a proportionate rate for a greater or lesser amount)

Controlled Substances -- $1,000 per ounce (and a proportionate rate for greater or lesser amounts)

A penalty of 10 times the tax is imposed for failure to pay the tax.

Administration and Collection: House Bill 1340, 1988 session, provides that any individual possessing controlled substances or marijuana without stamps sold by the Department of Revenue affixed to the package are subject to the tax. No other provisions are made for tax collection.

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

Disposition of Revenue: Credited to the general fund.

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 in the other state that is a credit against the federal state tax; or

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

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

Administration and Collection: By the Department of Revenue 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 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.

Collections:

Inheritance and Estate Tax Receipts
($ in millions)

Year	Inheritance Tax	Estate Tax	Total	Percent Change
1978	$21.2	0	21.2	N/A
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
1988	(.2)	13.3	13.1	-30.5

(SOURCE: Department of Revenue.)

The state continues to collect inheritance tax revenues even though the provisions were repealed in 1980. This is due to provisions allowing for extended payments of tax liability.

Other States: Estate or inheritance taxes are now imposed by all 50 states. Nineteen states have both an inheritance and estate tax in effect. Twenty-nine 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 who is a resident or a citizen of the United States. A unified tax credit and credits for state death taxes are allowed.

II. Gift Tax

Enacted: 1937.

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

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

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

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
1978	$1.3	1984	$.002
1979	1.3	1985	.002
1980	1.1	1986	.003
1981	.4	1987	.019
1982	.2	1988	.015
1983	.04		

(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 tax is an alternative 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; and

-- 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 an annual 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 rates were adopted (.8 mill empty; 2 mills cargo)

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
1978	$20.3	N/A	1984	$28.6	20.4%
1979	21.8	7.1%	1985	30.2	5.8
1980	22.9	5.4	1986	30.8	2.0
1981	24.6	7.1	1987	31.7	2.9
1982	24.6	0.0	1988	31.0	-2.2
1983	23.7	-2.5			

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

Other States: Most states 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. A gross receipts tax is in addition to registration fees on contract carriers through the purchase of a certificate of convenience and necessity. 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 On or After July 1, 1988, But Before July 1, 1989

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

For tax years beginning on or after July 1, 1989, the tax rate on income of $50,000 or less is set at 5 percent. Beginning on or after 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 .1 percent 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 On or After January 1

1937	1947	1951-1956	1957	1958-80
4%	5%	5% with 20% credit	5% with 15% credit (one year only)	5%

Tax Years Beginning On or After January 1, 1981

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

Tax Years Beginning On or After January 1, 1982

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

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

Rate -- Flat 5% on taxable income

Tax Years Beginning On or 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 5.5% on income above $50,000
Over $200,000	$10,875 plus 6.0% on income above $200,000

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

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

Determination of Corporate Income: Prior to 1985, Colorado employed the unitary method of computing corporate income. Under this method, corporate income from all sources was considered in the determination of taxable income. As amended in 1985 session (H.B. 1010), 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, various modifications that may change the final income figure and the taxes paid. The major corporate tax credits are: 1) investment tax credits; 2) new business facilities tax credit; 3) commercial energy tax credit; and 4) inventory property tax credit. These credits, except the investment tax credit, have expired but, because of carry forward provisions in the law, these credits are still being claimed.

House Bill 1331, 1987 session, adopted the pre-tax reform federal definitions of property qualifying for the investment tax credit (ITC). This act allows taxpayers to continue to claim a 10 percent ITC for tax years beginning on or after January 1, 1988, for property used in Colorado. The credit may not exceed $1,000 for any tax year.

Enterprise Zones

Senate Bill 31, 1988 session, authorized an income tax credit for taxpayers who make expenditures in research and development activities in an enterprise zone. The maximum credit allowed for these expenditures between the period of January 1, 1989, and January 1, 1990, is 3 percent of the amount spent for research development during that tax year that is in excess of the average total expenditure within or without the enterprise zone in such tax year. After January 1, 1990, the tax credit formula is similar except the 3 percent is figured by calculating the average amount expended within or without the zone in such tax year and the next preceding two tax years. A maximum credit is also provided in the law.

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 (1.4 percent in FY 1988) of all income taxes are apportioned to cities and towns and to unincorporated areas as a method to distribute a share of cigarette tax revenues (39-22-623, C.R.S.). In addition, H.B. 1002, 1988 special session, transferred $15.7 million 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
1978	$89.3	N/A	1984	$94.1	41.5%
1979	115.8	29.7%	1985	78.8	-16.3
1980	117.4	1.4	1986	124.4	57.8
1981	84.8	-27.8	1987	136.7	9.8
1982	88.8	4.7	1988	138.4	1.2
1983	66.5	-25.1			

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 10.5%
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 below.

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

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 H.B. 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 ($1,950 for 1988; $2,000 for 1989) and standard deduction ($3,000 single and $5,000 married, beginning January 1, 1988). 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 "flat tax."

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

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:

Net Taxable Income	1937	1947	1959	1963 - 1986 Statutory Rate	1963 - 1986 Rate with 1/2% Credit /1	1978	1987	1988
0 to $ 999	1.0%	1.0%	3.0%	3.0%	2.5%	/2	/3	/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 1/2 percent credit applies.

/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 percent 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. The provisions were repealed with enactment of the "Tax Reform Act of 1987," except the personal exemption which was set at zero. For additional information on these provisions see the 1986 **Tax Handbook.**

Disposition of Revenue: A small portion (1.4 percent in FY 1988) 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.).

Collections:

Personal Income Tax Receipts
($ in Millions)

Fiscal Year	Revenues	Percent Change	Fiscal Year	Revenues	Percent Change
1978	$442.7	N/A	1984	$796.4	13.2%
1979	480.6	8.6%	1985	921.7	15.7
1980	465.6	- 3.1	1986	973.2	5.6
1981	479.4	3.0	1987	1,081.9	11.2
1982	621.0	29.5	1988	1,169.5	8.1
1983	703.3	13.3			

Tax Checkoff Programs

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

-- Veterans Memorial Program (effective for the 1988 tax year);
-- U.S. Olympic Committee Fund;
-- Nongame Wildlife Program; and
-- Domestic Abuse Program Fund.

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

REVENUES
VOLUNTARY INCOME TAX CHECKOFFS

Fiscal Year	Nongame Wildlife	Domestic Abuse	Olympic Committee	Total
1983	$552,449	N/A	N/A	$552,449
1984	458,758	$215,361	$180,886	855,005
1985	397,533	231,316	117,627	746,476
1986	372,660	218,757	161,292	702,709
1987	406,464	221,788	111,643	739,895
1988	371,782	261,077	*35,486	668,345

* The Olympic Committee checkoff sunset in 1987 but was reinstated for the 1988 tax year.

(SOURCE: Department of Revenue.)

Other States: Nine states levy a flat income tax rate, and seven states -- Alaska, Florida, Nevada, South Dakota, Texas, Washington, and Wyoming -- do not levy a personal income tax. Thirty-four states and the District of Columbia 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	Graduated	Yes	4
New Mexico	Graduated	Yes	7
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.

Beginning in the 1987 tax year, the 14 or 15 different tax rates were reduced to the five rates shown on the following page:

	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, the number of rates is reduced to two, with a 5 percent surcharge 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%
- Over $17,850 to $43,750 -- 28%
- Above $43,750 -- 5% surcharge

Joint return - First $29,750 -- 15%
- Over $29,750 to $71,900 -- 28%
- Above $71,900 -- 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: Two and one-fourth percent for a non-Colorado company; 1 percent for a company maintaining a home office or regional home office in Colorado; 1 percent for captive insurance companies; and 2 percent for surplus line insurance.

Exemptions:

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

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

1959	2.25%	All companies
	1.0 %	Companies with 50 percent or more of their assets in Colorado bonds or warrants
1960	2.25%	All companies
	1.0	Companies with 30 percent or more of their assets in Colorado bonds or warrants
1969	2.25%	All companies
	1.0 %	Companies maintaining a home or regional office in the state
1972	1.0%	Captive insurance companies (wholly owned subsidiary companies that insure only the risks of the parent company)

Disposition of Revenue: Monies are credited to the general fund, except for substantial amounts that have been transferred to the fire and police members' benefit fund for purposes of meeting the FPPF unfunded liability, for death and disability insurance, and for volunteer firemen. The FY 1987 fund transfer was not made and the amount transferred for FY 1988 was reduced to $5.5 million (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
1978	$31.0	N/A	1984	$56.6	9.7%
1979	35.7	15.2%	1985	64.7	14.3
1980	40.0	12.0	1986	75.0	15.9
1981	41.6	4.0	1987	84.1	12.1
1982	47.9	15.1	1988	78.4	-6.8
1983	51.6	7.7			

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 annually, or the metric equivalent thereof, of vinous liquors which use not less than 75 percent Colorado-grown products in the manufacture of such vinous liquors.

Present Rates:

Fermented malt beverage	-- 8.00 cents per gallon
Malt liquors	-- 8.00 cents per gallon
Vinous liquors	-- 7.33 cents per liter
Limited winery	-- .70 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: The following alcoholic beverages are exempt from the tax:

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

History of Tax Rates:

Liquor Tax Rates in Colorado
(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.

