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TAX EXPENDITURE EVALUATION INTERIM STUDY COMMITTEE

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Dear Chair Zenzinger:

Senate Bill 16-203 requires the Office of the State Auditor (OSA) to evaluate all state tax expenditures every five years. Publication of evaluation reports began in September 2018. The Tax Expenditure Evaluation Interim Study Committee was convened during the 2019 legislative interim to review the policy considerations identified in the OSA reports.

During the interim, our committee heard presentations from the OSA regarding policy considerations for 29 different tax expenditures under the categories of repeal, clarify statute, effectiveness, and administration. Our committee requested that 19 bills be drafted in response to these policy considerations; however, our committee was authorized to recommend only 5 bills to the Legislative Council.

Five of our committee's draft bills aimed to repeal tax expenditures that are obsolete or that have never been utilized. We received guidance from the Office of Legislative Legal Services (OLLS) that these draft bills would fit within the scope of the duties of the Statutory Revision Committee codified at Section 2-3-902, C.R.S. Following guidance from the OLLS, our committee did not recommend bills that fit within the scope of the Statutory Revision Committee to the Legislative Council. Unanimously, we are requesting that your committee draft, consider, and introduce legislation in line with our committee's draft bills to repeal:

- the crop hail insurance premium tax exemption;
- the nonprofit transit agency fuel tax exemption;
- the sales tax exemption for residents of bordering states;
- the pre-1987 net operating loss deduction for individuals, estates, and trusts; and
- the corporate income tax deduction for previously taxed income or gain.

The OLLS will prepare drafts of bills to repeal these tax expenditures for your committee, together with memoranda explaining how they fit within your committee's charge. These materials will be available for your meeting on January 16, 2020.

If you would like more information about this request or the individual draft bills, please contact Pierce Lively at the OLLS (pierce.lively@state.co.us, 303-866-2059). We also encourage you to contact Michelle Colin at the OSA with any questions regarding their evaluations or reports (michelle.colin@state.co.us, 303-869-2823).

Sincerely,



Representative Adrienne Benavidez
Chair



Senator Lois Court
Vice-Chair