



OFFICE OF THE STATE AUDITOR
KERRI L. HUNTER, CPA, CFE • STATE AUDITOR

MEMORANDUM

Date: 7/9/2024

To: Members of the Legislative Oversight Committee Concerning Tax Policy

From: James Taurman, Manager, Legislative Tax Expenditure Evaluation Team

Re: OSA Presentation to Committee

The Office of the State Auditor's Tax Expenditure Evaluation Team is scheduled to present to the Committee on Monday, July 29th, 2024. Below are the topics and associated documents we plan to present during the hearing.

1. The tax expenditure evaluation reports and memos we have issued since our last presentation to the Committee in August 2023. We will have issued 18 reports, 8 of which contain policy considerations for the General Assembly. We will also cover any legislative action on these expenditures during the 2024 Session.
2. The evaluations we plan to publish by June 30, 2025. As a result of HB 24-1053, once an expenditure has been reviewed once, the OSA has discretion to conduct additional reviews. The OSA must still review new expenditures and issue reports on expiring expenditures prior to the Legislative Session before they are scheduled to expire. We will provide a list of the expenditures we plan to review in Fiscal Year 2025 and the reason we included them in our schedule.
3. A list of all expenditures in the state and key details about each. As a result of HB 24-1053, the Committee can select 3 additional expenditures for the OSA to review by June 20, 2025. We will provide the Committee a list of all of Colorado's tax expenditures, including a short description of the expenditure, the expenditure's expiration date, the cost to the State, the date of the OSA's most recent evaluation, a summary of the policy consideration from the most recent report, and any recent legislative changes, if known.

4. Potential tax topics for the Committee to select. As a result of HB 24-1053, the Committee can select 2 specific, discrete topics related to existing tax policy for the OSA to report on by June 30, 2025. We will provide the Committee with some potential tax topics it might want to consider as part of its deliberations. The OSA will then provide the Committee Chair a proposed scope of work for each of the two requests within 30 days.
5. An overview of the Review of Federal Tax Report we will publish by June 30, 2025. As a result of HB 24-1053, the OSA is required to annually provide the Committee with a report on the impact of using Federal Taxable Income as the basis for Colorado Taxable Income, including changes at the federal level that might have a significant impact on the State's tax base or taxable income within the state. We are currently in the early stages of planning the report and will present our anticipated approach.

We plan to provide the Committee with electronic copies of this information by July 23, 2024 and will bring hard copies for distribution to Committee members to the hearing. If the Committee members have any questions or would like us to provide any additional information, please contact James Taurman at james.taurman@coleg.gov or 303.869.2868.