Collections:

Liquor Tax Receipts

Fiscal Year	Beer*	Wine	Spiritous Liquor	Total	Percent Change
1978	$5,634,117	$1,710,954	$14,573,003	$21,918,074	N/A
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
1988	6,543,123	2,370,103	13,051,467	21,964,693	-5.2

* 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%)
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
1988	928,579	5,614,544

(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.	Kansas	Neb.	N.Mex.	Okla.	Utah	Wyo.
Wort/liquid malt		$.20					$.02
Beer 3.2% and less	$.16	.18	$.23	$.18	$.40	$.35	.02 /3
Beer over 3.2%	.16	.18	.23	.18	.40	.35	.02
Wine 14% or less /1 (per liter)	.22	.079	.197	.25	.165	13% /2	.075
Wine over 14% /1 (per liter)	1.05	.197	.355	.25	.328	13% /2	.075
Wine - other /1 (per liter)		.079 (domestic table)	.013 (farm wineries)		.475 (sparkling)	13% /2	.075
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.

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

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: Department of Revenue, State Lottery Division.

Collection Period: Daily.

Disposition of Revenue: Revenues from the lottery are credited to the lottery fund. At least 50 percent of the total revenue accruing from the sale of lottery tickets must be disbursed as prize money. All expenses of the division are paid from the lottery fund. In 1987, H.B. 1274 was enacted, thereby expanding Colorado's lottery to include the electronic game "lotto."

Modifications to the distribution formula in H.B. 1274 include: (a) capping the amount of lottery funds transferred to the Conservation Trust Fund (CTF) at $10.96 million, and the Department of Natural Resources (DNR) at $2.74 million; (b) remaining monies shall be distributed to the Capital Construction Fund (CCF) to be used, in addition to capital construction purposes, for state correctional facilities; and (c) increasing the percent of lottery funds until resuming the original formula in FY 1996-97; and (d) distributing funds in excess of the incremental balance of $36 million used for prison construction to the CTF, DNR, and CCF. It should be noted that 50 percent of all gross lottery proceeds are returned to the public as prizes.

Collections:

Lottery Receipts *
($ in Millions)

Fiscal Year	Collections*	Percent Change
1983	$41.7	N/A
1984	40.7	-2.4%
1985	32.0	-21.4
1986	29.2	-8.75
1987	35.0	19.9
1988	33.0	-5.7

* Receipts after distribution of prize monies (50 percent). These funds are distributed to the Conservation Trust Fund, Division of Parks and Outdoor Recreation, and State Capital Construction Fund.

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

Other States: Lottery ballot proposals have passed in the following 28 states:

Arizona
California
Colorado
Connecticut
Delaware

Florida
Idaho
Illinois
Iowa
Kansas

Maine
Maryland
Massachusetts
Michigan
Missouri

Montana
New Hampshire
New Jersey
New York
Ohio

Oregon
Pennsylvania
Rhode Island
South Dakota
Vermont

Virginia
Washington
West Virginia

MOTOR-FUEL TAXES

I. Gasoline

Enacted: 1919.

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

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

Present Rate: Effective July 1, 1986: 18 cents per gallon on gasoline and 18 cents per gallon on gasohol. The 1986 tax increase is scheduled 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.

Administration and Collection: Department of Revenue.

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

History of Tax Rates:

Fiscal Year	Gasoline	Gasohol	Fiscal Year	Gasoline	Gasohol
1919	1 cent		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)

A. "Off-the-top" deductions

B. Remaining funds
   65% to state highway fund
   26% to counties
   9% to cities

Additional Revenues
(amendments in 1981, 1983, 1986)

A. "Off-the-top" bridge repair (16%)

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
1978	$107.5	N/A	1984	$188.4	31.9%
1979	114.8	6.8%	1985	186.5	- 1.0
1980	113.5	- 1.1	1986	197.9	6.1
1981	108.3	- 4.6	1987	291.1	47.1
1982	138.9	28.3	1988	302.1	3.8
1983	142.8	2.8			

* 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	.183
New Mexico	.142
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 -- increased 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. Aircraft Fuel

Enacted: 1988.

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

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

Present Rate: Effective January 1, 1989: a 6 percent tax on non-turbo-propeller or non-jet engine aircraft and a 4 cent tax on fuel for turbo-propeller or jet engine aircraft. The aircraft fuel taxes are imposed in lieu of the aircraft registration fee and the personal property (specific ownership) tax on aircraft.

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

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

History of Tax Rates and Collections: Not applicable; tax will be imposed beginning January 1, 1989.

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

The term "airport development" is defined in statute as:

> Any work involved in constructing, planning, or repairing a public airport or portion thereof; the removal, lowering, relocation, and marking and lighting of airport hazards utilizing federal rules and regulations as guidelines for determining such hazards; the acquisition of navigation aids used by aircraft landing at or taking off from such airport; the acquisition of safety equipment required by federal rule or regulation; and any acquisition of land, of any interest therein, or of any easement through or other interest in airspace, including land for future airport development, which is necessary to permit any such work or to remove, mitigate, prevent, or limit the establishment of airport hazards. (28-6-102 (3), C.R.S.)

MOTOR-FUEL TAXES

III. Special Fuel

Enacted: 1919.

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

Tax Base: Motor-fuel taxes are imposed on all special fuels, except fuel used for aviation purposes. Special fuels 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 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. The liquified petroleum gas tax applies to all vehicles using such fuel; however, in 1988, H.B. 1161 allowed for the payment of the following license tax fee in lieu of the tax.

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

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

Collection Period: Tax payments are due on or before the 25th 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 25th 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 /1	7	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: Revenues are credited to highway users tax fund. (See gasoline tax, pages 48 and 49).

Exemptions:

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

Collections: (Included with collections of gasoline tax, see page 49.)

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	.183
New Mexico	.162
Oklahoma	.13
Utah	.19
Wyoming	.08

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

Diesel fuel ....15.0 cents per gallon
Special motor fuels (including
alcohol fuels from petroleum) .... 9.0 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:

Pari-Mutuel Tax Rates (based on handle)

Year	Other Than Horse Races (Greyhound)	Horse Races
1947	5%	5%
1949	5%	5%
1967	5%	3% of first $200,000 4% excess of $200,000 but not over $300,000 5% excess of $300,000 but not over $500,000 6% excess of $500,000
1969	5%	4% of first $200,000 5% excess of $200,000 but not to over $300,000 daily 6% in excess of $300,000 daily
1979	5%	3.75% commercial 4% nonprofit public fair
1981	4%	4% commercial 5.5% public nonprofit fair
1983	4%	4% commercial 9.5% public nonprofit fair 1.5% nonprofit year-round
1986	Present rate	(For present rate, see page 54.)

Collections:

Pari-Mutuel Tax Receipts ($ in Millions)

Fiscal Year	Collections	Percent Change	Fiscal Year	Collections	Percent Change
1978	$7.7	N/A	1984	$8.6	2.4%
1979	8.0	3.9%	1985	7.7	-10.5
1980	8.2	2.5	1986	8.5	10.3
1981	8.8	7.3	1987	9.0	5.8
1982	9.5	8.0	1988	8.5	-5.6
1983	8.4	-11.6			

1987 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 or 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 25th day of each month for miles traveled the preceding month.

History of Tax Rates: The tax rate has not changed since first imposed in 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 27.

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 page 92 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, the Regional Transportation District, and the Cultural and Scientific Facilities 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, 7 percent of the sales and use taxes that were attributable to the sales or use of motor vehicles and related items were transferred to the highway users tax fund. House Bill 1350, 1987 session, abolished the sales tax diversions and allocated state income tax revenues (not to exceed $40 million) attributable to federal tax reform to the HUTF for FY 1988. The transfer was to have been made after meeting the reserve requirement and fund paybacks. (For further information see page 10.)

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 $500;

-- 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 and honor boxes 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
1978	$387.2	N/A	1984	$731.9*	29.5%
1979	458.9	18.5%	1985	673.8*	-7.9
1980	482.7	5.2	1986	662.9	-1.6
1981	485.8	0.6	1987	648.3	-2.2
1982	485.8	0.6	1988	663.4	2.3
1983	565.1	4.3			

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

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

Present Rate: The state rate is 3 percent. Local governments may impose, with voter approval, additional taxes as long as the combined state, county, and city rate does not exceed 7 percent. However, the 7 percent limitation cannot prohibit a county from levying a 1 percent tax.

Administration and Collection: Department of Revenue.

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

History of Tax Rates:

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

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

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

Collections:

Use Tax Receipts
($ in Millions)

Fiscal Year	Use Tax Collections	Net Percent Change	Fiscal Year	Use Tax Collections	Net Percent Change
1978	$37.6	N/A	1984	$66.8*	1.1%
1979	47.1	25.3%	1985	73.0*	9.3
1980	53.3	13.2	1986	76.1	4.2
1981	54.4	2.1	1987	68.6	-9.9
1982	74.1	36.2	1988	59.3	-13.6
1983	66.1*	-10.8			

* 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 58.

SEVERANCE TAX

Enacted: 1977.

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

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

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

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

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

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

Molybdenum. During the 1988 legislative session, the tax on molybdenum ore was changed to the following rates:

Date	Tax
January 1, 1986 through July 6, 1994	5 cents per ton
After July 1, 1994	10 cents per ton

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

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

Wells producing 10 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 10 barrels or less per day.

Coal. During the 1988 legislative session, the severance tax on coal was lowered from 60 cents to 36 cents per ton until July 1, 1994, when the rate will return to 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 1 1/2 percent decrease or increase in the U.S. Department of Labor's Producer Price Index, the rate is correspondingly increased or decreased by 1 percent. Such determinations are made by the executive director of the Department of Revenue.

Oil shale. Oil shale is taxed at 4 percent of gross proceeds -- the 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 are greater, is exempt.

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

Administration and Collection: Department of Revenue.

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

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

Disposition of Revenue: Revenues are dedicated 50 percent to the state severance tax fund and 50 percent to the local government severance tax fund. (See pages 13 and 14 for discussions of these funds.)

