



## Taxes

The Colorado General Assembly considered a number of bills during the 2018 legislative session regarding state taxes.

### Changes and Clarifications to the Tax Preparation and Remittance Process

The General Assembly considered bills that modified the responsibilities of the Colorado Department of Revenue (DOR), clarified taxing requirements, and made changes to the tax remittance process.

**Department of Revenue.** The General Assembly adopted four bills in 2018 that concern the responsibilities of the DOR. *House Bill 18-1022* requires the department to issue a request for information for an electronic sales and use tax simplification system. *House Bill 18-1144* requires that the disclosure to taxpayers of average taxes paid be made on the DOR website and income tax filing software, rather than through the mail. *Senate Bill 18-066* extends the State Lottery Division in DOR until 2049 and *Senate Bill 18-127* removes the requirement that DOR publish income tax rate modification history on every income tax return form.

**Clarifications.** The legislature adopted five bills that clarify or update definitions, the applicability of certain laws, or the administration of taxes. *House Bill 18-1385* makes changes to the definitions of "gross income" and "adjusted gross income" and spousal maintenance and child support calculation guidelines to reflect recent changes

made under the federal Tax Cuts and Jobs Act of 2017. *Senate Bill 18-088* provides that special districts levying sales taxes on retail marijuana transactions prior to July 1, 2017, retain their authority to levy sales taxes on retail marijuana, irrespective of the state sales tax exemption adopted in Senate Bill 17-267. *Senate Bill 18-110* repeals the requirement that state agencies report federal funds to the state controller. *Senate Bill 18-129* consolidates duplicative definitions in law concerning state sales tax exemptions for prescription drugs and medical devices. Finally, *Senate Bill 18-248* clarifies how an urban renewal authority can use additional property tax revenues generated through tax increment financing.

**Change in tax remittance.** The General Assembly considered three bills that make changes to the tax remittance process. *House Bill 18-1185* changes sourcing rules so that income from the sale of services and intangible property to the state is apportioned by multi-state corporate income taxpayers based on where the income-producing activity is used or delivered, rather than where the activity is performed. *House Bill 18-1386*, which was postponed indefinitely, would have authorized a county treasurer to accept full or partial payment of property taxes before they are due. *House Bill 18-1387*, which was postponed indefinitely, would have eliminated a requirement that a local government pay interest on erroneously levied taxes on oil and natural gas property.

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## Taxes (cont'd)

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### Tax Credits or Deductions

The General Assembly considered a number of bills that create or modify tax credits, refunds, or deductions. Of those, ten were signed into law and 14 were postponed indefinitely, deemed lost, or vetoed by the Governor. The tax credits and deductions considered by the General Assembly during the 2018 legislative session are described below.

**New income tax credits.** The General Assembly authorized three new tax credits in 2018. *House Bill 18-1202* creates a tax credit for employers who grant paid leave to employees who donate an organ or who hire replacement help during an employee's leave of absence for organ donation. *House Bill 18-1217* creates a tax credit through tax year 2021 for employers who contribute to an employee's 529 qualifying savings plan administered by *CollegeInvest*. *House Bill 18-1267* creates a tax credit through tax year 2023 that allows taxpayers to claim a portion of qualified costs incurred while retrofitting their residence for the purpose of allowing qualified individuals to age in place.

**Continued tax credits.** The General Assembly passed two bills that authorize existing income tax credits to continue through tax year 2024. *House Bill 18-1004* continues a tax credit for monetary contributions to promote child care, and *Senate Bill 18-007* permits the Colorado Housing and Finance Authority to allocate an additional \$150 million in tax credits for affordable housing. In addition, the General Assembly passed *House Bill 18-1190*, which continues the historic preservation tax credit under the Colorado Job Creation and Main Street Revitalization Act through 2029.

**Expanded tax credits.** Five bills were adopted in 2018 that expand existing tax credits or deductions. *House Bill 18-1060* extends an income tax deduction for military retirement benefits to qualifying taxpayers under age 55 through tax year 2023. *House Bill 18-1208*

increases the amount of the income tax credit for child care expenses. *House Bill 18-1218* expands the applicability of the sales and use tax exemption for veterans' charitable organizations. *House Bill 18-1315* expands the tax exemption for manufactured homes to exempt the full sale price, rather than only 48 percent of the sale price, from the sales and use tax. Finally, *House Bill 18-1350* expands the definition of recovered materials under the machinery and machine tools sales and use tax exemption.

**Additional new or modified tax credits that were not adopted.** The 14 proposed or modified tax credits, refunds, or deductions that were not signed into law are summarized in Table 1.

**Table 1**  
**Tax Credits That Did Not Become Law**

Bill Number	Tax Type	Category
<i>HB 18-1013</i>	income	charity
<i>HB 18-1062</i>	sales	marijuana
<i>HB 18-1083</i>	sales	aircraft
<i>HB 18-1084</i>	sales	tourism
<i>HB 18-1195</i>	income	housing
<i>HB 18-1209</i>	income	education
<i>HB 18-1359</i>	income	charity
<i>SB 18-047</i>	income	vehicles
<i>SB 18-070</i>	property	religious
<i>SB 18-077</i>	sales	vehicles
<i>SB 18-083</i>	income	education
<i>SB 18-179</i>	excise	tobacco
<i>SB 18-265</i>	income	child care
<i>SB 18-273</i>	property	medical

### Income Tax Check Off Programs

The Colorado individual income tax return form allows taxpayers to contribute to various listed organizations. Legislation is required to create a new income tax checkoff. Two bills created new income tax checkoffs, including *House Bill 18-1305*, which benefits the Young Americans Center for Financial Education Fund, and *Senate Bill 18-141*, which benefits eligible Colorado nonprofit charitable organizations.