



COLORADO
Department of Revenue

A large circular collage in the center of the cover features four distinct images: purple Colorado columbine flowers in the top left, a basket of ripe red and orange peaches in the top right, a green field with black and brown cows in the middle right, and a city skyline at night with illuminated buildings in the bottom left. The collage is framed by a thick blue border.

2024

TAX PROFILE & EXPENDITURE REPORT

Message from the Executive Director



The Colorado Department of Revenue is proud to present the 2024 Tax Profile and Expenditure Report, an important resource for evaluating Colorado taxes.

This report can and should be used to assess tax equitability in the Centennial State and then make policy decisions based on data. In addition to safeguarding sensitive data, the Department of Revenue strives to provide transparent and accessible tax data while seeking to improve the report's navigability and clarity.

Please note that while the report represents the best available data as of its publishing date, there are inherent limitations due to the reliance on taxpayer-reported data and federally published information.

I hope that this report will help readers understand Colorado's current state tax landscape more clearly.

A handwritten signature in black ink that reads "Heidi Humphreys". The signature is fluid and cursive, with the first name and last name clearly distinguishable.

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Executive Director,
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Executive Summary

The foundation for creating effective public policy is data-driven decision making. Every two years, the Colorado Department of Revenue publishes the Tax Profile and Expenditure Report. This report combines the Colorado Tax Expenditure Study, the Colorado Tax Profile Study, and the Colorado Statistics of Income. The goal of the Tax Profile and Expenditure Report is to help state leaders craft effective policy by providing valuable data regarding taxation in Colorado.

This is the seventh in the series of Colorado Tax Profile and Expenditure Reports. This report conforms with the directives set by the Colorado Revised Statutes (section 39-21-303, C.R.S.). The Department is required to prepare this report on a biennial basis.

Colorado Tax Expenditure Study

The Colorado Tax Expenditure Study reports the estimated reduction in state revenue as a result of tax expenditures. A “tax expenditure” is a “tax provision that provides a gross or taxable income definition, deduction, exemption, credit, or rate for certain persons, types of income, transactions, or property that results in reduced tax revenue” (section 39-21-302(2), C.R.S.).

This report measures the effect of all tax expenditures, including many tax expenditures that provide special or selective tax relief to further various public policy goals, as well as structural tax expenditures that exist to establish the basic structure of the tax. “Structural tax expenditures” are intended to establish the basic elements of a tax provision, avoid duplication of a tax, promote administrative efficiency, clarify the definition of the types of transactions or individuals who are subject to a tax, or ensure that taxes are evenly applied.

The 2024 report details tax expenditures totaling over \$9.6 billion for the latest years of data. The total liquor excise tax expenditures in 2023 were \$19.5 million. In 2023, the total cigarette, nicotine products, and tobacco products excise tax expenditures were \$45.9 million, and the total expenditures for fuel excise taxes were \$120.3 million. Income tax expenditures in 2022 were nearly \$2.1 billion. Total sales and use tax expenditures were \$6.9 billion in 2023. Severance tax expenditures totaled \$530.1 million for 2022.

Colorado Tax Profile Study

The Colorado Tax Profile Study is a multi-faceted look at Colorado taxes. This is the 16th in the series of Colorado Tax Profile Studies, first published in 1973. The current study is broken into three parts, where each part discusses aspects of the overall tax structure and distribution of tax burden in 2020.

Colorado had relatively low tax revenue overall relative to personal income, ranking 32nd among states in 2020, with only \$87 in total state and local tax revenue per \$1,000 of personal income.

The majority of family money income came from wages in 2020, although sources of income varied widely by family money income group. For the lowest income group (\$0 under \$15K), wage income accounted for 61.5% of their family money income. The middle income group (\$50K under \$70K) had the largest percentage of income coming from wages, 75.8%. For individuals in the highest income group (\$200,000 and over), 44.8% of their income stemmed from their wages.

The estimated average family money income of all households in Colorado was \$96,925, and households paid an average of \$8,047 in state and local taxes in 2020. The estimated median family money income was \$51,246, which is lower than the average because extreme high income values increase the average. Median income is a better measure of the midpoint.

In 2020, lower income households paid a higher share of taxes than their share of family money income in Colorado. The lowest income group had the highest overall effective tax rate, paying nearly 29% of their income in state and local taxes. In contrast, the highest income group paid less state and local taxes than its share of family money income, paying nearly 7% of their income in state and local taxes.

The effective tax rates of local taxes were substantially more regressive than that of state effective tax rates, largely due to local property taxes and local sales taxes. This means that in effect, Colorado's taxing structure is regressive. A regressive tax structure is one in which the tax rate decreases as income increases.

Colorado Statistics of Income

Individual Statistics of Income

The Colorado Individual Statistics of Income report is a collection of data describing federal and state individual income tax returns filed by full-year Colorado residents. The Colorado Individual Statistics of Income is an annual report available on the Department's website. Highlights and selected data tables from the complete report are provided in this biennial Tax Profile and Expenditure Report.

This edition of the Individual Statistics of Income report summarizes income tax year 2020 data, which generally represents income tax returns for calendar year 2020. The complete Individual Statistics of Income report includes various income and tax data that is generally bucketed by income group. The key statistics summarized here focus on basic elements

of income and tax data such as size of income, filing status, age distribution, and federal deductions. The complete Individual Statistics of Income report includes additional data on these basic elements, as well as further data from federal returns on sources of income, adjustments, itemized deductions, and federal credits and Colorado specific data on location, additions, subtractions, prepayments, and credits.

In 2020, single returns accounted for 66% of all returns and joint returns accounted for 34%. However, 66% of Colorado gross income taxes are from joint returns and 34% are from single returns, demonstrating the tendency for joint returns to have higher incomes than single returns. Furthermore, the distribution of single returns skews younger, meaning there were more single returns for younger ages than older ages. The number of single filers peaks at age 27, and then declines as the population ages. This declining number of single returns after age 27 corresponds with the increasing number of joint returns between the ages of 18 and 40, as more single individuals marry as they age.

Corporate Statistics of Income

The Colorado Corporate Statistics of Income is a collection of data describing Colorado state income tax returns filed by C corporations that conduct business in Colorado. The Colorado Corporate SOI is an annual report available on the Department's website. Highlights and selected data tables from the complete report are provided in this biennial Tax Profile and Expenditure Report.

The complete report consists of tables that present income and tax data by Colorado taxable income group, federal taxable income group, or industry. This data is useful for policy makers, researchers, or anyone who would like an overview of Colorado corporate income tax data. This edition of Corporate Statistics of Income summarizes income tax year 2021.

In 2021, 52% of returns came from corporations that conduct business only in Colorado and 48% of returns came from corporations conducting business within and outside of Colorado. However, 91% of state corporate income taxes paid in 2021 came from corporations that conduct business within and outside of Colorado.

Statute Citation

§39-21-303, C.R.S. Tax profile and expenditure report

- (1) On or before January 1, 2013, and January 1 of every odd-numbered year thereafter, the department shall prepare a tax profile and expenditure report for the state that includes the information set forth in subsection (2) of this section.
- (2)
- (a) A tax profile and expenditure report must include the following information for each tax expenditure for any tax levied and collected by the state that is administered by the department:
 - (I) A citation of the statutory or other legal authority for the tax expenditure;
 - (II) The year that the tax expenditure was enacted;
 - (III) A description of the tax expenditure;
 - (IV) An estimate of the tax expenditure's effect on revenue for the most recently completed tax or calendar year, as appropriate, for which such information is available;
 - (V) The estimate required pursuant to subparagraph (IV) of this paragraph (a) for the tax expenditure that was included in each of the three prior tax profile and expenditure reports, if available; and
 - (VI) For a tax expenditure that is subject to the requirement set forth in section 39-21-304, a statement of the intended purpose of the tax expenditure.
 - (b) For the state income tax only, the tax profile and expenditure report must include the effect of the tax expenditure by income class. The provisions of this paragraph (b) shall only apply to the extent that the department is capable of accessing the necessary information from its data system.
 - (c) The tax profile and expenditure report must include the sum of all estimates required pursuant to subparagraphs (IV) and (V) of paragraph (a) of this subsection (2) for each tax.
 - (d)
 - (I) To the extent not otherwise included in the tax profile and expenditure report pursuant to this subsection (2), the report must also include any information that was included in the Colorado tax profile study 2001 for any taxes covered by such study, which includes but is not limited to information related to:
 - (A) State and local tax collections;
 - (B) Revenues, taxes, incidence, and equity;
 - (C) The distribution of state and local taxes among households; and
 - (D) Colorado statistics of income.
 - (II) The information required pursuant to subparagraph (I) of this paragraph (d) shall be for the most recent tax year for which such information is available.

(3)

(a) The department shall provide a copy of the report to all members of the general assembly in accordance with section 24-1-136 (9), C.R.S.

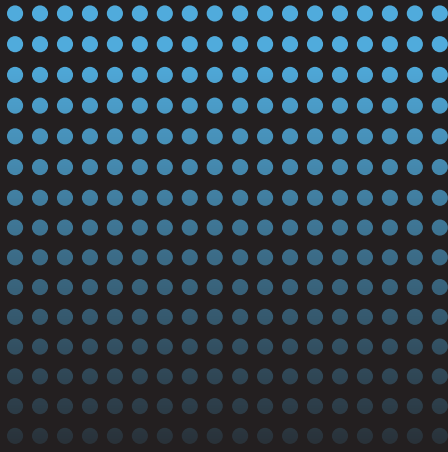
(b) Repealed.

(c) The department shall make the tax profile and expenditure report available for public inspection and shall publish the report on the department website.

(4) The reporting requirement set forth in this section is exempt from the provisions of section 24-1-136 (11).

(5) To the extent that the tax profile and expenditure report must include the distribution of tax burden by income class pursuant to paragraphs (b) and (d) of subsection (2) of this section, the department shall use at least as many income classes as the Colorado statistics of income in the Colorado tax profile study 2001, and the highest income class shall be at least as high as in such Colorado statistics of income.

(6) Repealed.