Collections:

Total Severance Tax Receipts

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
1988	7,270,855	7,817,397	244,293	13,329,543	15.2

* Tax effective January 1, 1978.

(SOURCE: Department of Revenue.)

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

According to the Department of Commerce, **State Government Tax Collections in 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 1987 -- $66 and $1,181 million, respectively. Colorado collected $9,694,000 during the same period. The 1986 revenue collection figures for other states in the western region are listed below.

State	Collections
Kansas	$63,601,000
Nebraska	2,396,000
New Mexico	235,044,000
Oklahoma	370,178,000
Utah	21,548,000
Wyoming	259,735,000

(SOURCE: U.S. Department of Commerce, **State Government Tax Collections in 1987.**)

TOBACCO PRODUCTS TAX

Enacted: 1986.

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

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

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

Administration and Collection: Department of Revenue.

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

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

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

Collections:

Tobacco Products Receipts
($ in Millions)

Fiscal Year	Receipts
1987	$2.7
1988	$3.1

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.

Tobacco Products Taxes in Neighboring States

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

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

Present Rate: Two-tenths of one percent.

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

Collection Period: Quarterly.

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

Fiscal Year	Rate
1983	.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 (Title 24, Article 32, Part 13, C.R.S.).

Collections:

Tourism Promotion Tax Receipts
($ in Millions)

Fiscal Year	Collections
1983	$ .002
1984	2.9
1985	3.3
1986	3.6
1987	3.9
1988	6.8*

* Rate increase became effective.

(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 fewer four employees for 20 weeks during the calendar year.

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

Present Rate: For new employers the standard rate of taxation is 2.7 percent of the employees' taxable wages and the state average tax rate for new and experienced employers is 2.2 percent. Employers newly subject to this 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.

Employers are also subject to the federal unemployment tax, receipts of which are used to pay the administrative costs of unemployment insurance programs.

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

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

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

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

Changes in the taxable wage base are listed below.

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

1936	1974	1978	1983	1984	1987	1988
$3,500	$4,200	$6,000	$7,000	$8,000	$9,000	$10,000 /1

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

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

Collections:

Unemployment Insurance Tax Receipts
($ in Millions)

Fiscal Year	Collections	Percent Change	Fiscal Year	Collections	Percent Change
1978	$83.9	N/A	1984	$247.3	101.7%
1979	81.3	-3.1%	1985	264.4	6.9
1980	67.9	-16.5	1986	251.7	-4.8
1981	61.5	- 9.4	1987	227.3	-9.7
1982	86.9	41.3	1988	208.6	-8.2
1983	122.6	41.1			

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

IV. LOCAL TAXES

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

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

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.

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

Municipality	Rate	Municipality	Rate
Arvada	2.0%	Green Mtn. Falls	2.0%
Avon	1.8	Lakewood	3.0
Breckenridge	2.0	Manitou Springs	2.0
Colorado Springs	2.0	Montrose	0.9
Cortez	2.0	Ouray	$1.00 per bed
Durango	2.0		
Englewood	2.0	Pueblo	3.5
Ft. Collins	3.0	Snowmass Village	0.1
Glenwood Springs	1.5	Steamboat Springs	1.0
Greeley	3.0		

County Lodging Tax

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

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

Rate: 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 non-home rule (statutory) cities do not have the authority to levy an admissions tax (City of Sheridan v. City of Englewood, 609 P.2d 108 (1980)).

Municipalities Levying Separate Admissions Taxes:

Municipality	Rate		Municipality	Rate
Arvada	4.0%		Edgewater	15.0%
Aurora	3.5		Englewood	3.0
Boulder	5.0	in lieu of sales tax	Glendale	3.5
Cherry Hills	10.0	(pro only)	Manitou Springs	5.0
Colorado Springs	2.5	movie tickets	Northglenn	3.0
Denver	10%	paid entrance to "city-owned" facility	Pueblo	3.0
			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: $5.75 per employee per month for employees earning over $500 per month and $4.00 per employee to be paid by employer
Dillon	$60 per business
Durango	Firms with: 5 employees or less -- $38.50 6-10 employees -- $66 11-20 employees -- $93.50 Over 20 employees -- $110
Eagle	$50 per business (proposed for 1988)
Edgewater	$50 per business, $2 per employee

Municipality	Rate (Annual Rate Unless Noted)
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 dictates the three approaches an assessor must use to determine the actual value of a property: 1) cost, 2) market, 3) income. The actual value for residential property is to be determined by the cost and market approaches only; agricultural land's actual value is determined by the land's earning or productive capacity capitalized at a prescribed rate. The amendment also establishes the rate for the valuation for assessment of residential real property and all other 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. Exemptions for certain types of property are included in the constitutional amendment. The State Board of Equalization was given the power to order revaluations for counties and enforce conformance with the constitution and the statutory provisions concerning property taxes.

Administration:

Property assessment. The county assessor is responsible for the assessment of most property within the county, with public utility and railroads assessed at the state level. The board of county commissioners acting as the county board of equalization reviews the valuations to raise, lower, or adjust the valuations so that the valuations are just and equalized within the county. The county board also hears appeals that have been denied or refused by the county assessor. The assessor must submit an "Abstract of Assessment" to the state Property Tax Administrator by August 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:

1 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 until the date of payment or the date of sale of tax liens.

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

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

Property Valuation:

Property types. There are two types of property that assessors value for taxing purposes -- real and personal. Real property is property that is permanently fixed, such as land and buildings. Everything which is the subject of ownership but is not included within the term real property is considered personal property. Certain items of personal property -- household furnishings, freestanding appliances, carpet and drapes, 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 reflects the property's worth during a specified period of time. Actual value is determined by three methods of appraisal: the market approach, the income approach, and the cost approach. The market approach compares market sales of similar properties. The cost approach estimates the material and labor costs to replace a similar property. The income approach converts income from rent to an estimate of value. Residential property may be valued by cost and market approaches only. The actual value of farm property is determined by the earning or productive capacity of the land during a reasonable time.

The time frame for determining the actual value of property is the one-and-one-half-year period prior to the July 1 immediately preceding the assessment date (January 1). If sufficient data is not available to compute the level of value of a class of property, the five-year period prior to the July 1 immediately preceding the assessment date may be used. The level of value must be adjusted to the final day of the data gathering period.

Beginning with the 1989 assessment, the actual value of property arrived at using the one-and-one-half-year period and the appropriate appraisal method must be within 5 percent of the current level of value. The assessor must revalue any property to ensure that its actual value meets this requirement.

Reassessment cycle. The actual value of property is currently computed based on a two-year reassessment cycle. Property was revalued in 1987, and will be revalued again in 1989. The data gathering period for the 1989 reassessment is the one-and-one-half-year period prior to July 1, 1988. The two-year reassessment schedule will require revaluations again in 1991 and 1993. In both instances, the data gathering period will also advance by two years so that the one-and-one-half-year prior to July 1, 1990, will be used in 1991. In 1993, the one-and-one-half-year period will end July 1, 1992.

Following the 1993 revaluation, reassessments will occur annually and the data gathering period will advance by one year over that used in the prior year. Thus, 1994 valuations will be based on data collected in the one-and-one-half years prior to July 1, 1993, and so on.

Assessed value. The assessed value of property is equal to the actual value multiplied by the appropriate assessment rate. Assessed value for residential real property is computed by multiplying the actual value by the rate set by the 1982 constitutional amendment. However, the 1982 amendment also required that the General Assembly insure that, whenever there is a change in the level of value, the percentage of the total statewide valuation for assessment attributed to residential real property remain the same as in the preceding year. H.B. 1003, 1987 Session, set the rate at 18 percent for tax years 1987 and 1988. In 1988, the General Assembly enacted Senate Bill 184 which reduced the residential assessment rate for 1988 to 16 percent. 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.

Residential Assessment Rate Adjustments Since 1982

	Rate		
Year	Residential	All Other	Reference
1982	21%	29%	Constitution
1987	18%		H.B. 1003
1988	16%		S.B. 184

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

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

Communications to taxpayers. A notice of increased valuation (NOV) is mailed to any property owner whose property has increased in value from the prior year. Beginning in 1989, this notice will state the actual, rather than assessed, value in the current and previous year, and the amount of the increase. The NOV will also include the assessment rate to be applied to the actual value to compute assessed value. A form is to be included in the NOV mailing which, if returned by the property owner, initiates an appeal of the valuation. Under certain circumstances, an estimate of taxes may be included in the mailing.

Any tax statement or notice of increased levy must convert the mill levy amount into the amount of dollars per $1,000 of 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;
- -- agricultural equipment; and
- -- non-producing unpatented mining claims.

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 1988 Session, set the rate for assessment of residential property at 16 percent of the actual value. 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 and Railroads:

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, and private car line companies conducting business in Colorado. Such companies may be sole proprietorships, firms, partnerships, associations, companies, or corporations and the trustees or receivers thereof, elected or appointed.

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

-- tangible property of the plant whether within or both within and outside the state, excluding tangible property that is not directly connected to the utility's business within the state;

-- intangible property such as franchises, contract rights and obligations, and rights of way;

-- gross and net operating revenues during a time not to exceed the most recent five-year period, capitalized at indicative rates; and

-- average market value of previous year's outstanding securities, if determinable.

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

Actual value. Public utilities and railroads are assessed at current value. A factor is applied to adjust the current year level of value to the utility's level of value on July 1, 1988 (the final day of the data gathering period) to establish actual value.

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

Administration. Each public utility and railroad 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. In accordance with a constitutional amendment approved in 1988, non-producing mines are exempt from property taxation; however, under S.B. 184 from the 1988 session, there is a $5.00 annual registration fee imposed on these 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.

