

## Please Support HB 19-1245 – Affordable Housing Act of 2019

### **Problem – Housing all over Colorado is becoming more & more out of reach**

- **Metro area housing prices have increased 50%** in less than 10 years
- **Non-metro area housing prices have increased 28%**
- Since 1991, home prices in Colorado have increased **more than in any other state**
- Public opinion surveys show **housing as a Top 3** issue for Coloradans<sup>1</sup>
- Yet, Colorado is **one of only a few states without dedicated funding** for affordable housing<sup>2</sup>

### **Solution – Reform state sales tax vendor discount to align with practices in most other states**

- Acknowledge the reality that **tax compliance is more difficult for smaller businesses than for larger ones** – increase state sales tax vendor discount from 3.33% to 4.00%
- **Let businesses cover their costs without receiving a windfall from tax payers** – cap total vendor discount at \$1000/mo.
- **More than 98% of Colorado businesses are below cap** and retain same amount of vendor discount or more than they do now
- Only ~1.5% of Colorado businesses are impacted by \$1000/mo cap.
- Even at \$1000/mo cap, **Colorado vendor discount is among most generous of any state.**

### **Summary of the Bill**

- Sec 1 – short title
- Sec 2 – legislative declaration – the scope of the problem
- Sec 3 – savings from vendor discount changes assigned to Housing Development Grant Fund
- Sec 4 – conforming amendment in Regional Tourism Act
- Sec 5 – changes to state sales tax vendor fee (no changes to any other vendor fee)
- Sec 6 – transfer vendor discount savings to Housing Development Grant Fund, less amounts to required to pay for implementation
- Sec 7 – appropriation
- Sec 8 – petitions clause

### **What HB 1245 Does Not Change**

- Any rate of sales tax
- Any tax base for sales tax
- Vendor discount for any taxing jurisdiction other than the state
- Division of Housing ability to address housing needs in a variety of ways

<sup>1</sup> <https://www.coloradomesa.edu/social-research-center/documents/centennial-state-survey-april-2017.pdf>; <https://www.kff.org/other/press-release/poll-colorado-voters-top-issues-for-gubernatorial-race-are-education-health-care-and-housing/>

<sup>2</sup> <https://housingtrustfundproject.org/wp-content/uploads/2019/01/State-htfund-revenue-sources-2019.pdf>

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## Poll: Colorado Voters' Top Issues for Gubernatorial Race Are Education, Health Care and Housing

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Most Residents See the State's Economy as Improving, But View Health Care and Housing Costs as Getting Worse

Colorado voters most often cite education, health care and housing costs as the top issues for the state's gubernatorial candidates to discuss ahead of the November elections, finds a new **Kaiser Family Foundation/Colorado Health Foundation (KFF/CHF) poll**.

The poll of more than 1800 residents reveals Coloradans' views on a wide range of issues leading into the 2018 midterm elections and highlights differences related to health and quality of life among key demographic subgroups, including geography, income, race/ethnicity and partisan identification.

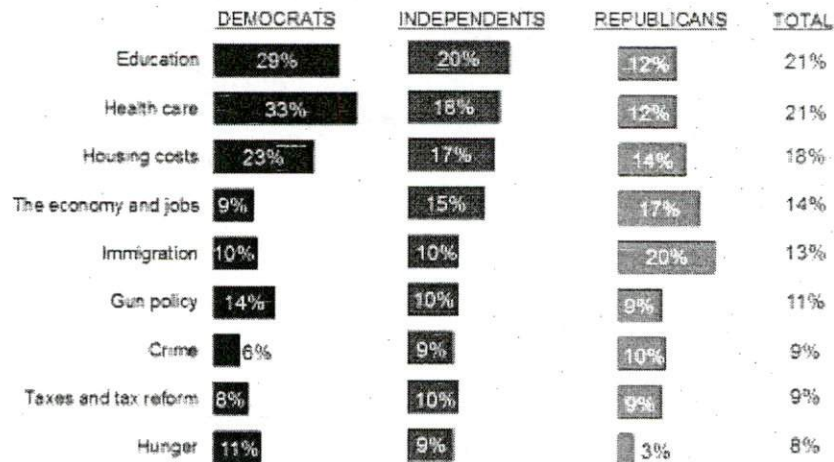
Among voters, about one in five cite each of education (21%), health care (21%), and housing costs (18%) as a top issue in the gubernatorial race. Fewer voters cite economy and jobs (14%), immigration (13%), gun policy (11%), crime (9%), taxes and tax reform (9%), and hunger (8%) as top issues.