COLORADO
Department of Revenue

Colorado Tax Expenditure Study

For Calendar Years 2016 through 2023

Prepared by Colorado Department of Revenue

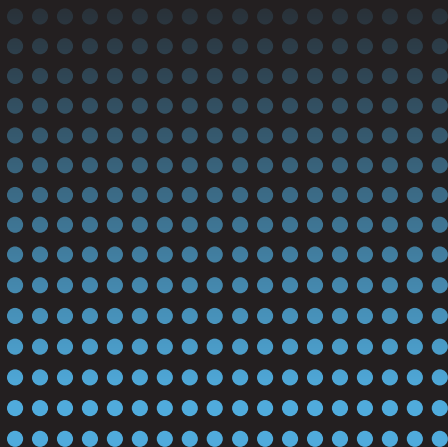


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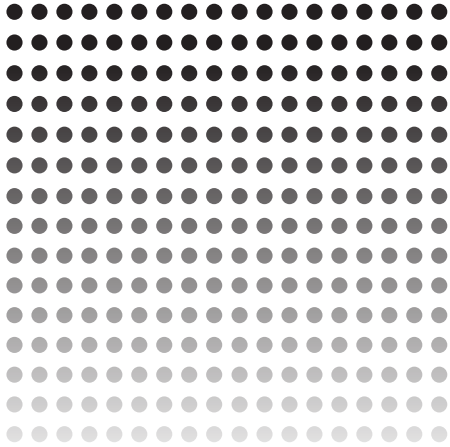
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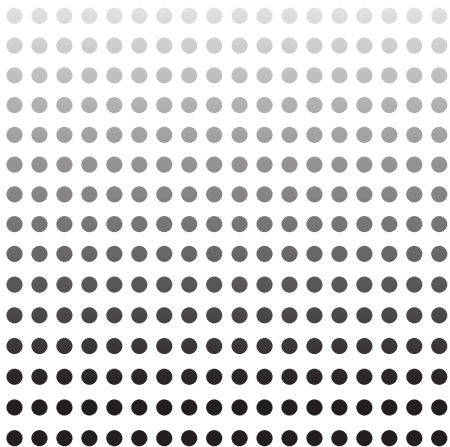
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Executive Summary



The 2024 Colorado Tax Expenditure Study reports the estimated reduction in state revenue as a result of tax expenditures. Tax expenditure revenue impacts are presented for excise taxes (liquor; cigarette, nicotine products, and tobacco products; and fuels), income taxes, sales and use taxes, and severance taxes. Data reported by taxpayers on state tax forms are used to estimate tax expenditure revenue impacts. Moreover, the data are self reported and represent the tax returns the Department has processed when the data was retrieved.

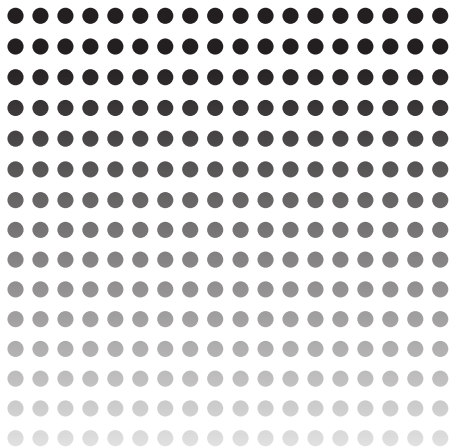
In 2023, the total liquor excise tax expenditures were \$19.5 million; the total cigarette, nicotine products, and tobacco products excise tax expenditures were \$45.9 million; and the total expenditures for fuel excise taxes were \$120.3 million. Income tax expenditures in 2022 were nearly \$2.1 billion. The total sales and use tax expenditures were \$6.9 billion in 2023. Severance tax expenditures totaled \$530.1 million for 2022. All of these totals are understated because some tax expenditure data is not collected, not retrievable, or incomplete until the next report.

Total Tax Expenditure Revenue Impacts by Tax Type and Year ¹

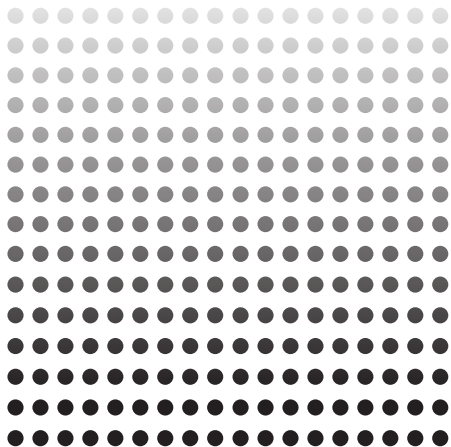
Chapter: Tax Type	2016	2017	2018	2019	2020	2021	2022	2023
Chapter 1: Liquor Excise	Not Reported	Data Not Releasable	Not Reported	Data Not Releasable	Not Reported	\$28.4M	Not Reported	\$19.5M
Chapter 2: Cigarette, Nicotine Products, and Tobacco Products Excise	Not Reported	\$15.5M	Not Reported	\$12.6M	Not Reported	\$17.9M	Not Reported	\$45.9M
Chapter 3: Fuel Excise	Not Reported	\$78.8M	Not Reported	\$93.3M	Not Reported	\$109.5M	Not Reported	\$120.3M
Chapter 4: Income	\$1.3B	Not Reported	\$1.5B	Not Reported	\$1.5B	Not Reported	\$2.1B	Not Reported
Chapter 5: Sales and Use	Not Reported	\$4.8B	Not Reported	\$5.4B	Not Reported	\$6.1B	Not Reported	\$6.9B
Chapter 6: Severance	\$279M	Not Reported	\$358M	Not Reported	\$446.7M	Not Reported	\$530.1M	Not Reported

Source: Colorado Department of Revenue tax forms

¹ Years included vary by tax type due to the reporting schedule and data availability. Tax expenditure data is summarized by the year that the taxing period began.



Introduction



What Is a Tax Expenditure?

A "tax expenditure" is a "tax provision that provides a gross or taxable income definition, deduction, exemption, credit, or rate for certain persons, types of income, transactions, or property that results in reduced tax revenue" (section 39-21-302(2), C.R.S.).

This report measures the effect of all tax expenditures, including many tax expenditures that provide special or selective tax relief to further various public policy goals, as well as structural tax expenditures that exist to establish the basic structure of the tax. "Structural tax expenditures" are intended to establish the basic elements of a tax provision, avoid duplication of a tax, promote administrative efficiency, clarify the definition of the types of transactions or individuals who are subject to a tax, or ensure that taxes are evenly applied.¹ Throughout the Colorado Tax Expenditure Study, structural expenditures are indicated with a dagger symbol (†).

What Is the Colorado Tax Expenditure Study?

The Colorado Tax Expenditure Study is the first of three parts to the biennial Tax Profile and Expenditure Report required by section 39-21-303, C.R.S., enacted in 2011. The purpose of the study is to identify and describe tax expenditures administered by the Department as well as provide estimates of each tax expenditure's effect on state revenue for the "most recently completed tax or calendar year, as appropriate, for which such information is available" (section 39-21-303, C.R.S.).

The Colorado Tax Expenditure Study reports the estimated reduction in state revenue as a result of tax expenditures. This study summarizes available data on tax expenditures as reported by taxpayers on Colorado tax forms. Aggregate data were retrieved from the Department's tax data system, and totals are presented for each expenditure for which data is available. Moreover, the data are self reported and represent the tax returns the Department has processed when the data was retrieved.

This study presents tax expenditures by tax type. The following tax types are each summarized in their own chapter:

- Chapter 1: Liquor Excise Tax
- Chapter 2: Cigarette, Nicotine Products, and Tobacco Products Excise Taxes
- Chapter 3: Fuel Excise Tax
- Chapter 4: Income Tax
- Chapter 5: Sales and Use Taxes
- Chapter 6: Severance Tax

¹ (2022). Tax Expenditures Compilation Report, September 2022. Colorado Office of the State Auditor. Report Number: 2022-TE.

The Colorado Tax Expenditure Study is different from the evaluation of tax expenditures by the Office of the State Auditor established by section 39-21-305, C.R.S., enacted in 2016. Their schedule of reviews and completed reports for evaluated tax expenditures are available online at <https://leg.colorado.gov/agencies/office-state-auditor/tax-expenditure-evaluations>

Which Years Are Included?

The Department summarizes expenditures for each tax type every other year. Odd years are summarized for liquor excise; cigarette, nicotine products, and tobacco products excises; fuel excise; and sales and use taxes. Even years are summarized for income and severance taxes. The Department is presenting the following years in the 2024 report:

Chapter: Tax Type	Years
Chapter 1: Liquor Excise	2017, 2019, 2021, 2023
Chapter 2: Cigarette, Nicotine Products, and Tobacco Products Excise	2017, 2019, 2021, 2023
Chapter 3: Fuel Excise	2017, 2019, 2021, 2023
Chapter 4: Income	2016, 2018, 2020, 2022
Chapter 5: Sales and Use	2017, 2019, 2021, 2023
Chapter 6: Severance	2016, 2018, 2020, 2022

How Do I Find a Specific Expenditure?

Tax expenditures are presented in alphabetical order in each chapter. The table of contents provides an alphabetized list of the expenditures included in each chapter. To find a specific expenditure based on its statute citation, use the index at the end of the Tax Expenditure Study. This index lists the expenditures in statute order for each chapter. Find the name associated with the statute, and then reference that name in the table of contents to find the page on which the expenditure appears.

Can I Compare This Report to Prior Reports?

The 2020 and prior reports provided revenue impact values that are rounded to the thousands. Starting with the 2022 report, the values are no longer rounded. Starting with the 2018 report, the methodology used to estimate the expenditures changed, in particular for income, sales and use, and severance tax expenditures. Information about these changes is provided in the 2018 report. These changes may sacrifice some comparability to the 2016 and earlier reports.

What Are the Data Limitations?