United States Property Used for Recreational Purposes:

Property owned by the federal government is generally exempt from property tax. However, if property is leased to an individual or organization to conduct a for-profit business, the lessee is subject to taxation as if he was the owner of the property. In the case of lands owned by the federal government and leased for recreational activities (ski areas), the possessory interest of the lessee is subject to taxation. The actual value of the possessory interest is determined by capitalizing the annual fee paid by the lessee in the immediately preceding calendar year. A factor is applied to adjust the actual value to the level of value applicable to real property.

Tax Deferrals, Credits, and Abatements:

Tax deferral. Persons 65 years or older may defer payment of taxes for an owner-occupied non-income producing home, townhome, mobile home, condominium, or similar structure. The deferral is for one calendar year, but may be continued on 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;

4) the taxpayer begins to rent the property or otherwise receives income from it; or

5) the cumulative amount of the deferral plus interest exceeds the market value of the property less the value of any liens.

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

Abatements and refunds. Beginning in 1988, property owners are permitted to protest the value of their property for the prior year as well as the current year. When an error is found in the valuation, the property owner is entitled to a tax abatement or, if the taxes have already been collected, a tax refund.

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 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. Other property tax revenues excluded from the limitation include those for payment of bonds, interest, and contractual obligations, reappraisal expenses, repayment of state equalization payments, and county assessor offices.

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.

Public disclosure -- "Truth in Taxation". 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.

<u>History of Property Tax Revenues</u>:

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

TABLE IV

Property Tax Revenue for Selected Years
by Types of Governmental Units, 1930-1987 /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
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
1987	--	655.4	145.5	--	1,251.8	2,052.7	33,305.7

/1 Division of Property Taxation, Seventeenth Annual Report, 1987.
/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	2.0	Gypsum	1.0
Breckenridge	1.0	Rifle	(currently suspended)
Crested Butte	1.0% on 1st transfers 1.5% on subsequent transfers	Snowmass Village	0.5
		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 (29-2-108, C.R.S.) limit the total state, county, and municipal sales tax to 7 percent except that the rate may be 8 percent if necessary to allow a county to impose a 1 percent sales tax. Thus, a 4 percent municipal levy in conjunction with a 3 percent state levy could not prohibit a county from levying a 1 percent tax. The sales tax of the Cultural and Scientific Facilities District (CSFD), state and local tourism taxes, and county local improvement districts are not included in the statutory limit on sales taxes.

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

TABLE V

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

COUNTY--CITY	CITY RATE	RTD, CSFD & COUNTY RATE	TOTAL INCLUDES STATE RATE \1
ADAMS \3		0.70%	3.70%
Arvada (part)	3.00%	0.70	6.70
Aurora (part)	3.50	0.70	7.30
Bennett *	2.00	0.00	5.00
Brighton (part)	3.00	0.70	6.70
Broomfield (part)	3.00	0.70	6.70
Commerce City	3.00	0.70	7.20
Federal Heights	2.00	0.70	5.70
Northglenn	3.00	0.70	6.70
Thornton	3.50	0.70	7.20
Westminster(part)	3.25	0.70	3.00
Bennett is exempt.			
ALAMOSA		2.00	3.00
Alamosa	1.00	2.00	6.00
ARAPAHOE \2		0.70	3.70
Aurora (part)	3.50	0.70	7.20
Cherry Hills V.	3.00	0.70	6.70
Columbine Valley	3.00	0.70	6.70
Englewood	3.00	0.70	7.20
Glendale	3.50	0.70	7.20
Greenwood V.	3.00	0.70	6.70
Littleton (part)	3.00	0.70	6.70
Sheridan *	3.00	0.70	6.70
Byers/Strasburg are exempt.			3.00
ARCHULETA *		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
BOULDER \2		0.70	3.70
Boulder	2.53	0.70	6.23
Broomfield (part)	3.00	0.70	6.70
Erie	3.50	0.70	7.20
Lafayette	2.00	0.70	5.70
Longmont	2.75	0.70	6.45
Louisville *	2.00	0.70	5.70
Lyons	3.00	0.70	6.70
Nederland	3.00	0.70	6.70
Superior	2.00	0.70	5.70
Ward *	2.00	0.70	5.70

COUNTY--CITY	CITY RATE	RTD CSFD & COUNTY RATE	TOTAL INCLUDES STATE RATE \1
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	5.00
San Luis *	2.00	1.00	0.00
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	0.70	7.20
DOLORES *		0.00	3.00
Dove Creek	2.00	0.00	5.00
Rico *	2.00	0.00	5.00

COUNTY-- CITY	CITY RATE	RTD, CSFD & COUNTY RATE	TOTAL INCLUDES STATE RATE \1
DOUGLAS \2 *		0.70	3.70
Castle Rock	3.00	0.00	6.00
Larkspur *	2.00	0.00	5.00
Littleton (part)	3.00	0.70	6.70
Parker	2.50	0.00	6.10
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 *		1.00	4.00
Calhan	2.00	1.00	6.00
Colorado Springs	2.50	1.00	6.50
Fountain	3.00	1.00	7.00
Green Mtn.Falls*	2.00	1.00	6.00
Manitou Springs	3.50	1.00	7.50
Monument	2.00	1.00	6.00
Palmer Lake	2.00	1.00	6.00
FREMONT		1.50	4.50
Canon City	2.00	1.50	6.50
Florence	2.00	1.50	6.50
GARFIELD *		0.25	3.25
Carbondale	3.00	0.25	6.25
Glenwood Springs	2.75	0.25	6.00
New Castle	3.00	0.25	6.25
Parachute	3.00	0.25	6.25
Rifle	2.00	0.25	5.25
Silt	3.00	0.25	6.25
GILPIN *		0.00	3.00
Black Hawk *	4.00	0.00	7.00
Central City	4.00	0.00	7.00
GRAND *		1.00	4.00
Fraser	4.00	1.00	8.00
Granby	4.00	1.00	8.00
Grand Lake	4.00	1.00	8.00
Hot Sulphur Spr *	4.00	1.00	8.00
Kremmling *	4.00	1.00	8.00
Winter Park *	4.00	1.00	8.00

COUNTY-- CITY	CITY RATE	RTD CSFD & COUNTY RATE	TOTAL INCLUDES STATE RATE \1
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 *		1.20	4.20
Arvada (part)	3.00	1.20	7.20
Broomfield (part)	3.00	1.20	7.20
Edgewater	3.50	1.20	7.70
Golden	2.00	1.20	6.20
Lakewood	2.00	1.20	6.20
Morrison	3.00	1.20	7.20
Mountain View	3.00	1.20	7.20
Westminster(part)	3.25	1.20	7.45
Wheat Ridge	2.00	1.20	6.20
Littleton (part)	0.00	1.20	4.20
KIOWA *		0.00	3.00
Eads	2.00	0.00	5.00
KIT CARSON *		0.00	3.00
Burlington	2.00	0.00	5.00
LAKE *	4.00	2.00	7.00
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
LARIMER *		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	5.00
Wellington	2.00	0.00	5.00
LAS ANIMAS *		0.00	3.00
Trinidad	4.00	0.00	7.00

COUNTY--CITY	CITY RATE	RTD, CSFD & COUNTY RATE	TOTAL INCLUDES STATE RATE \1
LINCOLN •		0.00	3.00
Hugo	2.00	0.00	5.00
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
MONTROSE •		0.00	3.00
Montrose	3.00	0.00	6.00
Naturita	2.00	0.00	5.00
Nucla *	2.00	0.00	5.00
Olathe *	3.00	0.00	6.00
MORGAN *		0.00	3.00
Brush	2.00	0.00	5.00
Fort Morgan	3.00	0.00	6.00
Log Lane Village	2.00	0.00	5.00
Wiggins *	2.00	0.00	5.00
OTERO •		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
Ridgway *	3.00	1.00	7.00
PARK *		0.00	3.00
Alma	3.00	0.00	6.00
Fairplay *	3.00	0.00	6.00

COUNTY--CITY	CITY RATE	RTD CSFD & COUNTY RATE	TOTAL INCLUDES STATE RATE \1
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 *		1.00	4.00
Pueblo	3.50	1.00	7.50
RIO BLANCO		2.00	5.00
RIO GRANDE *		1.00	4.00
Del Norte *	2.00	1.00	6.00
Monte Vista •	2.00	1.00	6.00
ROUTT •		1.00	4.00
Hayden	4.00	1.00	8.00
Oak Creek •	3.00	1.00	7.00
Steamboat Springs	4.00	1.00	8.00
SAGUACHE *		0.00	3.00
Center *	2.00	0.00	5.00
Saguache *	3.00	0.00	6.00
SAN JUAN •		1.00	4.00
Silverton*	3.00	1.00	7.00
SAN MIGUEL		1.00	4.00
Norwood*	2.00	1.00	6.00
Telluride	4.00	1.00	8.00
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
Dillon *	2.00	2.00	7.00
Frisco *	2.00	2.00	7.00
Silverthorne •	2.00	2.00	7.00

COUNTY-- CITY	CITY RATE	RTD, CSFD & COUNTY RATE	TOTAL INCLUDES STATE RATE \1
TELLER		1.00	4.00
Cripple Creek *	2.00	1.00	6.00
Woodland Park	3.00	1.00	7.00
Victor	3.00	1.00	7.00
WASHINGTON *		0.00	3.00
Akron	1.00	0.00	4.00
Otis	2.00	0.00	5.00
WELD *		0.00	3.00
Ault	2.00	0.00	5.00
Dacono	3.00	0.00	6.00
Eaton *	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
Frederick	2.00	0.00	5.00
Fort Lupton	2.00	0.00	5.00
Garden City *	2.00	0.00	5.00

COUNTY-- CITY	CITY RATE	RTD CSFD & COUNTY RATE	TOTAL INCLUDES STATE RATE \1
Gilcrest	3.00	0.00	6.00
Greeley	3.00	0.00	6.00
Hudson*	2.00	0.00	5.00
Johnstown *	2.00	0.00	5.00
Keenesburg *	2.00	0.00	5.00
Kersey *	2.00	0.00	5.00
La Salle	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
Pierce	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

(SOURCE: Department of Revenue.)