The poll shows a partisan divide over the importance of health care, as seen nationally in other KFF polls. Republicans are least likely to say health care is the most important issue (12%), ranking the issue tied with education as fourth behind immigration, the economy and jobs, and housing costs. A third of Colorado Democratic voters (33%) say health care is the most important issue, making it their top issue, and nearly one in five independents (18%) rank health care as their most important issue, ranking second just behind education.

When voters who say health care is an important issue are asked what specifically about health care they would like the candidates to discuss, four in ten Colorado voters (41%) cite health care costs – at least four times as many as name any other health care issue.

### Top Issues For Democratic Voters Include Health Care, Education; For Republicans, Immigration And The Economy

REGISTERED VOTERS: Percent who say each of the following is the "most important issue" for the candidates for Governor to talk about:



SOURCE: KFF/Colorado Health Foundation Survey (August 15-September 19, 2018)



<b>Annual Taxable Sales</b>	<b>Monthly Taxable Sales</b>	<b>Monthly Vendor Retainage Now</b>	<b>Annual Vendor Retainage Now</b>	<b>Monthly Vendor Retainage HB 1245</b>	<b>Annual Vendor Retainage HB 1245</b>
\$100,000	\$8,333	\$8	\$96	\$10	\$116
\$250,000	\$20,833	\$20	\$239	\$24	\$290
\$500,000	\$41,667	\$40	\$479	\$48	\$580
\$750,000	\$62,500	\$60	\$718	\$73	\$870
\$1,000,000	\$83,333	\$80	\$957	\$97	\$1,160
\$2,000,000	\$166,667	\$160	\$1,914	\$193	\$2,320
\$3,000,000	\$250,000	\$239	\$2,871	\$290	\$3,480
\$4,000,000	\$333,333	\$319	\$3,828	\$387	\$4,640
\$5,000,000	\$416,667	\$399	\$4,785	\$483	\$5,800
\$6,000,000	\$500,000	\$479	\$5,742	\$580	\$6,960
\$7,000,000	\$583,333	\$558	\$6,699	\$677	\$8,120
\$8,000,000	\$666,667	\$638	\$7,656	\$773	\$9,280
\$9,000,000	\$750,000	\$718	\$8,613	\$870	\$10,440
\$10,000,000	\$833,333	\$798	\$9,570	\$967	\$11,600
\$15,000,000	\$1,250,000	\$1,196	\$14,355	\$1,000	\$12,000
\$20,000,000	\$1,666,667	\$1,595	\$19,140	\$1,000	\$12,000

