



March 31, 2025

The Honorable William Lindstedt
Chair, House Finance Committee
200 E Colfax
RM 307
Denver, CO 80203

Dear Chair Lindstedt and Members of the House Finance Committee:

On behalf of CTIA®, the trade association for the wireless communications industry, I am writing to respectfully oppose two provisions in House Bill 1296.

First, HB1296 would eliminate the enterprise zone tax credit for companies engaged in the construction of wireless telecommunications facilities, even though other industries remain eligible for the credit. This targeted elimination of the credit discourages private investment in broadband infrastructure, particularly in rural and underserved areas that are most in need of improved connectivity. Wireless infrastructure projects require significant capital investment and are essential for economic development. Removing this tax credit will increase the cost of investment, slow expansion efforts and hinder broadband deployment across the state.

Second, the bill reclassifies electronically delivered software as tangible personal property, making it subject to sales and use tax. This change would increase costs for businesses that rely on cloud-based technologies and could discourage investment in digital infrastructure. Modern software and cloud-based solutions are essential for businesses across all sectors, and adding new taxes on these business inputs could harm innovation and competitiveness in Colorado.

HB1296 creates new and unnecessary tax burdens on telecommunications providers by selectively eliminating a tax incentive for wireless facility construction while increasing the taxation of software needed to operate telecommunications networks in the state. The result is an increase in the cost of investment in wireless infrastructure and broadband expansion in Colorado, which directly undermines Colorado's broadband deployment goals.

For these reasons, we urge the committee to oppose these provisions of HB1296. Thank you for your consideration.

Sincerely,

Annissa Reed

Annissa Reed

Director, State and Local Affairs



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March 31, 2025

Representative William Lindstedt, Chair
Representative Brianna Titone, Vice Chair
House Committee on Finance
Colorado General Assembly

Re: House Bill 25-1296 (Sections 16 and 17)

Dear Chair Lindstedt, Vice Chair Titone, and Members of the Committee:

On behalf of the Council On State Taxation (COST), we are writing to oppose Sections 16 and 17 of HB 25-1296, which expand the sales tax base to include all non-custom software and telephone and telegraph services originating in Colorado that are charged to a Colorado address. The expansion of the sales tax base to include both non-custom software and telephone/telegraph services without an exclusion for business-to-business transactions violates several principles of sound tax policy. A fair, efficient, and well-designed sales tax should be levied only on final consumption by the ultimate consumer. Sections 16 and 17 of HB 25-1296 contravene good tax policy because they fail to provide an exemption for business-to-business transactions and include a clear statement that any expansion of the sales tax base applies prospectively. Without a business-to-business exemption the proposed changes result in the pyramiding of the sales tax and a lack of transparency to consumers and would directly or indirectly increase costs for Coloradans.

About COST

COST is a non-profit trade association based in Washington, DC. COST was formed in 1969 as an advisory committee to the Council of State Chambers of Commerce and today has an independent membership of approximately 500 major corporations engaged in interstate and international business, many of which have significant business activities in Colorado. COST's objective is to preserve and promote the equitable and non-discriminatory state and local taxation of multijurisdictional business entities.

Business to Business Transactions Should Be Exempt

The COST Board of Directors has adopted a formal policy position opposing the imposition of sales taxation on business inputs. That policy position provides:

Imposing sales taxes on business inputs violates several tax policy principles and causes significant economic distortions. Taxing business

inputs raises production costs and places businesses within a State at a competitive disadvantage to businesses not burdened by such taxes. Taxes on business inputs, including taxes on services purchased by businesses, must be avoided.¹

Imposing sales tax on business inputs specifically violates the tax policy principles of neutrality, equity, simplicity, and transparency. The taxation of business inputs causes economic distortion. This distortion results primarily from pyramiding. Pyramiding occurs when a tax is imposed at multiple levels of the distribution chain and thereby imposes a hidden effective tax rate that exceeds the retail sales tax rate. The hidden rate creates a lack of transparency for both the public and the policymakers and forces companies to either pass these increased costs to consumers or reduce their economic activity in the state to remain competitive with other producers that do not bear the burden of such increased taxes. The economic burden of taxes on the business inputs inevitably shifts to consumers through higher prices or to labor in the state through lower wages and fewer jobs.

Legislative Changes Should Be Prospective

Further, any expansion of the sales tax base that negatively impacts taxpayers should only apply prospectively. The COST Board of Directors has adopted the following policy position on retroactive tax legislation. That policy position provides:

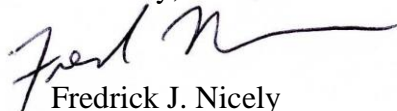
Legislation imposing new or increased tax liabilities attributable to prior periods is fundamentally unfair and, in some cases, unconstitutional and thus must be avoided. Under no circumstance should legislation imposing new or increased tax liabilities be applied to any periods beginning prior to the date the legislation was enacted.²

Taxpayers make significant financial decisions based on the current tax laws; those decisions must not be undermined by legislation imposing new or increased tax liabilities after the fact.

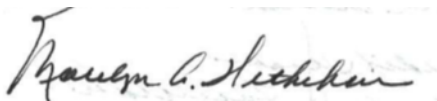
Conclusion

COST respectfully encourages this Committee to amend HB 25-1296 (Sections 16 and 17) to exempt business inputs from the expansion of the sales tax base. Additionally, COST urges this Committee to specifically state that any expansion of the sales tax base to include non-custom software and telephone/telegraph services would apply prospectively. Please let us know if we can provide any assistance.

