



Legislative Council Staff

Research Note

Version: Final

Date: 10/6/2016

Bill Number

House Bill 16-1232

Sponsors

Representative Kraft-Tharp
Senator Baumgardner

Short Title

Sunset Department of Revenue
Private Letter Ruling & General
Information Letter

Research Analyst

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Status

This research note reflects the final version of the bill, which became effective on June 10, 2016.

Summary

This bill continues the authority of the Department of Revenue (DOR) to issue general information letters and private letter rulings through September 1, 2023. The bill contains a new requirement that DOR track full-time equivalent (FTE) personnel and hours dedicated by FTE personnel for issuance of the letters.

Background

Under current law, DOR is authorized to write clarifying letters to taxpayers upon written request. The letter can either take the form of a general information letter or a private letter ruling.

A general information letter provides background information on topics of interest to a taxpayer and does not contain tax advice specific to any particular taxpayer. It is nonbinding to both the taxpayer and DOR, and the taxpayer's identity is not required to be disclosed. DOR does not charge a fee for a general information letter.

A private letter ruling is addressed to a specific taxpayer about a specific tax situation and is binding to DOR. While the ruling is nonbinding to the taxpayer, the taxpayer's identity must be disclosed to DOR before a ruling is issued. DOR is authorized to charge the taxpayer a fee to cover the costs of issuing the ruling.

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To the extent that information in the letters can be redacted to maintain taxpayer confidentiality, general information letters and private letter rulings are available to the public.

House Action

House Business Affairs and Labor Committee (February 25, 2016). At the hearing, representatives from the Department of Regulatory Agencies and the Department of Revenue responded to questions from the committee. The committee referred the bill, unamended, to the House Committee of the Whole.

House second reading (February 29, 2016). The House passed the bill, unamended, on second reading.

House third reading (March 1, 2016). The House passed the bill, unamended, on third reading.

Senate Action

Senate Finance Committee (March 24, 2016). At the hearing, a representative from the Colorado Association of Commerce and Industry testified in support of the bill and a representative from the Department of Regulatory Agencies responded to questions from the committee. The committee referred the bill, unamended, to the Senate Appropriations Committee.

Senate Appropriations Committee (April 22, 2016). The Appropriations Committee referred the bill, unamended, to the Senate Committee of the Whole with a recommendation that it be placed on the consent calendar.

Senate second reading (April 25, 2016). The Senate passed the bill, unamended, on second reading.

Senate third reading (April 26, 2016). The Senate passed the bill, unamended, on third reading.

Relevant Research

Colorado Department of Regulatory Agencies, *Issuance of Private Letter Rulings and General Information Letters 2015 Sunset Review*:
<https://drive.google.com/file/d/0B8bNvcf083ydY1dINnF5T25XRGc/view>