- **Tax expenditure data is not always available for reporting** - In order for a tax expenditure to be summarized individually, it must meet these three criteria:
 - (1) Be collected on a tax form
 - (2) Be itemized and not grouped with other expenditures on a tax form
 - (3) Be input or stored in a manner that renders it usable for reporting

The Department considers a variety of needs and resource constraints—including the need to evaluate tax expenditures—in designing tax forms, data collection procedures, and storage methods. The costs (to the state and to taxpayers) of collecting, processing, and storing more detailed data are balanced against the benefits of such detail. As a result of this balancing, tax expenditure data may not meet all of the criteria necessary for reporting. In cases where tax expenditure data is collected, but not itemized, the Department provides aggregate totals for the grouped expenditures, when possible.

- **Tax expenditure data presented in this report is a snapshot in time** - Frozen snapshots of live data do not represent the dynamic changes that are continuously occurring with tax data. Significant changes to the tax data presented can occur at any time due to late and amended returns, as well as audits and corrections. The Department's review of tax data is ongoing, and these changes cannot be reflected in a static publication.
- **Tax forms may change** - Changes to forms can occur due to legislative changes or due to improvements initiated by the Department. This could limit the comparability of data across years.
- **Taxpayer confidentiality requirements** - The Department is required by statute (sections 39-21-113(4)(a) and 39-21-113(5), C.R.S.) to prevent the identification of individual taxpayers when publishing statistics from tax returns. It is the Department's practice to release aggregated data only when a minimum of three taxpayers exist in a group and a single taxpayer does not represent more than 80% of the total. There must be zero or at least two suppressed values per variable when an aggregate total is being released. Suppressed values are represented by "Data Not Releasable" in the tables.
- **Tax data is mostly self-reported** - As with all self-reported information, data from tax forms may contain errors. There are system checks in place to identify and review as many returns as possible using the Department's limited resources. However, it is not possible to systematically verify every field for complete accuracy when millions of tax returns and forms are filed every month.

Why Are Some Values Not Presented?

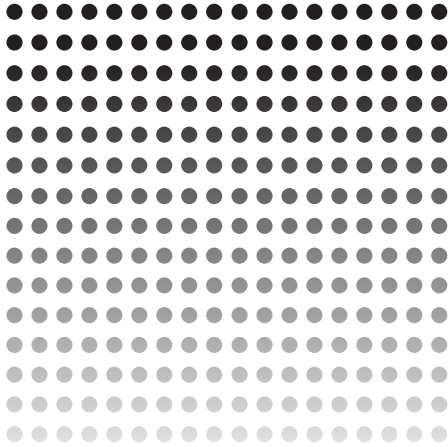
When data is not presented, the Department uses a short phrase in the tables to explain in plain language why the value cannot be presented. These phrases are listed below along with a description of their meaning.

Term	Description
Data Incomplete Until Next Report	The underlying data is incomplete at the time of report preparation. The complete data will become available in the next report.
Data Not Collected	The information necessary to estimate the expenditure is not collected on a form or not required to be reported by taxpayers.
Data Not Releasable	The data cannot be disclosed because of taxpayer confidentiality requirements. Under sections 39-21-113(4)(a) and 39-21-113(5), C.R.S., when publishing statistics from tax returns, data must be "classified as to prevent the identification of particular reports or returns."
Data Not Retrievable	The tax expenditure information is collected on a tax form, but the data cannot be retrieved. This is either because the tax form is stored as a document image or because the data is not mapped to the database used for reporting.
Expired	The statutory benefit giving rise to the expenditure is no longer available, and the carryforward period (if any) has ended. No data is available for expired expenditures.
Itemized Values Not Retrievable	Itemized expenditure amounts are collected on a tax form, but the data cannot be easily retrieved for reporting.
Not Effective This Year	Expenditure was not in effect during this reporting year, but may come into effect in a later year.
Not Itemized - See [Aggregate Expenditure Description]	For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impact tables at the end of each chapter to find the aggregate total of the referenced expenditure description for that tax type (or tax form) and year.
Not Previously Published	The tax expenditure amount was not published in previous reports for the year indicated, even though the expenditure was in effect that year.
Not Reported	The data is not reported due to the reporting schedule of the Tax Profile and Expenditure Report.

When Is Data Available?

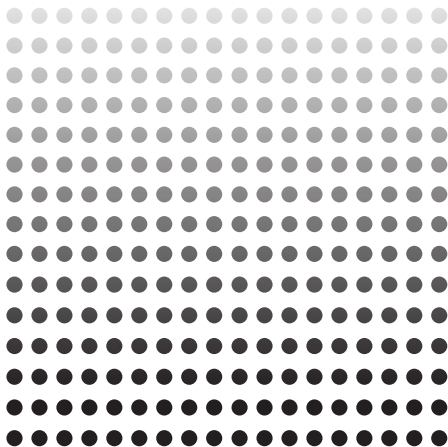
The availability of Colorado tax return data is dependent on the filing cycle for the tax type. The timeline below shows when the data is extracted for each chapter to ensure completeness of the data.

Chapter: Tax Type	Data Extraction Timeline
Chapter 1: Liquor Excise	Three months after the end of the calendar year
Chapter 2: Cigarette, Nicotine Products, and Tobacco Products Excise	Three months after the end of the calendar year
Chapter 3: Fuel Excise	Three months after the end of the calendar year
Chapter 4: Income	One year and eight months after the end of the calendar year
Chapter 5: Sales and Use	Three months after the end of the calendar year
Chapter 6: Severance	One year and eight months after the end of the calendar year



Chapter 1

Liquor Excise Tax Expenditures



Overview

Total Revenue Impact

This table estimates the revenue impact of a combination of structural and non-structural tax expenditures. Structural tax expenditures are intended to establish the basic structure of a tax provision, whereas non-structural tax expenditures are intended to provide special or selective tax relief to further various public policy goals. All of the liquor excise tax expenditures that are reportable and have a revenue impact are structural tax expenditures.

Liquor Excise Tax Expenditures ¹

2017	2019	2021	2023
Data Not Releasable	Data Not Releasable	\$28,393,080	\$19,502,341

Source: Liquor Excise Tax Return (DR 0442)

¹ Totals are understated because not all data are collected.

Net Collections

Net collections reported for a given fiscal year are not necessarily associated with the expenditure data reported by calendar year. Collections data includes tax collections across multiple tax years due to amended, late, and/or corrected tax returns and are net of any refunds received in the accounting period, regardless of the time period for which the refund applied. The net collections include sales made by in-state manufacturers and wholesalers, out-of-state wine shippers delivering to consumers directly in Colorado, and personal stock of alcohol brought into Colorado for consumption in this state by individuals.

Liquor Excise Tax Net Collections

Fiscal Year (July 1 through June 30)	Net Collections
2016-2017	\$44,885,895
2017-2018	\$46,209,781
2018-2019	\$48,191,606
2019-2020	\$49,793,123
2020-2021	\$53,443,165
2021-2022	\$55,559,060
2022-2023	\$56,074,148
2023-2024	\$56,065,577

Source: Colorado State Accounting System

Distributions

Liquor excise tax revenue is first allocated to the Old Age Pension Fund, which funds a program offering financial assistance and medical benefits to low-income adults aged 60 or older who meet certain eligibility requirements.

When revenue from excise taxes exceeds the amount required to fully fund the Old Age Pension Program, the excess is allocated to the General Fund for spending on general operations at the discretion of the General Assembly. Pursuant to Article XXIV, Section 2 of the Colorado Constitution, 85% of the revenue from excise taxes (excluding transportation-related excise taxes) is required to be credited to the Old Age Pension Fund.

History

Prior to the adoption of the 18th Amendment prohibiting the manufacture, sale, or transportation of intoxicating beverages, states and local governments collected considerable revenue from the levy of liquor license fees and occupation taxes. When the ratification of the 21st Amendment (repealing the 18th Amendment) was announced on December 5, 1933, the sale of all alcoholic beverages became legal, and Colorado was one of 13 states that immediately imposed a tax through legislation approved in August 1933. Due to its hasty enactment, numerous inconsistencies, and defective provisions, the 1933 legislation was repealed and replaced with a new Liquor Code in 1935.

"Intoxicating liquors" were first taxed in 1935 at 3¢ per gallon on fermented malt beverages and malt liquor; 3¢ per quart on wine less than 14% alcohol by volume; 6¢ per quart on wine more than 14% alcohol by volume; and 20¢ per pint on spirits. Tax rates were increased in 1959 and again in 1976 for all types of alcohol beverages. The 1976 increase on beer was to the current rate of 8¢ per gallon. In 1981, the tax rate was increased for all strengths of wine to the current level of 7.33¢ per liter. At the same time, the tax rate for spirits was increased to the current rate of 60.26¢ per liter. In 1997, hard cider was added to the liquor code and is taxed like beer at 8¢ per gallon.

The liquor tax rates per liquor volume have remained the same for several decades. The tax rates have not been adjusted for inflation, and therefore have a deflated value relative to today's dollar. The deflated rates are equivalent to 1.28¢ per gallon of beer, 2.00¢ per liter of wine, 16.41¢ per liter of spirits, and 3.95¢ per gallon of hard cider in 2023 dollars.¹ If the rates were adjusted for inflation each year since taking effect, the 2023 rates would be 50.14¢ per gallon of beer, 26.92¢ per liter of wine, \$2.2134 per liter of spirits, and 16.21¢ per gallon of hard cider.¹

¹ Source: United States Department of Labor's Bureau of Labor Statistics Consumer Price Index for All Urban Consumers in the Denver-Aurora-Lakewood, CO area.

Tax Base

An excise tax is due on the liters or gallons of alcohol beverages when they are first sold, used, or consumed in Colorado. The types of alcohol beverages that are taxed include malt liquors, hard cider, vinous liquors, and spirituous liquors. The tax is typically imposed upon manufacturers and wholesalers, including brewpubs, distillery-pubs, and vintner restaurants.

Computation of the Tax

§44-3-503, C.R.S.

Colorado liquor excise tax rates are as follows:

- **Malt liquors:** 8¢ per gallon
- **Hard cider (apple and pear only):** 8¢ per gallon
- **Vinous liquors:** 7.33¢ per liter
- **Spirituous liquors:** 60.26¢ per liter
- **Winery grapes (produce tax):** \$10 per ton

Tax Expenditures

The descriptions of tax expenditures provided in this report (as required by section 39-21-303(2)(a)(III), C.R.S.) attempt to summarize each expenditure in simple and straightforward language. Although the descriptions represent a good-faith effort to provide accurate and complete tax information, the information is not binding on the Colorado Department of Revenue, nor does it replace, alter, or supersede Colorado law and regulations. The Executive Director, who by statute is the only person having the authority to bind the Department, has not formally reviewed and/or approved these descriptions.