* 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) and Cultural Facilities District (CFD) 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 (32-9-119, (2), C.R.S.) levied in the following counties: Boulder and Jefferson counties, the metropolitan areas of Adams and Arapahoe counties, the northeast portion of Douglas County, and the City and County of Denver. Food for home consumption and gas and electricity for home use are exempt from the tax. House Bill 1138, 1987 session established a "Denver Metropolitan Scientific and Cultural Facilities District" which comprises the same boundaries as the RTD. The bill authorizes the district to impose a sales tax of one-tenth of one percent (.1%). The voters approved the imposition of this tax during the 1988 General Election for collection beginning January 1, 1989.

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

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

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

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

The tax is computed using the following schedule:

Years of Service	Class	Fee or Percent of Taxable Value
1st	A,B,C,D,F	2.10%
2nd	A,B,C,D,F	1.50%
3rd	A,B,C,D	1.20%
	F	1.25%
4th	A,B,C,D	0.90%
	F	1.00%
5th	F	0.75%
5th - 9th	A,B	0.45% or $10.0 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. Also, the owner of class B and C vehicles who rents such vehicles may, after receiving authority from the county, collect an amount equal to 2 percent of the rental payment. The owner must report the amount of tax collections with payment of the taxes collected in the previous month by the twentieth of the following month.

Exemptions:

-- Mobile homes;
-- Vehicles displaying plates issued by the U.S. armed forces in a foreign country (45 day exemption);
-- U.S. and Colorado government vehicles;
-- 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 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:

Estimated Specific Ownership Tax Receipts
($ in Millions)

Fiscal Year	Collection	Percent Change	Fiscal Year	Collection	Percent Change
1978	$81.5	N/A	1983	$118.6	12.8%
1979	86.0	5.5%	1984	129.4	9.1
1980	93.1	8.2	1985	131.9	1.9
1981	99.3	6.6	1986	143.3	8.6
1982	105.1	5.8	1987	138.7	-3.2

(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 1987. 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 the 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 40 of the 50 states and in 33 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 revenue in Alaska and Wyoming, while the corporate income tax is the largest source of revenue for New Hampshire.

Definitions. State tax revenues are the amounts received by a state from taxes collected excluding refunded amounts. Interest, penalties, 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.

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-mutuels. 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 license taxes on the following: 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 aforementioned 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 B provides ten tables that were extracted from How Colorado Compares: State and Local Taxes, Colorado Public Expenditures Council (CPEC), 1988 Edition. The council derives its data from the Bureau of the Census, U.S. Department of Commerce. The tables presented cover the following:

I.) total state and local taxes per capita;

II.) state and local tax collections per $1,000 of income;

III.) state individual income tax per capita;

IV.) state and individual income tax collections per $1,000 of personal income;

V.) state government tax collections per capita;

VI.) state government tax collections per $1,000 of personal income;

VII.) local government tax collections per capita;

VIII.) local government tax collections per $1,000 of personal income;

IX.) state general sales tax collections per capita; and

X.) state general sales tax collections per $1,000 of personal income.

APPENDIX A

MAJOR STATE GOVERNMENT TAX REVENUE, BY TYPE OF TAX -- 1987

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

State	Total	General Sales & Gross Receipts	Licenses	Income Taxes: Individual	Income Taxes: Corporate	Severance	Motor Fuel	Other
Alabama	$3,222.2	$882.8 27.4%	$279.3 8.7%	$887.8 27.6%	$161.8 5.0%	$53.3 1.7%	$262.7 8.2%	$693.4 21.5%
Alaska	1,062.4	0.0 0.0%	68.7 6.5%	0.4 0.0%	141.1 13.3%	666.9 62.8%	32.1 3.0%	153.2 14.4%
Arizona	3,469.5	1,547.4 44.6%	243.2 7.0%	762.1 22.0%	198.9 5.7%	0.0 0.0%	309.5 8.9%	408.3 11.8%
Arkansas	1,889.1	715.6 37.9%	124.6 6.6%	535.3 28.3%	115.6 6.1%	15.1 0.8%	206.4 10.9%	176.3 9.3%
California	35,790.7	10,934.6 30.6%	1,426.3 4.0%	13,874.1 38.8%	4,759.0 13.3%	22.8 0.1%	1,248.2 3.5%	3525.6 9.9%
COLORADO	2,561.5	718.6 28.1%	141.8 5.5%	1,034.7 40.4%	124.1 4.8%	9.7 0.4%	291.6 11.4%	232.0 9.1%
Connecticut	4,359.2	1,823.0 41.8%	246.2 5.6%	465.0 10.7%	680.2 15.6%	0.0 0.0%	254.1 5.8%	889.6 20.4%
Delaware	989.3	0.0 0.0%	297.6 30.1%	431.7 43.6%	121.0 12.2%	0.0 0.0%	33.3 3.4%	104.6 10.6%
Florida	9,846.2	5,478.3 55.6%	662.7 6.7%	0.0 0.0%	596.4 6.1%	81.3 0.8%	716.0 7.3%	2341.5 23.8%
Georgia	5,323.7	1,739.3 32.7%	169.6 3.2%	2,149.1 40.4%	449.2 8.4%	0.0 0.0%	385.7 7.2%	429.8 8.1%
Hawaii	1,697.4	817.5 48.2%	27.8 1.6%	543.1 32.0%	76.8 4.5%	0.0 0.0%	48.1 2.8%	184.1 10.8%
Idaho	829.7	297.9 35.9%	76.3 9.2%	265.3 32.0%	47.3 5.7%	0.4 0.0%	82.2 9.9%	60.2 7.3%
Illinois	10,529.5	3,405.3 32.3%	767.2 7.3%	3,095.2 29.4%	862.4 8.2%	0.0 0.0%	740.8 7.0%	1558.6 14.8%

State	Total	General Sales & Gross Receipts	Licenses	Income Taxes Individual	Income Taxes Corporate	Severance	Motor Fuel	Other
Indiana	$4,774.2	$2,252.1	$132.9	$1,454.9	$253.7	$0.7	$397.2	$300.8
		47.2%	2.8%	30.5%	5.3%	0.0%	8.3%	6.3%
Iowa	2,662.1	826.1	255.6	955.2	149.6	0.0	252.0	223.6
		31.0%	9.6%	35.9%	5.6%	0.0%	9.5%	8.4%
Kansas	2,085.5	726.8	126.2	634.5	137.1	63.6	156.8	520.6
		34.9%	6.1%	30.4%	6.6%	3.0%	7.5%	25.0%
Kentucky	3,520.4	892.0	254.5	921.0	267.4	221.2	294.5	679.8
		25.3%	7.2%	26.2%	7.6%	6.3%	8.4%	19.3%
Louisiana	3,448.6	1,189.7	369.6	438.6	191.2	449.6	357.4	452.6
		34.5%	10.7%	12.7%	5.5%	13.0%	10.4%	13.1%
Maine	1,288.5	439.4	87.0	423.2	68.3	0.0	97.3	173.5
		34.1%	6.8%	32.8%	5.3%	0.0%	7.6%	13.5%
Marylannd	5,204.5	1,302.5	168.6	2,181.1	270.5	0.0	328.3	927.5
		25.0%	3.2%	41.9%	5.2%	0.0%	6.3%	17.8%
Massachusetts	8,463.9	1,866.7	251.1	3,979.0	1,203.9	0.0	310.4	852.7
		22.1%	3.0%	47.0%	14.2%	0.0%	3.7%	10.1%
Michigan	9,857.1	2,828.5	563.6	3,208.5	1,644.7	53.4	717.8	840.7
		28.7%	5.7%	32.6%	16.7%	0.5%	7.3%	8.5%
Minnesota	5,546.4	1,468.6	367.9	2,312.0	423.0	8.3	356.9	609.8
		26.5%	6.6%	41.7%	7.6%	0.1%	6.4%	11.0%
Mississippi	1,943.4	1,015.4	164.1	315.4	102.9	49.2	128.1	168.2
		52.2%	8.4%	16.2%	5.3%	2.5%	6.6%	8.7%
Missouri	3,942.2	1,624.0	322.7	1,247.5	235.3	0.0	215.2	298.0
		41.2%	8.2%	31.6%	6.0%	0.0%	5.5%	7.6%
Montana	591.0	0.0	61.0	194.7	34.6	101.5	85.4	112.4
		0.0%	10.3%	32.9%	5.9%	17.2%	14.5%	19.0%
Nebraska	1,203.3	390.5	99.6	359.8	67.4	2.4	161.8	121.7
		32.5%	8.3%	29.9%	5.6%	0.2%	13.4%	10.1%
Nevada	1,118.3	553.0	123.5	0.0	0.0	0.0	97.9	343.9
		49.5%	11.0%	0.0%	0.0%	0.0%	8.8%	30.8%
New Hampshire	562.7	0.0	84.3	8.7	151.8	0.1	83.6	224.2
		0.0%	15.0%	1.5%	27.0%	0.0%	14.9%	39.8%