STATE	Sales Tax Rate	Sales Tax Rank	Discount	MAX/MIN	Yearly Max
CALIFORNIA	7.25	1	None		\$0
CONNECTICUT	6.35	12	None		\$0
HAWAII	4	41	None		\$0
IDAHO	6	16	None (5)		\$0
IOWA	6	16	None		\$0
KANSAS	6.5	9	None		\$0
MAINE	5.5	29	None (5)		\$0
MASSACHUSETTS	6.25	13	None		\$0
MINNESOTA	6.875	6	None		\$0
NEW JERSEY	6.625	8	None		\$0
NEW MEXICO	5.125	31	None		\$0
NORTH CAROLINA	4.75	34	None		\$0
RHODE ISLAND	7	2	None		\$0
TENNESSEE	7	2	None		\$0
VERMONT	6	16	None (5)		\$0
WASHINGTON	6.5	9	None		\$0
WEST VIRGINIA	6	16	None		\$0
FLORIDA	6	16	2.50%	\$30/report (max)	\$360
KENTUCKY	6	16	1.75%-1.5% (1)	\$50/month (max)	\$600
MISSISSIPPI	7	2	2.00%	\$50/month (max)	\$600
NEW YORK	4	41	5.00%	\$200/quarter (max)	\$800
SOUTH DAKOTA	4.5	36	1.50%	\$70/month (max)	\$840
NEBRASKA	5.5	29	2.50%	\$75/month (max)	\$900
NORTH DAKOTA	5	32	1.50%	\$110/month (max)	\$1,320
ALABAMA	4	41	5.0%-2.0% (1)	\$400/month (max)	\$4,800
MARYLAND	6	16	1.2%-0.90% (1)	\$500/return (max)	\$6,000
WYOMING	4	41	1.95%-1.0% (1)	\$500/month (max)	\$6,000
ARIZONA	5.6	28	1.0% (9)	\$10,000/year (max)	\$10,000
SOUTH CAROLINA	6	16	3.0%-2.0% (1)	\$10,000/year (max)	\$10,000
ARKANSAS	6.5	9	2.00%	\$1,000/month (max) \$10/period (min);	\$12,000
WISCONSIN	5	32	0.50%	\$1,000 (max)	\$12,000
OKLAHOMA	4.5	36	1.00%	\$2,500/month (max) \$6/month (min);	\$30,000
MICHIGAN	6	16	0.5% (6)	\$15,000/month (max)	\$180,000
ALASKA	N/A				NA
DELAWARE	N/A				NA
MONTANA	N/A				NA
NEW HAMPSHIRE (10)	N/A				NA
OREGON	N/A				NA
COLORADO	2.9	46	3.33% (4)		unlimited / unknown
GEORGIA	4	41	3.0%-0.5% (1)		unlimited / unknown
ILLINOIS	6.25	13	1.75%	\$5/year (min)	unlimited / unknown
INDIANA (2)	7	2	0.73% (2)		unlimited / unknown
LOUISIANA	4.45	36	0.84%		unlimited / unknown
MISSOURI	4.225	39	2.00%		unlimited / unknown
NEVADA	6.85	6	0.25%		unlimited / unknown
OHIO	5.75	27	0.75%		unlimited / unknown
PENNSYLVANIA	6	16	1.00%	\$25/month (min)	unlimited / unknown
TEXAS	6.25	13	0.5% (7)		unlimited / unknown
UTAH (3)	4.7	34	1.31%		unlimited / unknown
VIRGINIA (3)	4.3	39	1.6%-0.8% (8)		unlimited / unknown

## STATE SALES TAX RATES AND VENDOR DISCOUNTS

(January 1, 2019)