Credit for unsalable liquor[†]

Credit is allowed for excise taxes paid on alcohol beverages that are rendered unsalable by reason of destruction or damage upon submission of evidence satisfactory to the Department that such excise tax has actually been paid.

Citation: §44-3-503(9), C.R.S.

Enacted: 1953

Tax Expenditure Revenue Impact

2017	2019	2021	2023
\$153,000	\$134,000	\$230,589	\$157,406

Source: Liquor Excise Tax Return (DR 0442)

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

Exported liquor[†]

Alcohol beverages transported by a manufacturer or wholesaler to a point outside of the state and disposed of there are not subject to excise tax.

Citation: §44-3-503(1)(a), C.R.S.

Enacted: 1935

Tax Expenditure Revenue Impact

2017	2019	2021	2023
Data Not Releasable	Data Not Releasable	\$28,129,506	\$19,312,363

Source: Liquor Excise Tax Return (DR 0442)

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

Limited amounts of liquor brought into the state by an individual age 21 or older

Prior to August 10, 2022, any passenger age 21 or older arriving at any airport in this state on an air flight originating in a foreign country could lawfully bring up to four liters of wine, beer, or spirituous liquor into Colorado without liability for excise tax. Effective August 10, 2022, any individual age 21 or older entering this state from another state or a foreign country may lawfully bring alcohol beverages below the following limits into Colorado for personal use and not for resale without liability for excise tax: 2.25 gallons of malt liquor; 2.25 gallons of hard cider; 9 liters of vinous liquor; and 6 liters of spiritous liquor.

Citation: §44-3-106(4), C.R.S.

Enacted: 1977

Tax Expenditure Revenue Impact

2017	2019	2021	2023
Data Not Collected	Data Not Collected	Data Not Collected	Data Not Collected

Source: Not available - this data is not recorded on any form.

Liquor produced by individuals for personal use

Malt or vinous liquors produced in accordance with federal law for personal use and not for resale are exempt from excise tax. Subject to certain conditions, the producer may transport and deliver malt liquors or vinous liquors qualifying for this exemption to any licensed premises where consumption of malt liquors or vinous liquors by persons at least 21 years of age is authorized for use at organized affairs, exhibitions, or competitions, such as home brew or wine-making contests, tastings, or judgments.

Citation: §44-3-106(2), C.R.S.

Enacted: 1971

Tax Expenditure Revenue Impact

2017	2019	2021	2023
Data Not Collected	Data Not Collected	Data Not Collected	Data Not Collected

Source: Not available - this data is not recorded on any form.

Liquor sales exempt by federal law [†]

A refund or a credit is allowed for the excise tax paid on vinous and spirituous liquors sold and delivered on ceded federal property within the boundaries of this state, to the extent federal law precludes the state from collecting excise tax on such property.

Citation: §44-3-503(10)(b), C.R.S.

Enacted: 1981

Tax Expenditure Revenue Impact

2017	2019	2021	2023
\$44,000	\$39,000	\$32,985	\$32,573

Source: Liquor Excise Tax Return (DR 0442)

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

Malt liquors manufactured by a state institution of higher education for teaching or research purposes

No tax is imposed on malt liquors manufactured by a state institution of higher education that is engaged in the manufacture and tasting of the malt liquors for teaching or research purposes.

Citation: §44-3-106(6), C.R.S.

Enacted: 2016

Tax Expenditure Revenue Impact

2017	2019	2021	2023
Data Not Collected	Data Not Collected	Data Not Collected	Data Not Collected

Source: Not available - this data is not recorded on any form.

Sacramental wines sold and used for religious purposes

No tax is imposed on the sale or distribution of sacramental wines sold and used for religious purposes.

Citation: §44-3-106(1), C.R.S.

Enacted: 1935

Tax Expenditure Revenue Impact

2017	2019	2021	2023
Data Not Collected	Data Not Collected	Data Not Collected	Data Not Collected

Source: Not available - this data is not recorded on any form.

Vinous liquors manufactured by a state institution of higher education for the purpose of enology research and education

No tax is imposed on vinous liquor manufactured by an institution of higher education on a licensed premises for the purpose of enology research and education.

Citation: §44-3-106(5), C.R.S.

Enacted: 2008

Tax Expenditure Revenue Impact

2017	2019	2021	2023
Data Not Collected	Data Not Collected	Data Not Collected	Data Not Collected

Source: Not available - this data is not recorded on any form.

Summary of Revenue Impacts

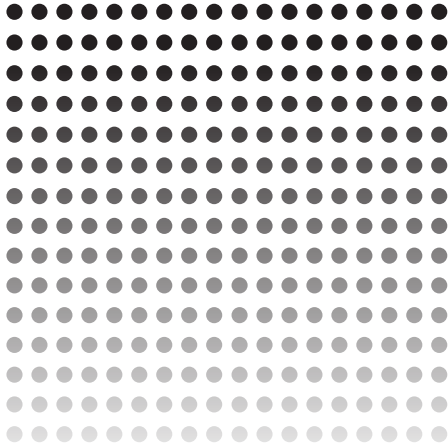
Liquor Excise Tax Expenditures

Tax Expenditure Description	2017	2019	2021	2023
Credit for unsalable liquor [†]	\$153,000	\$134,000	\$230,589	\$157,406
Exported liquor [†]	Data Not Releasable	Data Not Releasable	\$28,129,506	\$19,312,363
Limited amounts of liquor brought into the state by an individual age 21 or older	Data Not Collected	Data Not Collected	Data Not Collected	Data Not Collected
Liquor produced by individuals for personal use	Data Not Collected	Data Not Collected	Data Not Collected	Data Not Collected
Liquor sales exempt by federal law [†]	\$44,000	\$39,000	\$32,985	\$32,573
Malt liquors manufactured by a state institution of higher education for teaching or research purposes	Data Not Collected	Data Not Collected	Data Not Collected	Data Not Collected
Sacramental wines sold and used for religious purposes	Data Not Collected	Data Not Collected	Data Not Collected	Data Not Collected
Vinous liquors manufactured by a state institution of higher education for the purpose of enology research and education	Data Not Collected	Data Not Collected	Data Not Collected	Data Not Collected
Total ¹	Data Not Releasable	Data Not Releasable	\$28,393,080	\$19,502,341

Source: Liquor Excise Tax Return (DR 0442)

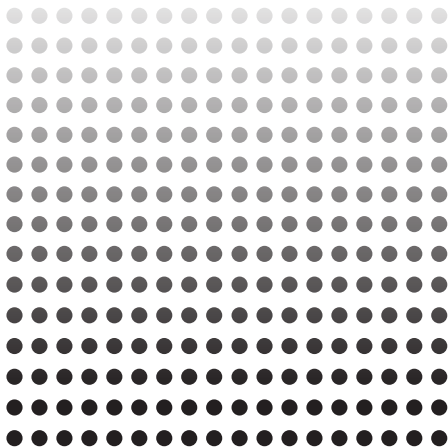
[†] These expenditures are considered a structural tax expenditure. See the Introduction for a definition.

¹ Totals are understated because not all data are collected.



Chapter 2

Cigarette, Nicotine Products, and Tobacco Products Excise Tax Expenditures



Overview

Total Revenue Impact

This table estimates the revenue impact of a combination of structural and non-structural tax expenditures. Structural tax expenditures are intended to establish the basic structure of a tax provision, whereas non-structural tax expenditures are intended to provide special or selective tax relief to further various public policy goals. For context, less than 5% of the total revenue impact of cigarette, nicotine products, and tobacco products tax expenditures in 2023 are from non-structural tax expenditures.

Cigarette, Nicotine Products, and Tobacco Products Tax Expenditures ¹

2017	2019	2021	2023
\$15,542,000	\$12,590,000	\$17,858,834	\$45,926,731

Source: Cigarette Tax Return (DR 0221), Nicotine Products Tax Return (DR 0230), Tobacco Products Tax Return (DR 0229), and accounting system data

¹ Totals are understated because not all data are collected.

Net Collections

Net collections reported for a given fiscal year are not necessarily associated with the expenditure data reported by calendar year. Collections data includes tax collections across multiple tax years due to amended, late, and/or corrected tax returns and are net of any refunds received in the accounting period, regardless of the time period for which the refund applied.

Cigarette, Nicotine Products, and Tobacco Products Excise Tax Net Collections

Fiscal Year (July 1 through June 30)	Cigarette Excise Tax Net Collections	Nicotine Products Excise Tax Net Collections	Tobacco Products Excise Tax Net Collections
2016-2017	\$158,886,245	\$0	\$41,112,150
2017-2018	\$149,903,846	\$0	\$43,976,813
2018-2019	\$144,277,495	\$0	\$45,152,636
2019-2020	\$139,993,246	\$0	\$47,057,526
2020-2021	\$168,581,167	\$8,218,234	\$51,059,244
2021-2022	\$264,659,202	\$42,190,677	\$62,423,793
2022-2023	\$233,921,059	\$56,396,483	\$60,447,083
2023-2024	\$206,318,806	\$73,072,408	\$58,671,797

Source: Colorado State Accounting System

Distributions

Except for taxes imposed by Amendment 35, all cigarette, tobacco, and nicotine taxes are allocated to the General Fund either directly or through the Old Age Pension Fund. All cigarette, tobacco, and nicotine taxes imposed by Proposition EE are then transferred to the 2020 Tax Holding Fund, with a portion then allocated back to the General Fund. Of the cigarette taxes remaining in the General Fund and the amount reallocated to the General Fund under Proposition EE, 27% is distributed to local governments based on the amount of state sales tax revenue collected within a given city or county. No amount is distributed to any local government that imposes taxes on any person as a condition for engaging in the business of selling cigarettes.