State	Total	General Sales & Gross Receipts	Licenses	Income Taxes: Individual	Income Taxes: Corporate	Severance	Motor Fuel	Other
New Jersey	$9,491.4	$2,911.8	$576.7	$2,603.3	$1,088.3	$0.0	$343.5	$1967.7
		30.7%	6.1%	27.4%	11.5%	0.0%	3.6%	20.7%
New Mexico	1,574.7	699.6	66.9	242.6	99.1	235.0	107.7	93.1
		44.4%	4.2%	15.4%	6.3%	14.9%	6.8%	5.9%
New York	24,676.3	5,097.8	733.0	12,476.9	2,143.4	0.0	495.9	3729.2
		20.7%	3.0%	50.6%	8.7%	0.0%	2.0%	15.1%
North Carolina	6,235.2	1,456.0	415.5	2,565.9	566.5	1.4	554.3	675.6
		23.4%	6.7%	41.2%	9.1%	0.0%	8.9%	10.8%
North Dakota	573.5	193.8	60.2	80.2	33.4	95.8	55.4	54.6
		33.8%	10.5%	14.0%	5.8%	16.7%	9.7%	9.5%
Ohio	9,717.1	3,383.0	822.5	3,218.0	474.6	9.5	641.8	1167.8
		34.8%	8.5%	33.1%	4.9%	0.1%	6.6%	12.0%
Oklahoma	2,669.2	613.8	305.0	678.8	83.7	370.2	204.9	403.5
		23.0%	11.4%	25.4%	3.1%	13.9%	7.7%	15.1%
Oregon	2,235.1	0.0	266.2	1,461.6	136.4	33.3	150.3	187.2
		0.0%	11.9%	65.4%	6.1%	1.5%	6.7%	8.4%
Pennsylvania	11,378.8	3,569.0	1,168.5	2,749.8	1,015.8	0.0	651.1	2224.7
		31.4%	10.3%	24.2%	8.9%	0.0%	5.7%	19.6%
Rhode Island	1,050.2	350.8	40.5	359.0	87.7	0.0	52.7	159.4
		33.4%	3.9%	34.2%	8.4%	0.0%	5.0%	15.2%
South Carolina	3,339.5	1,356.5	167.6	1,009.0	190.5	0.0	262.1	354.0
		40.6%	5.0%	30.2%	5.7%	0.0%	7.8%	10.6%
South Dakota	416.4	205.5	50.1	0.0	24.2	5.5	56.7	74.4
		49.4%	12.0%	0.0%	5.8%	1.3%	13.6%	17.9%
Tennessee	3,603.3	1,994.3	351.3	68.1	298.6	1.6	489.2	386.0
		55.3%	9.7%	1.9%	8.3%	0.0%	13.6%	10.7%
Texas	11,227.8	4,601.4	1,816.3	0.0	0.0	1,181.7	1,273.1	2355.3
		41.0%	16.2%	0.0%	0.0%	10.5%	11.3%	21.0%
Utah	1,438.3	559.2	68.8	531.7	60.9	21.5	127.4	68.8
		38.9%	4.8%	37.0%	4.2%	1.5%	8.9%	4.8%
Vermont	537.9	109.5	46.6	162.0	38.4	0.0	40.3	140.5
		20.4%	8.7%	30.1%	7.1%	0.0%	7.5%	26.1%

State	Total	General Sales & Gross Receipts	Licenses	Income Taxes Individual	Income Taxes Corporate	Severance	Motor Fuel	Other
Virginia	$5,526.6	$1,102.7	$329.8	$2,445.8	$320.6	$1.7	$438.7	$879.4
		20.0%	6.0%	44.3%	5.8%	0.0%	7.9%	15.9%
Washington	5,639.4	3,284.4	295.3	0.0	0.0	40.5	448.7	1570.5
		58.2%	5.2%	0.0%	0.0%	0.7%	8.0%	27.8%
West Virginia	1,830.2	790.4	111.4	482.2	89.9	0.0	161.6	194.6
		43.2%	6.1%	26.3%	4.9%	0.0%	8.8%	10.6%
Wisconsin	5,673.6	1,651.9	287.3	2,224.1	470.7	1.1	415.5	613.0
		29.1%	5.1%	39.2%	8.3%	0.0%	7.3%	10.8%
Wyoming	631.7	150.7	58.1	0.0	0.0	259.7	35.5	127.7
		23.9%	9.2%	0.0%	0.0%	41.1%	5.6%	20.2%

Appendix A

II. Additional Sales Taxes Have 2% or Greater Yield
($ in Millions)

Death/Gift Tax	Revenue	Percent of Yield
Connecticut	$176.9	4.1%
Iowa	53.4	2.0
Kansas	311.6	14.9
Massachusetts	211.5	2.5
New Hampshire	21.2	3.8
New Jersey	190.4	2.0
Pennsylvania	371.9	18.5
South Dakota	10.1	2.4

Cigarette/Tobacco	Revenue	Percent of Yield
Alabama	71.4	2.2
Arkansas	63.1	3.3
COLORADO	80.2	3.1
Connecticut	88.8	2.0
Florida	330.5	3.4
Illinois	251.4	2.4
Iowa	77.6	2.9
Kansas	61.6	3.0
Louisiana	78.8	2.3
Maine	39.6	3.1
Massachusetts	171.0	2.0
Michigan	253.8	2.6
Mississippi	53.6	2.8
Missouri	82.8	2.1
Montana	12.6	2.1
Nebraska	35.6	3.0
New Hampshire	31.7	5.6
New Jersey	211.0	2.2
North Dakota	11.3	2.0
Oklahoma	74.5	2.8
Oregon	77.8	3.5
Pennsylvania	229.9	2.0
Rhode Island	29.7	2.8
South Dakota	14.9	3.6
Tennessee	82.5	2.3
Texas	370.8	3.3
Vermont	11.9	2.2
Washington	129.2	2.3
Wisconsin	129.1	2.3

Amusements Tax	Revenue	Percent of Yield
Nevada	223.9	20.0
New Jersey	199.8	2.1

Documentary Tax	Revenue	Percent of Yield
Connecticut	$93.7	2.2%
Delaware	31.2	3.2
Florida	573.7	5.8
New Hampshire	42.1	7.5
New York	1054.2	4.3
Washington	147.6	2.6

Insurance Tax	Revenue	Percent of Yield
Alabama	125.4	3.9
Alaska	23.7	2.2
Arizona	79.3	2.3
Arkansas	52.2	2.8
California	1008.9	2.8
COLORADO	82.3	3.2
Connecticut	140.3	3.2
Delaware	23.2	2.3
Florida	254.8	2.6
Georgia	154.9	2.9
Hawaii	36.5	2.1
Idaho	32.5	3.9
Indiana	96.5	2.0
Iowa	76.5	2.9
Kansas	65.0	3.1
Kentucky	136.6	3.9
Louisiana	182.4	5.3
Maine	28.2	2.2
Maryland	120.7	2.3
Massachusetts	215.1	2.5
Mississippi	66.4	3.4
Missouri	145.0	3.7
Montana	25.3	4.5
Nebraska	30.9	2.6
Nevada	40.7	3.6
New Hampshire	30.2	5.4
New Mexico	41.9	2.7
North Carolina	139.9	2.2
North Dakota	12.2	2.1
Ohio	223.0	2.3
Oklahoma	121.2	4.5
Oregon	55.7	2.5
Pennsylvania	306.5	2.7
Rhode Island	27.5	2.6
South Carolina	87.5	2.6
South Dakota	22.3	5.4
Tennessee	126.6	3.5
Texas	461.0	4.1
Utah	29.0	2.0
Vermont	14.7	2.7
Virginia	158.5	2.9
West Virginia	43.8	2.4
Wyoming	18.9	3.0

State Property Tax	Revenue	Percent of Yield
Alabama	68.6	2.1%
Alaska	102.5	9.6
Arizona	114.9	3.3
California	1668.4	4.7
Florida	220.0	2.3
Illinois	222.4	2.1
Kentucky	251.2	7.1
Maryland	128.5	2.5
Michigan	205.1	2.1
Montana	42.0	7.1
Nevada	38.5	3.4
Washington	889.1	15.8
Wyoming	99.5	15.8

Public Utilities Tax	Revenue	Percent of Yield
Alabama	246.0	7.6
Arizona	84.8	2.4
Connecticut	252.8	5.8
Florida	202.3	2.1
Hawaii	61.8	3.6
Illinois	586.2	5.6
Maine	29.0	2.2
Minnesota	115.0	2.1
New Jersey	1018.6	10.7
New York	969.1	3.9
North Carolina	207.5	3.3
Ohio	620.1	6.4
Pennsylvania	543.6	4.8
Rhode Island	56.1	5.3
Vermont	20.0	3.7
Virginia	144.1	2.6
Washington	163.7	2.9
Wisconsin	156.6	2.8

Alcoholic Beverages Tax	Revenue	Percent of Yield
Alabama	97.3	3.0
Florida	445.8	4.5
Georgia	116.6	2.2
Hawaii	34.5	2.0
Kansas	45.5	2.2
Maine	33.5	2.6
Montana	13.8	2.3
New Hampshire	11.3	2.0
North Carolina	131.4	2.1
Oklahoma	52.3	2.0
South Carolina	106.6	3.2
Texas	326.2	2.9
Vermont	14.8	2.0

APPENDIX B

The following tables were prepared for the Colorado Public Expenditures Council publication "How Colorado Compares -- State and Local Taxes," 1988 Edition.

