



SUMMARY REPORT

of Interim Committee Activities

November 2023

Legislative Oversight Committee Concerning Tax Policy

Committee Members: Representative Mike Weissman, Chair, Senator Chris Hansen, Vice Chair
Senators Chris Kolker, Larry Liston
Representatives Lisa Frizell, Bob Marshall

Committee Charge

The Legislative Oversight Committee Concerning Tax Policy (committee) is charged with reviewing the state's current tax policy and the evaluations of tax expenditures that are statutorily completed by the Office of the State Auditor. The committee is also charged with oversight of the Task Force Concerning Tax Policy. For purposes of the committee's work, tax policy includes:

- decisions by the state or local governments regarding taxes that have or may be levied; and
- analysis of the benefits and burdens of the state's overall tax structure with respect to the promotion of certainty, fairness, adequacy, transparency, and administrative ease.

In addition, the committee must annually define in writing the scope of tax policy to be considered for the committee. For 2023, the scope of tax policy to be considered for the committee is:

- tax expenditure evaluations produced by the Office of the State Auditor, and the policy considerations contained therein;
- recommendations, proposals, and studies arising from the work of the task force; and
- other tax expenditure policy considerations arising during the work of the committee.

Calendar of Events

August 24, 2023

- Committee overview and scope of tax policy to be considered
- Office of the State Auditor tax policy considerations

August 30, 2023

- Office of the State Auditor additional tax policy considerations
- Overview of housing tax policy
- Panel on county tax lien sale process (*Tyler v. Hennepin County*)

- Colorado Housing and Financing Authority

September 7, 2023

- Presentation from the Center on Budget & Policy Priorities
- Presentation from the Institute on Taxation & Economic Policy
- Presentation from Housing Colorado
- Proposition 123: Department of Local Affairs and the Office of Economic Development and International Trade



Opioid and Other Substance Use Disorders Study

September 13, 2023

- Presentation from the Cato Institute
- Public testimony
- Committee bill draft requests

October 31, 2023

- Public testimony
- Approval of bill draft requests

Recommended Legislation

As a result of committee discussion and deliberation, the committee recommends the following bills for consideration in the 2024 legislative session.

Bill A – Adjusting Certain Tax Expenditures

The bill repeals, expands, and modifies multiple tax expenditures.

Bill B – Issuance of Treasurer’s Deeds

The bill changes requirements and processes for issuing treasurer’s deeds.

Bill C – Lodging Property Tax Treatment

The bill classifies property designed for use as a residence, but that is only used for short-term rentals, as lodging property under the definition of hotels and motels. This excludes bed and breakfasts. The bill also requires that homes that are not used as primary residences but are used mostly as short-term rental units be classified and assessed as lodging property, beginning with the 2026 property tax year. These homes will be classified as lodging property if they were leased for short-term stays for more than 90 days during the year.

Bill D – Tax Policy Analysis by the Legislative Branch

The bill modifies the duties of the State Auditor (auditor) related to evaluating tax expenditures, requires that the auditor evaluate the use of federal taxable income as the basis for state taxable income and the impact of federal tax law changes, and extends the Legislative Oversight Committee Concerning Tax Policy and associated task force until 2031.

Bill E – Senior Housing Income Tax Credit

For income tax year 2024, the bill creates a means-tested, refundable income tax credit available to Colorado taxpayers who are at least 65 years old as of the end of the tax year, and whose adjusted gross income falls below a cap, and who have not claimed a homestead property tax exemption for the 2024 property tax year. The amount of the credit depends on the taxpayer’s income and filing status. Regardless of income, a taxpayer who also qualifies for the existing property tax, rent, heat rebate during 2024 is eligible to receive the maximum credit.