Taxes imposed by Proposition EE that are transferred to the 2020 Tax Holding Fund are allocated by law, depending on the fiscal year. For fiscal years ending prior to July 1, 2023, amounts in the fund were allocated to K-12 education, housing, rural schools, and tobacco prevention programs. Beginning July 1, 2023, revenue in the fund will go primarily to preschool programs, in addition to tobacco prevention and health care programs.

Amendment 35 imposes an additional tax of 3.2¢ per cigarette and an additional tax of 20% on tobacco products. Revenue from the additional taxes created through Amendment 35 is distributed to state and local government health care and tobacco use prevention programs, as required by the Colorado Constitution.

History

In 1956, before Colorado levied an excise tax on cigarettes, 42 states taxed cigarettes. Colorado was one of 11 states that allowed its municipalities the power to impose a tax on cigarettes. Local governments in Colorado initially imposed a tax on cigarettes during World War II. By 1956, about 28 municipalities in Colorado levied a tax on cigarettes that ranged from 1¢ to 3¢ per pack.

Colorado's state cigarette excise tax was first enacted in 1964 at a rate of 3¢ per pack of 20 cigarettes (one and one half mills per cigarette). In 1986, the cigarette tax was increased to 1¢ per cigarette, and the first tobacco products excise tax was levied at a rate of 20% of the manufacturer's list price, which is generally the invoice price paid by the distributor or remote retail seller to a manufacturer or supplier. In 2004, the voters approved Amendment 35, which increased the cigarette and tobacco products excise taxes. As a result, the cigarette excise tax was increased to 4.2¢ per cigarette (84¢ per pack of 20 cigarettes) and the tobacco products excise tax was increased to 40% of the manufacturer's list price.

In the November 2020 general election, taxpayers approved Proposition EE, which increased taxes on cigarettes and tobacco products and established a new tax on nicotine products (other than cigarette and tobacco products). Cigarette taxes increased to 9.7¢

per cigarette (\$1.94 per pack of 20 cigarettes) beginning January 1, 2021, and to 11.2¢ per cigarette (\$2.24 per pack of 20 cigarettes) beginning July 1, 2024. The rate will increase to 13.2¢ per cigarette (\$2.64 per pack of 20 cigarettes) beginning July 1, 2027. The tax on tobacco products similarly increased to 50% of the manufacturer's list price beginning January 1, 2021, and to 56% of the manufacturer's list price beginning July 1, 2024. The rate will further increase to 62% of the manufacturer's list price beginning July 1, 2027. Moist snuff is subject to a minimum tax and products classified by the U.S. Department of Health and Human Services as "modified risk" products are taxed at reduced rates.

The new tax applies to nicotine products, which are products containing nicotine derived from tobacco or created synthetically that are not cigarettes or tobacco products. Similar to tobacco products, the tax is computed on the manufacturer's list price. The tax was imposed beginning January 1, 2021, at a rate of 30% of the manufacturer's list price, increased to 35% in 2022, to 50% beginning January 1, 2023, and to 56% on July 1, 2024. The rate will increase to 62% beginning July 1, 2027. Modified risk nicotine products are also subject to a reduced tax rate.

Cigarette tax is paid by the wholesaler by purchasing stamps that the wholesaler then affixes to cigarette packages. Tobacco products tax is paid by the distributor or remote retail seller. Nicotine products tax is paid by the distributor.

Tax Base

The cigarette excise tax is based on volume, and the tobacco products and nicotine products excise taxes are based on wholesale price. Examples of tobacco products include chewing tobacco, cigars, pipe tobacco, cheroots, stogies, snuff, and plug or twist tobacco.

Computation of the Tax

§39-28-103, C.R.S.

§39-28.5-102, C.R.S.

§39-28.6-103, C.R.S.

Colorado Constitution, Article X, § 21

Cigarette and tobacco products excise taxes are calculated using a combination of statutory and constitutional rates. The combined Colorado cigarette, tobacco products, and nicotine products excise tax rates effective January 1, 2023, through June 30, 2024, appear below. For information about prior and future rate adjustments, please see the History section earlier in this chapter.

- **Cigarette:** 9.7¢ per cigarette (\$1.94 per pack of 20 cigarettes)
- **Tobacco products:** 50% of the manufacturer's list price
- **Nicotine products:** 50% of the manufacturer's list price

Tax Expenditures

The descriptions of tax expenditures provided in this report (as required by section 39-21-303(2)(a)(III), C.R.S.) attempt to summarize each expenditure in simple and straightforward language. Although the descriptions represent a good-faith effort to provide accurate and complete tax information, the information is not binding on the Colorado Department of Revenue, nor does it replace, alter, or supersede Colorado law and regulations. The Executive Director, who by statute is the only person having the authority to bind the Department, has not formally reviewed and/or approved these descriptions.

Cigarette tax credit for bad debts [†]

Prior to January 1, 2025, wholesalers could claim a credit for previously paid tax attributable to any portion of a debt related to a sale of cigarettes if the debt became worthless or uncollectible in the time after the tax had been paid. Credit was allowed only if the tax was not otherwise deductible or excludable, the debt had been charged off as uncollectible on the books of the wholesaler, and the wholesaler was allowed an income tax deduction for the debt pursuant to section 166 of the Internal Revenue Code. The allowable credit was limited to the amount of tax previously paid on cigarettes that the wholesaler no longer possessed.

Citation: §39-28-104(4), C.R.S.

Enacted: 2004

Tax Expenditure Revenue Impact

2017	2019	2021	2023
\$0	\$0	\$0	\$0

Source: Colorado Department of Revenue Taxpayer Services Division

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

Cigarette tax credit for returned stamps and unsalable merchandise [†]

A wholesaler may claim credit for stamps affixed to cigarette packages that are unsalable and have been either returned to the manufacturer or destroyed by the wholesaler and for stamps that are unusable because the tax rate has changed. Additionally, wholesalers may, within one year after the date of issue, return stamps to the Department for credit.

Citation: §39-28-104(3), C.R.S.

Enacted: 1964

Tax Expenditure Revenue Impact

2017	2019	2021	2023
\$286,000	\$181,000	\$531,788	\$347,449

Source: Cigarette Tax Return (DR 0221)

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

Cigarette tax exemption for sales to the United States government, interstate sales, and sales exempt under United States law [†]

The sale of cigarettes to the United States government or any of its agencies, sales in interstate commerce, or transactions the taxation of which is prohibited by the U.S. Constitution are exempt from Colorado's cigarette tax.

Citation: §39-28-111, C.R.S.

Enacted: 1964

Tax Expenditure Revenue Impact

2017	2019	2021	2023
Data Not Collected	Data Not Collected	Data Not Collected	Data Not Collected

Source: Not available - this data is not recorded on any form

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

Cigarette tax rate for modified risk tobacco products

The tax for cigarettes that are modified risk tobacco products is imposed at a lower rate. Cigarettes qualify for the lower tax rate only if the Secretary of the U.S. Department of Health and Human Services has issued an order authorizing them to be commercially marketed as a modified risk tobacco product in accordance with 21 U.S.C. sec. 387k, or any successor section.

Citation: §39-28-101(2.7), C.R.S.
§39-28-103(1)(b), (1)(c), C.R.S.

Enacted: 2020

Tax Expenditure Revenue Impact

2017	2019	2021	2023
Not Effective This Year	Not Effective This Year	\$0	Data Not Releasable

Source: Cigarette Tax Return (DR 0221)

Cigarette tax vendor discount

A wholesaler is allowed a discount on stamps they order if they remit payment in a timely manner by the 10th day of the following month. The discount is allowed only with respect to the tax imposed by section 39-28-103, C.R.S., and not with respect to the tax imposed by Amendment 35, approved by Colorado voters in 2004. The discount is 4% of the tax for stamps purchased prior to January 1, 2021, and 0.4% of the tax for stamps purchased on or after January 1, 2021. If any wholesaler is delinquent in remitting payment, the wholesaler is not allowed any discount.

Citation: §39-28-104(1)(a), C.R.S.

Enacted: 1964

Tax Expenditure Revenue Impact

2017	2019	2021	2023
\$1,437,000	\$1,357,000	\$642,941	\$588,885

Source: Cigarette Tax Return (DR 0221) and Colorado Department of Revenue Accounting and Financial Services Division

Nicotine products tax credit for products returned to manufacturer or destroyed by distributor [†]

A distributor may claim credit for tax the distributor paid on nicotine products that the distributor destroyed or returned to the manufacturer.

Citation: §39-28.6-108, C.R.S.

Enacted: 2020

Tax Expenditure Revenue Impact

2017	2019	2021	2023
Not Effective This Year	Not Effective This Year	Data Not Releasable	\$285,800

Source: Nicotine Products Tax Return (DR 0230)

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

Nicotine products tax credit for products shipped to out-of-state consumers [†]

A distributor may claim credit for tax the distributor paid on nicotine products that are shipped or transported by the distributor to a consumer outside of Colorado on or after January 1, 2021.

Citation: §39-28.6-108, C.R.S.

Enacted: 2020

Tax Expenditure Revenue Impact

2017	2019	2021	2023
Not Effective This Year	Not Effective This Year	Data Not Releasable	\$4,824,231

Source: Nicotine Products Tax Return (DR 0230)

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

Nicotine products tax credit for products shipped to out-of-state retailers [†]

A distributor may claim credit for tax the distributor paid on nicotine products that are shipped or transported by the distributor to retailers outside of Colorado to be sold by those retailers.

Citation: §39-28.6-108, C.R.S.

Enacted: 2020

Tax Expenditure Revenue Impact

2017	2019	2021	2023
Not Effective This Year	Not Effective This Year	\$2,445,455	\$14,635,584

Source: Nicotine Products Tax Return (DR 0230)

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

Nicotine products tax exemption for sales exempt under United States law [†]

Nicotine products tax does not apply to the sale, use, consumption, handling, or distribution of any nicotine product that is exempt from state taxation under the U.S. Constitution or federal law.

Citation: §39-28.6-104, C.R.S.