TABLE I

STATE AND LOCAL TAX COLLECTIONS PER CAPITA -- FISCAL YEAR 1986

Rank	State	Amount
1.	Alaska	$4,488.53
2.	District of Columbia	2,743.13
3.	Wyoming	2,627.99
4.	New York	2,539.33
5.	Connecticut	1,947.40
6.	Massachusetts	1,933.31
7.	New Jersey	1,867.61
8.	Hawaii	1,785.40
9.	Maryland	1,742.34
10.	Wisconsin	1,730.12
11.	California	1,726.57
12.	Minnesota	1,715.19
13.	Michigan	1,703.39
14.	Delaware	1,661.25
15.	Washington	1,589.09
16.	Nevada	1,558.80
	United States Average	1,547.44
17.	Illinois	1,546.46
18.	Rhode Island	1,532.08
19.	COLORADO	1,485.27
20.	Vermont	1,483.83
21.	Arizona	1,476.16
22.	Pennsylvania	1,458.69
23.	Oregon	1,435.85
24.	Iowa	1,417.43
25.	Maine	1,413.78
26.	Ohio	1,412.09
27.	Virginia	1,403.96
28.	Kansas	1,393.88
29.	Montana	1,375.78
30.	Nebraska	1,338.16
31.	Texas	1,291.60
32.	Utah	1,291.57
33.	North Dakota	1,284.45
34.	Oklahoma	1,283.71
35.	Georgia	1,280.34
36.	Florida	1,273.45
37.	Louisiana	1,253.13
38.	New Mexico	1,241.37
39.	Indiana	1,227.04
40.	North Carolina	1,222.25
41.	New Hampshire	1,215.78
42.	West Virginia	1,214.09
43.	Missouri	1,151.86
44.	South Dakota	1,141.51
45.	South Carolina	1,137.87
46.	Kentucky	1,103.44
47.	Tennessee	1,076.75
48.	Idaho	1,053.65
49.	Alabama	1,021.58
50.	Arkansas	1,011.03
51.	Mississippi	965.07

SOURCE: U.S. Department of Commerce, Bureau of the Census, Government Finances in 1985-86 (GF-86 No. 5), p. 106; population estimates for July 1986.

TABLE II

STATE AND LOCAL TAX COLLECTIONS PER $1,000 OF PERSONAL INCOME FISCAL YEAR 1986

Rank	State	Amount
1.	Alaska	$252.94
2.	Wyoming	197.86
3.	New York	158.11
4.	District of Columbia	151.07
5.	Wisconsin	131.79
6.	Hawaii	130.24
7.	Michigan	125.96
8.	Utah	124.60
9.	Montana	124.27
10.	Vermont	123.84
11.	Minnesota	122.36
12.	Arizona	120.08
13.	Maine	119.97
14.	Delaware	118.47
15.	Massachusetts	118.24
16.	West Virginia	118.05
17.	New Mexico	116.00
18.	Washington	115.91
19.	Oregon	114.20
	United States Average	112.69
20.	Louisiana	111.66
21.	Maryland	111.60
22.	Iowa	111.28
23.	Rhode Island	110.94
24.	Nevada	110.70
25.	California	109.98
26.	New Jersey	109.34
27.	Pennsylvania	108.88
28.	South Carolina	108.48
29.	Connecticut	108.18
30.	Ohio	106.84
31.	North Carolina	106.48
32.	North Dakota	105.65
33.	Mississippi	105.54
34.	Illinois	105.10
35.	Oklahoma	105.07
36.	Georgia	104.26
37.	South Dakota	102.26
38.	Kentucky	102.00
39.	Kansas	101.62
40.	COLORADO	101.39
41.	Nebraska	100.29
42.	Indiana	98.68
43.	Virginia	97.91
44.	Texas	97.62
45.	Arkansas	97.06
46.	Tennessee	96.59
47.	Alabama	96.48
48.	Florida	95.19
49.	Idaho	94.59
50.	Missouri	87.61
51.	New Hampshire	83.63

SOURCE: U.S. Department of Commerce, Bureau of the Census, Government Finances in 1985-86 (GF-86 No. 5), p. 102; personal income for 1985.

TABLE III

STATE INDIVIDUAL INCOME TAX COLLECTIONS PER CAPITA -- FISCAL YEAR 1986

Rank	State	Amount
1.	New York	$651.72
2.	Delaware	621.97
3.	Massachusetts	620.25
4.	Wisconsin	467.93
5.	Minnesota	462.41
6.	Oregon	442.46
7.	Hawaii	440.48
8.	Maryland	432.34
9.	California	421.34
10.	Virginia	375.72
11.	Michigan	355.19
12.	North Carolina	348.56
	United States Average *	328.39
13.	Georgia	318.67
14.	Iowa	303.22
15.	Vermont	296.69
16.	Rhode Island	294.00
17.	COLORADO	292.60
18.	Maine	287.16
19.	Utah	271.20
20.	New Jersey	269.37
21.	South Carolina	268.59
22.	Ohio	258.27
23.	Idaho	255.21
24.	West Virginia	249.40
25.	Indiana	241.07
26.	Kansas	236.55
27.	Illinois	228.98
28.	Pennsylvania	223.37
29.	Missouri	220.38
30.	Nebraska	220.17
31.	Kentucky	219.93
32.	Arkansas	214.95
33.	Arizona	211.64
34.	Montana	210.28
35.	Oklahoma	208.06
36.	Alabama	186.85
37.	Louisiana	108.81
38.	North Dakota	108.05
39.	Mississippi	103.85
40.	Connecticut	94.29
41.	New Mexico	69.39
42.	New Hampshire	24.20
43.	Tennessee	14.04
44.	Alaska	1.04
	Florida	0.00
	Nevada	0.00
	South Dakota	0.00
	Texas	0.00
	Washington	0.00
	Wyoming	0.00

* For the 44 states having an income tax.

SOURCE: U.S. Department of Commerce, Bureau of the Census, State Government Finances in 1986 (GF-86 No. 3), p. 52; population estimates for July 1986.

TABLE IV

STATE INDIVIDUAL INCOME TAX COLLECTIONS PER $1,000 OF PERSONAL INCOME FISCAL YEAR 1986

Rank	State	Amount
1.	Delaware	$44.36
2.	New York	40.58
3.	Massachusetts	37.93
4.	Wisconsin	35.65
5.	Oregon	35.19
6.	Minnesota	32.99
7.	Hawaii	32.13
8.	North Carolina	30.37
9.	Maryland	27.69
10.	California	26.84
11.	Michigan	26.26
12.	Virginia	26.20
13.	Utah	26.16
14.	Georgia	25.95
15.	South Carolina	25.60
16.	Vermont	24.76
17.	Maine	24.37
18.	West Virginia	24.25
	United States Average *	23.82
19.	Iowa	23.80
20.	Idaho	22.91
21.	Rhode Island	21.29
22.	Arkansas	20.64
23.	Kentucky	20.33
24.	COLORADO	19.97
25.	Ohio	19.54
26.	Indiana	19.39
27.	Montana	18.99
28.	Alabama	17.65
29.	Kansas	17.25
30.	Arizona	17.22
31.	Oklahoma	17.03
32.	Missouri	16.76
33.	Pennsylvania	16.67
34.	Nebraska	16.50
35.	New Jersey	15.77
36.	Illinois	15.56
37.	Mississippi	11.36
38.	Louisiana	9.06
39.	North Dakota	8.89
40.	New Mexico	6.48
41.	Connecticut	5.24
42.	New Hampshire	1.66
43.	Tennessee	1.26
44.	Alaska	0.06
	Florida	0.00
	Nevada	0.00
	South Dakota	0.00
	Texas	0.00
	Washington	0.00
	Wyoming	0.00

* For the 44 states having an income tax.

SOURCE: U.S. Department of Commerce, Bureau of the Census, States Government Finances in 1986 (GF-86 No. 3), p. 49; personal income for 1985.

TABLE V

STATE GOVERNMENT TAX COLLECTIONS
PER CAPITA -- FISCAL YEAR 1986

Rank	State	Amount
1.	Alaska	$3,476.57
2.	Wyoming	1,568.93
3.	Hawaii	1,403.64
4.	Delaware	1,394.42
5.	Massachusetts	1,314.89
6.	New York	1,279.96
7.	Connecticut	1,203.14
8.	Washington	1,169.46
9.	Minnesota	1,162.42
10.	Wisconsin	1,147.66
11.	California	1,144.45
12.	New Jersey	1,097.14
13.	Nevada	1,088.58
14.	Maryland	1,046.28
15.	Michigan	1,018.50
16.	New Mexico	988.59
17.	Arizona	963.44
18.	West Virginia	963.29
	United States Average *	948.44
19.	Maine	938.14
20.	Vermont	923.33
21.	Rhode Island	908.26
22.	North Dakota	907.33
23.	Pennsylvania	898.58
24.	Oklahoma	895.50
25.	North Carolina	881.33
26.	Louisiana	862.94
27.	Kentucky	862.75
28.	Iowa	862.56
29.	South Carolina	854.68
30.	Illinois	848.33
31.	Ohio	842.83
32.	Virginia	837.50
33.	Utah	819.72
34.	Indiana	809.99
35.	Georgia	805.55
36.	Florida	781.17
37.	Kansas	776.74
38.	Arkansas	770.11
39.	Montana	753.49
40.	Idaho	742.51
41.	Alabama	739.48
42.	Mississippi	730.41
43.	COLORADO	717.59
44.	Oregon	715.84
45.	Missouri	712.22
46.	Nebraska	700.49
47.	Tennessee	681.23
48.	Texas	666.87
49.	South Dakota	570.26
50.	New Hampshire	471.74

* Excludes District of Columbia

SOURCE: U.S. Department of Commerce, Bureau of the Census, Government Finances in 1985-86 (GF-86 No. 5), pp. 46 to 97 and 111; population estimates for July 1986.