STATE	STATE SALES TAX RATE	RANK	VENDOR DISCOUNT	MAX/MIN
ALABAMA	4.0%	41	5.0%-2.0% (1)	\$400/month (max)
ALASKA		N/A		
ARIZONA	5.6%	28	1.0% (9)	\$10,000/year (max)
ARKANSAS	6.5%	9	2.0%	\$1,000/month (max)
CALIFORNIA	7.25%	1	None	
COLORADO	2.9%	46	3.33% (4)	
CONNECTICUT	6.35%	12	None	
DELAWARE		N/A		
FLORIDA	6.0%	16	2.5%	\$30/report (max)
GEORGIA	4.0%	41	3.0%-0.5% (1)	
HAWAII	4.0%	41	None	
IDAHO	6.0%	16	None (5)	
ILLINOIS	6.25%	13	1.75%	\$5/year (min)
INDIANA (2)	7.0%	2	0.73% (2)	
IOWA	6.0%	16	None	
KANSAS	6.50%	9	None	
KENTUCKY	6.0%	16	1.75%-1.5% (1)	\$50/month (max)
LOUISIANA	4.45%	36	0.84%	
MAINE	5.5%	29	None (5)	
MARYLAND	6.0%	16	1.2%-0.90% (1)	\$500/return (max)
MASSACHUSETTS	6.25%	13	None	
MICHIGAN	6.0%	16	0.5% (6)	\$6/month (min), \$15,000/month (max)
MINNESOTA	6.875%	6	None	
MISSISSIPPI	7.0%	2	2.0%	\$50/month (max)
MISSOURI	4.225%	39	2.0%	
MONTANA		N/A		
NEBRASKA	5.5%	29	2.5%	\$75/month (max)
NEVADA	6.85%	6	0.25%	
NEW HAMPSHIRE (10)		N/A		
NEW JERSEY	6.625%	8	None	
NEW MEXICO	5.125%	31	None	
NEW YORK	4.0%	41	5.0%	\$200/quarter (max)
NORTH CAROLINA	4.75%	34	None	
NORTH DAKOTA	5.0%	32	1.5%	\$110/month (max)
OHIO	5.75%	27	0.75%	
OKLAHOMA	4.5%	36	1.0%	2,500/month (max)
OREGON		N/A		
PENNSYLVANIA	6.0%	16	1.0%	\$25/month (min)
RHODE ISLAND	7.0%	2	None	
SOUTH CAROLINA	6.0%	16	3.0%-2.0% (1)	\$10,000/year (max)
SOUTH DAKOTA	4.5%	36	1.5%	\$70/month (max)
TENNESSEE	7.0%	2	None	
TEXAS	6.25%	13	0.5% (7)	
UTAH (3)	4.7%	34	1.31%	
VERMONT	6.0%	16	None (5)	
VIRGINIA (3)	4.3%	39	1.6%-0.8% (8)	
WASHINGTON	6.5%	9	None	
WEST VIRGINIA	6.0%	16	None	
WISCONSIN	5.0%	32	0.5%	\$10/period (min), \$1,000 (max)
WYOMING	4.0%	41	1.95%-1.0% (1)	\$500/month (max)
DIST. OF COLUMBIA	6.0%	16	None	
U. S. MEDIAN	6.0%			28 states allow vendor discounts

Source: Compiled by FTA from various sources.

(1) In some states, the vendors' discount varies by the amount paid. In AL and SC, the larger discounts apply to the first \$100. In GA, the larger discount applies to the first \$3,000. In KY, the larger discounts apply to the first \$1,000, while MD applies the larger discount to annual collections of \$6,000. In WY, the larger discount applies to the first \$6,250. The lower discounts apply to the remaining collections above these amounts.

(2) Utilities are not permitted to take discount. Collection allowances are 0.73% if total sales tax collected is less than \$60,000; 0.53% if total taxes is between \$60,000 and \$600,000; 0.26% if total sales tax collected is more than \$600,000.

(3) Rate does not include a statewide local rate of 1.0% in VA and 1.25% in UT. In UT, a discount of 1% is applicable to local taxes.

(4) Local option sales tax discount varies from 0% to 3.33%.

(5) Vendors are allowed to keep any excess collections prescribed under the bracket system.

(6) Vendor discount only applies to the first 4.0% of the tax. A 0.75% discount if paid by the 12th of the month.

(7) An additional discount of 1.25% applies for early payment.

(8) Discount varies; 1.1% (1.6% for food) of the first \$62,500, 0.84% (1.2%) of the amount to \$208,000, and 0.56% (0.8%) of the remainder. Applies to the state tax only. No discount allowed on electronically file returns.

(9) In Arizona, vendor discount rate is 1.2% for electronic filers with a \$12,000 annual maximum.

(10) New Hampshire imposes a 9% tax on meals and rooms, with a vendor discount of 3%.