Sincerely,



Fredrick J. Nicely



Marilyn A. Wethekam

cc: COST Board of Directors
Patrick J. Reynolds, COST President & Executive Director

¹ COST's policy on the taxation of business inputs may be found at: <https://www.cost.org/globalassets/cost/state-tax-resources-pdf-pages/cost-policy-positions/sales-taxation-of-business-inputs.pdf>

² COST policy on retroactivity may be found at: <https://www.cost.org/globalassets/cost/state-tax-resources-pdf-pages/cost-policy-positions/retroactivetaxlegislation.pdf>

House Finance

03/31/2025 01:30 PM

HB25-1296 Tax Expenditure Adjustment

Typed Text of Testimony Submitted

Name, Position, Representing	Typed Text of Testimony
Teresa Buttler For themselves	I support this bill. Big oil should not have tax exemptions.
Ruthie Barko Amend TechNet	<p>TechNet is writing to respectfully share our concerns with Section 16 of HB25-1296, which would impose a software sales tax in Colorado, asking that this bill is amended before it is advanced.</p> <p>TechNet is the national, bipartisan network of technology CEOs and senior executives that promotes the growth of the innovation economy by advocating a targeted policy agenda at the federal and 50-state level. TechNet’s diverse membership includes dynamic American businesses ranging from startups to the most iconic companies on the planet and represents over 4.5 million employees and countless customers in the fields of information technology, artificial intelligence, e-commerce, the sharing and gig economies, advanced energy, transportation, cybersecurity, venture capital, and finance. TechNet has offices in Austin, Boston, Chicago, Denver, Harrisburg, Olympia, Sacramento, Silicon Valley, Tallahassee, and Washington, D.C.</p> <p>TechNet works to ensure that tax structures create a level-playing field for all product and service providers, both technology players as well as others, and do not disadvantage a specific subsector. We are opposed to the proposed taxes in Section 16 for several reasons, and ask that the Committee does not advance the bill without removing this section.</p> <p>Generally speaking, Section 16 will negatively impact businesses and consumers in the state and increase the overall costs for consumers. Without being amended to remove Section 16, this bill will inevitably result in passing along increased costs to consumers who often rely on the services these software products provide in their households, workplaces or to run their small businesses. This is at odds with the state’s overarching economic interest to continue to grow Colorado’s tech sector.</p> <p>Colorado’s tech workforce has grown substantially over the last several years to be ranked consistently as one of the best markets for tech talent. States that compete</p>

	<p>with Colorado to attract the investment of technology companies and to grow their tech workforces are careful to avoid, or work to repeal the adoption, of punitive state taxes that make their states less attractive for tech companies to relocate or increase investment. The general trend has been the opposite of this bill, with states adopting new tax incentives to attract investment in their local tech economies.</p> <p>Ultimately, the proposed tax provisions in these bills will put Colorado at a competitive disadvantage compared to other states. This type of punitive tax policy aimed at a single industry would likely discourage companies that produce and offer software products for sale from innovating, investing, and locating in Colorado. It also sends the wrong message to tech companies in other sectors looking to do business or locate in Colorado that they may be the next target of the state's ire.</p> <p>TechNet is vigilant against vague, overly broad, unnecessary, harmful, or hostile laws and regulations that stifle innovation. As such, we are opposed to the provisions being proposed and ask that the bill is amended. Thank you for your consideration of our concerns and please let me know if you have any questions about our position on this bill.</p> <p>Respectfully,</p> <p>Ruthie Barko TechNet Executive Director, CO & Central U.S.</p>
<p>Jeany Rush Against themselves</p>	<p>TO: HOUSE FINANCE COMMITTEE RE: HB25-1296 TAX EXPENDITURES ADJUSTMENT SPONSORS: GARCIA, ZOKAIE, WEISSMAN FROM: JEANY RUSH COLORADO SPRINGS CONSTITUENT VOTE: NO 3-31-25</p> <p>"Section 20, beginning January 1, 2026, ends the availability of grants for real property tax assistance and heat or fuel expenses assistance" YOUR TEXT! SO THIS MAY HAVE BEEN THE MOST IMPORTANT PART TO NOT DO IN YOUR BILL!</p> <p>LET'S SEE IF I CAN SUMMARIZE THIS: You want to increase taxes on companies by workforce numbers (roundabout way to get home office etc.) List of all doing income taxes who are exempt, limit income tax deductions on Expenses, create new tax deductions for expenses, limit alternative minimum tax credits, extend tax credits for child care, redefine some tax credits for certain seniors, cut other credits for seniors, end grants for real property, or assistance with fuel, expand local government to include counties for alternative transportation options tax credit(Is that another backdoor to your failed and forced mass transportation scenarios?), limit existing business personal property tax credits before 2026, modify tax credit qualified costs</p>

	<p>for historic rehab in disaster areas (Did the UN agenda smart cities destruction code of cities get ahold of you?), modify software sales tax exemptions for resales?, tax interstate / telephone and telegraph services, repeal excise fuel tax reduction, modify enterprise tax credit by 2026? Did I get all of that? Since the whole income tax is really illegal, and you all seem to keep trying to cover your overspending on Waste, Control of citizens, Butchering Children, Plundering land and farm ownership, food production, election integrity, climate attacks on our energy sources that actually work, and much more, Why would you stop at going for taxes!??? But worse You also put in the SAFETY CLAUSE, THEREBY TAKING AWAY THE VOICE OF THE PEOPLE TO PLACE YOUR BACKDOOR SNEAKY TAX HIKES, BY STOPPING THESE FROM GOING TO THE BALLOTS FOR THE VOTERS TO DETERMINE! This is quite bazaar, but then again, it is really not surprising Further, I believe you have put in many agendas, under a supposed 1 Subject bill, by sneaking them all in under taxes. We need a new Tea Party, and a DOGE investigation. "Taxation without Representation" ITS A HARD NO FOR ME ON THIS!</p>
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