Enacted: 2020

Tax Expenditure Revenue Impact

2017	2019	2021	2023
Not Effective This Year	Not Effective This Year	\$968,688	\$5,290,153

Source: Nicotine Products Tax Return (DR 0230)

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

Nicotine products tax rate for modified risk tobacco products

The tax for nicotine products that are modified risk tobacco products is imposed at a lower rate. Nicotine products qualify for the lower tax rate only if the Secretary of the U.S. Department of Health and Human Services has issued an order authorizing them to be commercially marketed as a modified risk tobacco product in accordance with 21 U.S.C. sec. 387k, or any successor section.

Citation: §39-28.6-102(6), C.R.S.
§39-28.6-103(1), (2), C.R.S.

Enacted: 2020

Tax Expenditure Revenue Impact

2017	2019	2021	2023
Not Effective This Year	Not Effective This Year	Data Not Releasable	Data Not Releasable

Source: Nicotine Products Tax Return (DR 0230)

Nicotine products tax vendor discount

A distributor is allowed a discount if they remit payment of the tax due in a timely manner by the 20th day of the following month. The discount is 1.1% of the tax imposed. If any distributor is delinquent in remitting payment, the distributor is not allowed any discount.

Citation: §39-28.6-107(2), C.R.S.

Enacted: 2020

Tax Expenditure Revenue Impact

2017	2019	2021	2023
Not Effective This Year	Not Effective This Year	\$433,753	\$780,834

Source: Nicotine Products Tax Return (DR 0230)

Tobacco products tax credit for bad debts [†]

Prior to January 1, 2025, distributors and remote retail sellers could claim a credit for previously paid tax attributable to any portion of a debt related to a sale of tobacco products if the debt became worthless or uncollectible in the time after the tax had been paid. Credit was allowed only if the tax was not otherwise deductible or excludable, the debt had been charged off as uncollectible on the books of the distributor or remote retail seller, and the distributor or remote retail seller was allowed an income tax deduction for the debt pursuant to section 166 of the Internal Revenue Code. The allowable credit was limited to the amount of tax previously paid on tobacco products that the distributor or remote retail seller no longer possessed.

Citation: §39-28.5-107(2), C.R.S.

Enacted: 2004

Tax Expenditure Revenue Impact

2017	2019	2021	2023
\$0	\$0	\$0	\$0

Source: Colorado Department of Revenue Taxpayer Services Division

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

Tobacco products tax credit for products returned to manufacturer or destroyed by distributor [†]

A distributor may claim credit for tax the distributor paid on tobacco products that the distributor destroyed or returned to the manufacturer.

Citation: §39-28.5-107(1), C.R.S.

Enacted: 1986

Tax Expenditure Revenue Impact

2017	2019	2021	2023
\$637,000	\$521,000	Data Not Releasable	\$1,055,450

Source: Tobacco Products Tax Return (DR 0229)

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

Tobacco products tax credit for products shipped to out-of-state consumers [†]

A distributor may claim credit for tax the distributor paid on tobacco products that are shipped or transported by the distributor to a consumer outside of Colorado on or after September 1, 2015, but prior to September 1, 2018, or on or after January 1, 2021.

Citation: §39-28.5-107(1), C.R.S.

Enacted: 2015

Tax Expenditure Revenue Impact

2017	2019	2021	2023
\$317,000	Expired	Data Not Releasable	\$0

Source: Tobacco Products Tax Return (DR 0229)

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

Tobacco products tax credit for products shipped to out-of-state retailers [†]

A distributor may claim credit for tax the distributor paid on tobacco products that are shipped or transported by the distributor to retailers outside of Colorado to be sold by those retailers.

Citation: §39-28.5-107(1), C.R.S.

Enacted: 1986

Tax Expenditure Revenue Impact

2017	2019	2021	2023
\$5,249,000	\$6,008,000	\$7,071,908	\$13,161,193

Source: Tobacco Products Tax Return (DR 0229)

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

Tobacco products tax exemption for sales exempt under United States law [†]

Tobacco products tax does not apply to the sale, use, consumption, handling, or distribution of any tobacco product that is exempt from state taxation under the U.S. Constitution or federal law.

Citation: §39-28.5-103, C.R.S.

Enacted: 1986

Tax Expenditure Revenue Impact

2017	2019	2021	2023
\$6,891,000	\$3,734,000	\$2,724,468	\$4,265,262

Source: Tobacco Products Tax Return (DR 0229)

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

Tobacco products tax rate for modified risk tobacco products

The tax for tobacco products that are modified risk tobacco products is imposed at a lower rate. Tobacco products qualify for the lower tax rate only if the Secretary of the U.S. Department of Health and Human Services has issued an order authorizing them to be commercially marketed as a modified risk tobacco product in accordance with 21 U.S.C. sec. 387k, or any successor section.

Citation: §39-28.5-101(8), C.R.S.

§39-28.5-102(1), (2), C.R.S.

Enacted: 2020

Tax Expenditure Revenue Impact

2017	2019	2021	2023
Not Effective This Year	Not Effective This Year	Data Not Releasable	\$121,501

Source: Tobacco Products Tax Return (DR 0229)

Tobacco products tax vendor discount

A distributor is allowed a discount if they remit payment of the tax due in a timely manner by the 20th day of the following month. The discount is allowed only with respect to the tax imposed by section 39-28.5-102, C.R.S., and not with respect to the tax imposed by Amendment 35, approved by Colorado voters in 2004. The discount is 3.33% of the tax imposed prior to January 1, 2021, and 1.6% of the tax for tax imposed on or after January 1, 2021. If any distributor is delinquent in remitting payment, the distributor is not allowed any discount.

Citation: §39-28.5-106(2), C.R.S.

Enacted: 1986

Tax Expenditure Revenue Impact

2017	2019	2021	2023
\$724,000	\$789,000	\$602,812	\$512,345

Source: Tobacco Products Tax Return (DR 0229) and Colorado Department of Revenue Accounting and Financial Services Division

Upcoming Expenditures

Cigarette inventory tax vendor discount

Citation: §39-28-103.3, C.R.S.

Enacted: 2020

Summary of Revenue Impacts

Cigarette, Nicotine Products, and Tobacco Products Excise Tax Expenditures

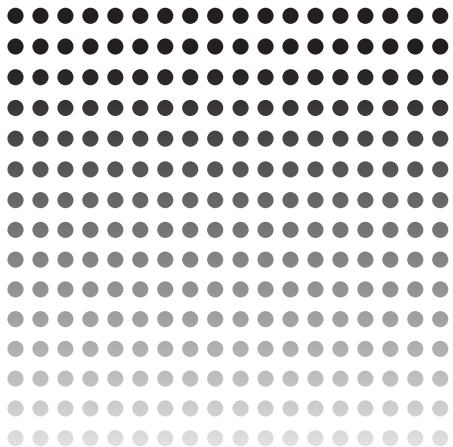
Tax Expenditure Description	2017	2019	2021	2023
Cigarette tax credit for bad debts [†]	\$0	\$0	\$0	\$0
Cigarette tax credit for returned stamps and unsalable merchandise [†]	\$286,000	\$181,000	\$531,788	\$347,449
Cigarette tax exemption for sales to the United States government, interstate sales, and sales exempt under United States law [†]	Data Not Collected	Data Not Collected	Data Not Collected	Data Not Collected
Cigarette tax rate for modified risk tobacco products	Not Effective This Year	Not Effective This Year	\$0	Data Not Releasable
Cigarette tax vendor discount	\$1,437,000	\$1,357,000	\$642,941	\$588,885
Nicotine products tax credit for products returned to manufacturer or destroyed by distributor [†]	Not Effective This Year	Not Effective This Year	Data Not Releasable	\$285,800
Nicotine products tax credit for products shipped to out-of-state consumers [†]	Not Effective This Year	Not Effective This Year	Data Not Releasable	\$4,824,231
Nicotine products tax credit for products shipped to out-of-state retailers [†]	Not Effective This Year	Not Effective This Year	\$2,445,455	\$14,635,584
Nicotine products tax exemption for sales exempt under United States law [†]	Not Effective This Year	Not Effective This Year	\$968,688	\$5,290,153
Nicotine products tax rate for modified risk tobacco products	Not Effective This Year	Not Effective This Year	Data Not Releasable	Data Not Releasable
Nicotine products tax vendor discount	Not Effective This Year	Not Effective This Year	\$433,753	\$780,834
Tobacco products tax credit for bad debts [†]	\$0	\$0	\$0	\$0
Tobacco products tax credit for products returned to manufacturer or destroyed by distributor [†]	\$637,000	\$521,000	Data Not Releasable	\$1,055,450
Tobacco products tax credit for products shipped to out-of-state consumers [†]	\$317,000	Expired	Data Not Releasable	\$0
Tobacco products tax credit for products shipped to out-of-state retailers [†]	\$5,249,000	\$6,008,000	\$7,071,908	\$13,161,193
Tobacco products tax exemption for sales exempt under United States law [†]	\$6,891,000	\$3,734,000	\$2,724,468	\$4,265,262
Tobacco products tax rate for modified risk tobacco products	Not Effective This Year	Not Effective This Year	Data Not Releasable	\$121,501
Tobacco products tax vendor discount	\$724,000	\$789,000	\$602,812	\$512,345
Total ^{1,2}	\$15,542,000	\$12,590,000	\$17,858,834	\$45,926,731

Source: Cigarette Tax Return (DR 0221), Nicotine Products Tax Return (DR 0230), Tobacco Products Tax Return (DR 0229), and accounting system data

[†] These expenditures are considered structural tax expenditures. See the Introduction for a definition.

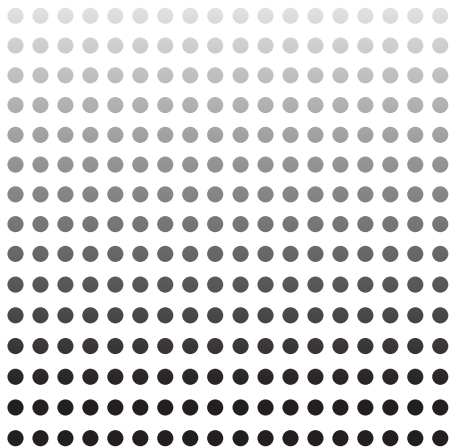
¹ "Data Not Releasable" values are included in the total.