TABLE VI

STATE GOVERNMENT TAX COLLECTIONS
PER $1,000 OF PERSONAL INCOME --
FISCAL YEAR 1986

Rank	State	Amount
1.	Alaska	$195.91
2.	Wyoming	118.12
3.	Hawaii	102.39
4.	Delaware	99.44
5.	West Virginia	93.66
6.	New Mexico	92.38
7.	Wisconsin	87.42
8.	Washington	85.30
9.	Minnesota	82.93
10.	South Carolina	81.48
11.	Massachusetss	80.41
12.	Mississippi	79.88
13.	Kentucky	79.75
14.	New York	79.70
15.	Maine	79.61
16.	Utah	79.08
17.	Arizona	78.37
18.	Nevada	77.31
19.	Vermont	77.06
20.	North Carolina	76.78
21.	Michigan	75.31
22.	North Dakota	74.63
23.	Arkansas	73.93
24.	Oklahoma	73.29
25.	California	72.90
26.	Louisiana	71.85
27.	Alabama	69.84
	United States Average *	69.12
28.	Montana	68.06
29.	Iowa	67.72
30.	Pennsylvania	67.07
31.	Maryland	67.01
32.	Connecticut	66.83
33.	Idaho	66.66
34.	Rhode Island	65.77
35.	Georgia	65.60
36.	Indiana	65.14
37.	New Jersey	64.23
38.	Ohio	63.77
39.	Tennessee	61.11
40.	Virginia	58.41
41.	Florida	58.39
42.	Illinois	57.65
43.	Oregon	56.94
44.	Kansas	56.63
45.	Missouri	54.17
46.	Nebraska	52.50
47.	South Dakota	51.09
48.	Texas	50.40
49.	COLORADO	48.99
50.	New Hampshire	32.45

* Excludes District of Columbia

SOURCE: U.S. Department of Commerce, Bureau of the Census, Government Finances in 1985-86 (GF-86 No. 5), pp. 46 to 97 and 111; personal income for 1985.

TABLE VII

LOCAL GOVERNMENT TAX COLLECTIONS
PER CAPITA -- FISCAL YEAR 1986

Rank	State	Amount
1.	New York	$1,259.37
2.	Wyoming	1,059.07
3.	Alaska	1,011.96
4.	New Jersey	770.47
5.	COLORADO	767.68
6.	Connecticut	744.26
7.	New Hampshire	744.04
8.	Oregon	720.01
9.	Illinois	698.13
10.	Maryland	696.05
11.	Michigan	684.88
12.	Nebraska	637.67
13.	Texas	624.73
14.	Rhode Island	623.82
15.	Montana	622.29
16.	Massachusetss	618.42
17.	Kansas	617.14
	United States Average *	595.88
18.	Wisconsin	582.47
19.	California	582.12
20.	South Dakota	571.26
21.	Ohio	569.26
22.	Virginia	566.46
23.	Vermont	560.51
24.	Pennsylvania	560.11
25.	Iowa	554.87
26.	Minnesota	552.77
27.	Arizona	512.72
28.	Florida	492.28
29.	Maine	475.64
30.	Georgia	474.79
31.	Utah	471.85
32.	Nevada	470.22
33.	Louisiana	446.75
34.	Missouri	439.64
35.	Washington	419.64
36.	Indiana	417.05
37.	Tennessee	395.52
38.	Oklahoma	388.21
39.	Hawaii	381.76
40.	North Dakota	377.12
41.	North Carolina	340.92
42.	Idaho	311.13
43.	South Carolina	283.19
44.	Alabama	282.10
45.	Delaware	266.84
46.	New Mexico	252.78
47.	West Virginia	250.80
48.	Arkansas	240.92
49.	Kentucky	240.68
50.	Mississippi	234.66

* Excludes District of Columbia

SOURCE: U.S. Department of Commerce, Bureau of the Census, Government Finances in 1985-86 (GF-86 No. 5), pp. 46 to 97 and 111; population estimates for July 1986.

TABLE VIII

LOCAL GOVERNMENT TAX COLLECTIONS
PER $1,000 OF PERSONAL INCOME
FISCAL YEAR 1986

Rank	State	Amount
1.	Wyoming	$79.74
2.	New York	78.42
3.	Oregon	57.27
4.	Alaska	57.03
5.	Montana	56.21
6.	COLORADO	52.40
7.	New Hampshire	51.18
8.	South Dakota	51.18
9.	Michigan	50.64
10.	Nebraska	47.79
11.	Illinois	47.44
12.	Texas	47.22
13.	Vermont	46.78
14.	Utah	45.52
15.	Rhode Island	45.17
16.	New Jersey	45.11
17.	Kansas	44.99
18.	Maryland	44.58
19.	Wisconsin	44.37
20.	Iowa	43.56
	United States Average *	43.43
21.	Ohio	43.07
22.	Pennsylvania	41.81
23.	Ariaona	41.71
24.	Connecticut	41.34
25.	Maine	40.36
26.	Louisiana	39.81
27.	Virginia	39.50
28.	Minnesota	39.44
29.	Georgia	38.66
30.	Massachusetss	37.82
31.	California	37.08
32.	Florida	36.80
33.	Tennessee	35.48
34.	Indiana	33.54
35.	Missouri	33.44
36.	Nevada	33.39
37.	Oklahoma	31.77
38.	North Dakota	31.02
39.	Washington	30.61
40.	North Carolina	29.70
41.	Idaho	27.93
42.	Hawaii	27.85
43.	South Carolina	27.00
44.	Alabama	26.64
45.	Mississippi	25.66
46.	West Virginia	24.39
47.	New Mexico	23.62
48.	Arkansas	23.13
49.	Kentucky	22.25
50.	Delaware	19.03

* Excludes District of Columbia

SOURCE: U.S. Department of Commerce, Bureau of the Census, Government Finances in 1985-86 (GF-86 No. 5), pp. 46 to 97 and 111; personal income for 1985.

TABLE IX

STATE GENERAL SALES TAX COLLECTIONS PER CAPITA -- FISCAL YEAR 1986

Rank	State	Amount
1.	Hawaii	$703.10
2.	Washington	697.56
3.	Nevada	539.50
4.	Connecticut	509.54
5.	Arizona	439.93
6.	Florida	430.61
7.	New Mexico	423.17
8.	West Virginia	422.69
9.	Indiana	392.68
10.	Mississippi	392.66
11.	Tennessee	388.49
12.	California	385.67
13.	Wyoming	363.39
14.	New Jersey	343.09
15.	Utah	335.48
16.	South Carolina	329.04
17.	Maine	326.51
18.	Wisconsin	322.54
19.	Minnesota	322.50
	United States Average *	318.74
20.	Missouri	302.05
21.	Rhode Island	298.85
22.	Massachusetss	295.16
23.	Ohio	294.46
24.	Michigan	293.82
25.	Arkansas	293.79
26.	Illinois	291.37
27.	South Dakota	280.97
28.	Pennsylvania	272.64
29.	Iowa	269.58
30.	Georgia	268.74
31.	New York	267.89
32.	Maryland	266.55
33.	North Dakota	260.74
34.	Texas	259.42
35.	Louisiana	252.17
36.	Idaho	249.73
37.	Kentucky	236.39
38.	Kansas	227.84
39.	COLORADO	225.48
40.	Nebraska	218.95
41.	North Carolina	218.62
42.	Alabama	206.85
43.	Oklahoma	198.50
44.	Vermont	182.21
45.	Virginia	176.29
	Alaska	0.00
	Delaware	0.00
	Montana	0.00
	New Hampshire	0.00
	Oregon	0.00

* For the 45 states having a sales tax.

SOURCE: U.S. Department of Commerce, Bureau of the Census, Government Finances in 1985-86 (GF-86 No. 5), pp. 46 to 97 and 111; population estimates for July 1986.

TABLE X

STATE GENERAL SALES TAX COLLECTIONS PER $1,000 OF PERSONAL INCOME FISCAL YEAR 1986

Rank	State	Amount
1.	Hawaii	$51.29
2.	Washington	50.88
3.	Mississippi	42.94
4.	West Virginia	41.10
5.	New Mexico	39.54
6.	Nevada	38.31
7.	Arizona	35.79
8.	Tennessee	34.85
9.	Utah	32.36
10.	Florida	32.19
11.	Indiana	31.58
12.	South Carolina	31.37
13.	Connecticut	28.31
14.	Arkansas	28.21
15.	Maine	27.71
16.	Wyoming	27.36
17.	South Dakota	25.17
18.	California	24.57
19.	Wisconsin	24.57
	United States Average *	23.22
20.	Minnesota	23.01
21.	Missouri	22.97
22.	Louisiana	22.47
23.	Idaho	22.42
24.	Ohio	22.28
25.	Georgia	21.88
26.	Kentucky	21.85
27.	Michigan	21.73
28.	Rhode Island	21.64
29.	North Dakota	21.45
30.	Iowa	21.16
31.	Pennsylvania	20.35
32.	New Jersey	20.09
33.	Illinois	19.80
34.	Texas	19.61
35.	Alabama	19.54
36.	North Carolina	19.05
37.	Massachusetts	18.05
38.	Maryland	17.07
39.	New York	16.68
40.	Kansas	16.61
41.	Nebraska	16.41
42.	Oklahoma	16.25
43.	COLORADO	15.39
44.	Vermont	15.21
45.	Virginia	12.29
	Alaska	0.00
	Delaware	0.00
	Montana	0.00
	New Hampshire	0.00
	Oregon	0.00

* For the 45 states having a sales tax.

SOURCE: U.S. Department of Commerce, Bureau of the Census, State Government Finances in 1986 (GF-86 No. 3), p. 49; personal income for 1985.