² Totals are understated because not all data are collected.



Chapter 3

Fuel Excise Tax Expenditures



Overview

Total Revenue Impact

This table estimates the revenue impact of a combination of structural and non-structural tax expenditures. Structural tax expenditures are intended to establish the basic structure of a tax provision, whereas non-structural tax expenditures are intended to provide special or selective tax relief to further various public policy goals. In this chapter, there is only one structural expenditure for exported gasoline and special fuel, and it accounts for about 16% of the total revenue impact of fuel excise tax expenditures in 2023.

Fuel Excise Tax Expenditures ¹

2017	2019	2021	2023
\$78,788,000	\$93,301,000	\$109,528,504	\$120,300,455

Source: Fuel Excise Tax Return (DR 7050), Fuel Tax Refund Claim for Exempt Use of Fuel (DR 7118), and Department Letter Approving the Credit Amount

¹ Totals are understated because not all data are collected or are not yet available. Additionally, some tax expenditures were not estimated in prior years. The overall 2021 total has been updated to include data from Refunds for the exempt use of gasoline or special fuel.

Net Collections

Net collections reported for a given fiscal year are not necessarily associated with the expenditure data reported by calendar year. Collections data includes tax collections across multiple tax years due to amended, late, and/or corrected tax returns and are net of any refunds received in the accounting period regardless of the time period for which the refund applied.

Fuel Excise Tax Net Collections

Fiscal Year (July 1 through June 30)	Net Collections
2016-2017	\$629,809,824
2017-2018	\$647,230,168
2018-2019	\$643,828,473
2019-2020	\$625,822,928
2020-2021	\$601,565,039
2021-2022	\$620,767,626
2022-2023	\$648,908,581
2023-2024	\$666,370,493

Source: Colorado State Accounting System

Distributions

All revenue from motor fuel taxes goes into the Highway Users Tax Fund and is then allocated to the state, counties, and cities according to a statutory formula. Excise tax from aviation gasoline and aviation jet fuel goes into the Aviation Fund pursuant to Article X, Section 18 of the Colorado Constitution and section 39-27-112, C.R.S. Motor fuel tax revenue is divided into two “pots” prior to allocation: the first 7¢ of the tax rate and funds above 7¢. The first 7¢ is distributed 65% to the State Highway Fund, 26% to counties, and 9% to cities after off-the-top deductions occur. Distributions from the Highway Users Tax Fund are primarily driven by statutory formula in Title 43 of the Colorado Revised Statutes. Funds above 7¢ are distributed to the State Highway Fund, counties, and cities at proportions of 60%, 22%, and 18%, respectively.

History

In 1919, Colorado enacted an excise tax on gasoline at a rate of 1¢ per gallon. Over the next decade, all other states followed by imposing a gas tax. The primary purpose of the tax was to fund a modern highway and road system. In addition to these taxes, states received substantial financial help from the federal government to fund these transportation systems. At the time, Colorado’s excise tax was imposed on gasoline, kerosene, and other fluid substances derived from petroleum for the sole purpose of propelling motor vehicles.

The rate has been increased several times (often in 1¢ increments) since its inception. The current excise tax rate on gasoline is \$0.22 per gallon and that rate has remained the same since 1991. The current excise tax rate on special fuels is \$0.205 per gallon and that rate has remained the same since 1992. In 1988, an excise tax of \$0.06 per gallon was imposed on aviation gasoline, an excise tax of \$0.04 per gallon was imposed on aviation jet fuel, and both excise tax rates remain the same today.

The fuel tax rates for gasoline, special fuels, aviation gasoline, and aviation jet fuel per gallon have remained the same for several decades. The tax rates have not been adjusted for inflation, and therefore have a deflated value relative to today’s dollar. The deflated rates are equivalent to 8.63¢ per gallon of gasoline, 8.34¢ per gallon of special fuels, 2.13¢ per gallon of aviation gasoline, and 1.42¢ per gallon of aviation jet fuel in 2023 dollars.¹ If the rates had been adjusted for inflation each year since taking effect, the 2023 rates would be 56.10¢ per gallon of gasoline, 50.39¢ per gallon of special fuels, 16.90¢ per gallon of aviation gasoline, and 11.27¢ per gallon of aviation jet fuel.¹

Excise taxes for liquefied natural gas (LNG), liquefied petroleum gas (LPG), and compressed natural gas (CNG) fuels were separated from other special fuels in 2013 and assigned specific tax rates that were phased in over six years. Starting in 2014, the excise tax imposed on LNG, LPG, and CNG fuels was \$0.03 per gallon. The tax imposed on LNG increased to \$0.05, \$0.07, \$0.08, and \$0.10 for calendar years 2015, 2016, 2017, and 2018, respectively.

¹ Source: United States Department of Labor’s Bureau of Labor Statistics Consumer Price Index for All Urban Consumers in the Denver-Aurora-Lakewood, CO area.

The tax rate for LPG increased by \$0.02 per year such that it was \$0.05, \$0.07, \$0.09, and \$0.11 for calendar years 2015, 2016, 2017, and 2018, respectively. The CNG tax rate increased by \$0.03 per year bringing it to \$0.06, \$0.09, \$0.12, and \$0.15 for calendar years 2015, 2016, 2017, and 2018, respectively. By 2019, the excise tax imposed on LNG became \$0.12 per gallon, \$0.135 per gallon for LPG, and \$0.183 per gallon for CNG.

Tax Base

An excise tax is imposed per gallon only once on all gasoline and special fuel (e.g., diesel, liquefied petroleum gas, kerosene, and natural gas used to propel a motor vehicle) acquired, sold, offered for sale, or used in this state.

Computation of the Tax

§39-27-102, C.R.S.

Colorado fuel excise tax rates starting January 1, 2019, are as follows:

- **Gasoline:** \$0.22 per gallon
- **Diesel fuel and kerosene for motor vehicles used on highways:** \$0.205 per gallon
- **Liquefied petroleum gas:** \$0.135 per gallon
- **Liquefied natural gas:** \$0.12 per gallon
- **Compressed natural gas:** \$0.183 per gallon
- **Aviation gasoline:** \$0.06 per gallon
- **Aviation jet fuel:** \$0.04 per gallon

Tax Expenditures

The descriptions of tax expenditures provided in this report (as required by section 39-21-303(2)(a)(III), C.R.S.) attempt to summarize each expenditure in simple and straightforward language. Although the descriptions represent a good-faith effort to provide accurate and complete tax information, the information is not binding on the Colorado Department of Revenue, nor does it replace, alter, or supersede Colorado law and regulations. The Executive Director, who by statute is the only person having the authority to bind the Department, has not formally reviewed and/or approved these descriptions.

Allowance to cover losses in transit and unloading

A distributor that is liable for fuel excise tax may deduct an allowance of 2% of the total amount of gasoline or special fuel acquired during any calendar month to cover losses in transit and in unloading the gasoline or special fuel removed from a terminal, regardless of whether the terminal is inside or outside of Colorado. No allowance may be deducted for liquefied petroleum gas or in any case where the tax is imposed on the bulk transfer of taxable fuel by pipeline or by railcar from a refinery to a terminal operated by the refiner.

Citation: §39-27-102(1)(b)(I), C.R.S.

§39-27-105(2)(a)(I), C.R.S.

Enacted: 1929

Tax Expenditure Revenue Impact

2017	2019	2021	2023
\$13,093,000	\$13,604,000	\$13,066,053	\$13,213,770

Source: Fuel Excise Tax Return (DR 7050)

Aviation fuel for certain air carriers

Aviation fuel used by certain air carriers is exempt from fuel excise tax. Products, including kerosene, specially prepared, sold, and used in aircraft operated by scheduled air carriers or commuter airline operators that are exempt from the federal aviation fuels tax are exempt from the fuel excise tax. Prior to January 1, 2025, aviation gasoline and jet fuel used by any of the following air carriers, certificated by the FAA, is exempt from fuel excise tax: part 121 air carriers, as defined in section 39-27-101(19), C.R.S.; part 135 commuter air carriers, as defined in section 39-27-101(20), C.R.S.; and direct air carriers, as defined in section 39-27-101(6), C.R.S., providing air transportation to authorized public charter operators pursuant to 14 CFR 380. Aviation fuels that are exempt from fuel excise tax are generally subject to state sales tax.

Citation: §39-27-102.5(2.5)(a)(I), (II), (III), C.R.S.

§39-27-103(2.5)(a), (b), (c), C.R.S.

Enacted: 1988

Tax Expenditure Revenue Impact

2017	2019	2021	2023
Not Previously Published	\$16,741,000	\$14,676,186	\$17,008,467

Source: Fuel Excise Tax Return (DR 7050)

Compressed natural gas supplied to residential homes and used in highway vehicles

Compressed natural gas used to propel a motor vehicle on the highways of this state that is supplied to the user at a residential home is exempt from fuel excise tax.

Citation: §39-27-102.5(9), C.R.S.

Enacted: 2013

Tax Expenditure Revenue Impact

2017	2019	2021	2023
Data Not Collected	Data Not Collected	Data Not Collected	Data Not Collected

Source: Not available - this data is not recorded on any form

Credit for taxes paid on gasoline or special fuel that is lost or destroyed [†]

A credit against the tax accrued or payable or a refund of the tax paid is allowed for fuel excise tax on gasoline or special fuel that is lost or destroyed by fire, lightning, flood, windstorm, explosion, accident, or other cause beyond the control of the distributor or transporter of such gasoline or special fuel. This credit or refund is allowed only on gasoline or special fuel in quantities of one hundred gallons or more lost or destroyed at any one time.

Citation: §39-27-103(1), C.R.S.

Enacted: 1933

Tax Expenditure Revenue Impact

2017	2019	2021	2023
\$0	\$0	\$0	\$0

Source: Department Letter Approving the Credit Amount

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

Deduction to cover bad debt losses and expenses for payment of the tax

A distributor of gasoline or special fuels is allowed to deduct one-half of one percent of the fuel excise tax otherwise due to cover bad debt losses and expenses for payment of the tax.

Citation: §39-27-105(2)(b), C.R.S.

Enacted: 1969

Tax Expenditure Revenue Impact

2017	2019	2021	2023
\$3,202,000	\$3,246,000	\$3,202,188	\$3,239,472

Source: Fuel Excise Tax Return (DR 7050)

Dyed diesel fuel and dyed kerosene

Diesel engine fuel and kerosene that have been dyed pursuant to federal regulations before or upon removal from a terminal are exempt from the fuel excise tax. In general, tax-exempt dyed fuel may not be used in any motor vehicle that is required to be licensed for operation on public highways in Colorado. Permissible uses of dyed diesel fuel include use in certain farm vehicles on ranches and farms and construction vehicles and equipment operated within the confines of a highway construction project.

Citation: §39-27-101(8), C.R.S.

§39-27-102.5(1.5), (2)(a), C.R.S.

Enacted: 2000

Tax Expenditure Revenue Impact

2017	2019	2021	2023
\$50,724,000	\$49,479,000	\$43,133,362	\$62,355,399

Source: Fuel Excise Tax Return (DR 7050)

Exported gasoline and special fuel [†]

Gasoline or special fuel removed from a terminal by a licensed exporter exclusively for delivery to another state is exempt from fuel excise tax. The exemption was codified by House Bill 21-1322, but had been previously recognized and allowed.

Citation: §39-27-102.5(10), C.R.S.

Enacted: 2021

Tax Expenditure Revenue Impact

2017	2019	2021	2023
Not Previously Published	Not Previously Published	\$22,924,119	\$19,165,045

Source: Fuel Excise Tax Return (DR 7050)

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

Governmental entities

Gasoline and special fuel purchased by the United States or any of its agencies, the state of Colorado or any of its agencies, any town, city, county, city and county, school district of this state, or any other political subdivision of this state are exempt from fuel excise tax, if the gasoline or special fuel is used exclusively by the governmental entity in performing its governmental functions and activities. This exemption only applies if the gasoline or special fuel purchased by the governmental entity is used in machines owned or operated by the governmental entity.

Citation: §39-27-102.5(2)(b)(II), C.R.S.

§39-27-103(2), C.R.S.

Enacted: 1931

Tax Expenditure Revenue Impact

2017	2019	2021	2023
\$6,130,000	\$5,720,000	\$5,772,410	\$5,318,303

Source: Fuel Excise Tax Return (DR 7050)

Nonprofit transit agencies

Motor vehicles owned or operated by a nonprofit transit agency that receives public funds and are used exclusively in performing the agency's nonprofit functions and activities were exempt from fuel excise tax imposed on liquefied petroleum gas and natural gas. This exemption was repealed in 2020.

Citation: §39-27-102.5(7), C.R.S.

Enacted: 2000

Tax Expenditure Revenue Impact

2017	2019	2021	2023
Data Not Collected	Data Not Collected	Expired	Expired

Source: Not available - this data is not recorded on any form

Refunds for the exempt use of gasoline or special fuel ¹

A refund may be claimed for fuel excise tax paid on gasoline or special fuel of not less than twenty gallons purchased in Colorado and used for any of the following purposes: operating a stationary engine; operating a motor vehicle on or over fixed rails; operating a tractor, truck, or other farm implement or machine for agricultural purposes on a farm or ranch; operating a motor boat; cleaning and dyeing; any commercial use other than the operation of a motor vehicle on public roads or the taxable use of aviation fuel; or any other use that is nontaxable under state or federal law. A refund may be claimed for 50% of the fuel excise tax paid on gasoline or special fuel purchased in Colorado and used for operating a state-licensed agricultural applicator aircraft from a private landing facility used solely and exclusively for agricultural applications.

Citation: §39-27-103(2.7), C.R.S.

Enacted: 1931

Tax Expenditure Revenue Impact

2017	2019	2021	2023
\$5,639,000	\$4,510,000	\$6,754,185	Data Incomplete Until Next Report

Source: Fuel Tax Refund Claim for Exempt Use of Fuel (DR 7118)

¹ Due to the timing of data extraction, estimated values for years prior to 2023 may be understated.

Summary of Revenue Impacts

Fuel Excise Tax Expenditures

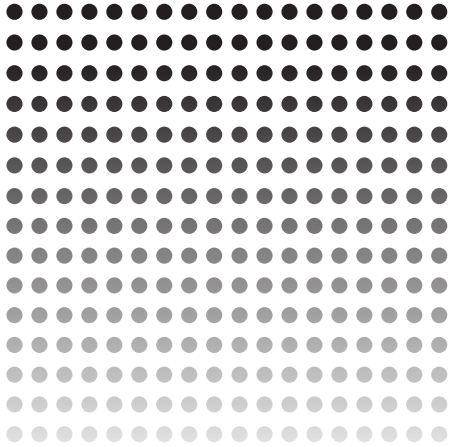
Tax Expenditure Description	2017	2019	2021	2023
Allowance to cover losses in transit and unloading	\$13,093,000	\$13,604,000	\$13,066,053	\$13,213,770
Aviation fuel for certain air carriers	Not Previously Published	\$16,741,000	\$14,676,186	\$17,008,467
Compressed natural gas supplied to residential homes and used in highway vehicles	Data Not Collected	Data Not Collected	Data Not Collected	Data Not Collected
Credit for taxes paid on gasoline or special fuel that is lost or destroyed [†]	\$0	\$0	\$0	\$0
Deduction to cover bad debt losses and expenses for payment of the tax	\$3,202,000	\$3,246,000	\$3,202,188	\$3,239,472
Dyed diesel fuel and dyed kerosene	\$50,724,000	\$49,479,000	\$43,133,362	\$62,355,399
Exported gasoline and special fuel [†]	Not Previously Published	Not Previously Published	\$22,924,119	\$19,165,045
Governmental entities	\$6,130,000	\$5,720,000	\$5,772,410	\$5,318,303
Nonprofit transit agencies	Data Not Collected	Data Not Collected	Expired	Expired
Refunds for the exempt use of gasoline or special fuel ¹	\$5,639,000	\$4,510,000	\$6,754,185	Data Incomplete Until Next Report
Total ²	\$78,788,000	\$93,301,000	\$109,528,504	\$120,300,455

Source: Fuel Excise Tax Return (DR 7050), Fuel Tax Refund Claim for Exempt Use of Fuel (DR 7118), and Department Letter Approving the Credit Amount

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

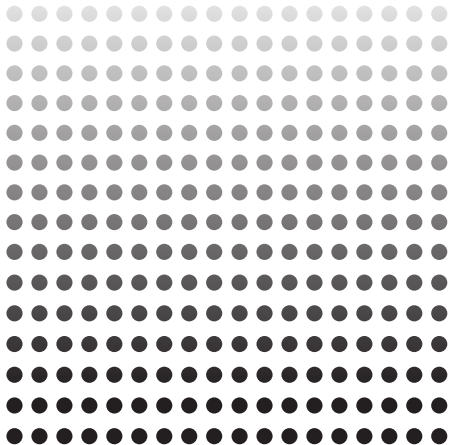
¹ Due to the timing of data extraction, estimated values for years prior to 2023 may be understated.

² Totals are understated because not all data are collected or are not yet available. Additionally, some tax expenditures were not estimated in prior years.



Chapter 4

Income Tax Expenditures



Overview

Total Revenue Impact

This table estimates the revenue impact of a combination of structural and non-structural tax expenditures. Structural tax expenditures are intended to establish the basic structure of a tax provision, whereas non-structural tax expenditures are intended to provide special or selective tax relief to further various public policy goals. Most of the income tax expenditures are non-structural tax expenditures and account for the majority of the total revenue impact.

Income Tax Expenditures

Income Tax Type	2016	2018	2020	2022
Individual	\$926,390,000	\$1,052,904,000	\$1,105,678,474	\$1,501,327,268
C Corporation ¹	\$313,331,000	\$376,446,000	\$344,201,903	\$530,829,103
Fiduciary ²	\$4,263,000	\$17,387,000	\$13,707,209	\$17,895,255
Nonresident Composite Returns	\$8,965,000	\$32,378,000	\$21,690,457	\$15,645,687
Total ^{1, 2}	\$1,252,948,000	\$1,479,116,000	\$1,485,278,042	\$2,065,697,314

Source: Individual Income Tax Booklet (DR 0104), Property Tax/Rent/Heat Rebate Application (DR 0104PTC), C Corporation Income Tax Booklet (DR 0112), Fiduciary (Estates and Trusts) Income Tax Booklet (DR 0105), and Partnership and S Corporation Income Tax Booklet (DR 0106)

¹ The total Corporate expenditures are understated because data for income tax exemptions are not collected on any tax form.

² The total Fiduciary deductions are understated in 2016 because not all data are retrievable.

Net Collections

Net collections reported for a given fiscal year are not necessarily associated with the expenditure data reported by calendar year. Collections data includes tax collections across multiple tax years due to amended, late, and/or corrected tax returns and are net of any refunds received in the accounting period, regardless of the time period for which the refund applied.

The following table includes income tax collections for all income tax return types (individual, C corporation, fiduciary, and nonresident composite).

Income Tax Net Collections

Fiscal Year (July 1 through June 30)	Net Collections ¹
2015-2016	\$7,132,734,753
2016-2017	\$7,326,427,530
2017-2018	\$8,293,070,236
2018-2019	\$8,966,196,635
2019-2020	\$8,382,609,623
2020-2021	\$11,858,378,308
2021-2022	\$13,439,494,134
2022-2023	\$12,689,796,364
2023-2024	\$13,153,401,182

Source: Colorado State Accounting System

¹ Some prior year figures were updated since the 2022 Tax Profile and Expenditure Report.

Distributions

When Colorado's income tax was first levied in 1937, the revenues were initially used to fund public schools, thereby reducing the dependence on Colorado's property tax, its primary revenue source at the time. Two years after enactment of the income tax system, the General Assembly changed income tax revenue distribution by sending 65% of the revenue to the State General Fund. After 1947, all income tax revenue was distributed to the General Fund.

History

Individual Income Tax

In 1911, Wisconsin enacted the first comprehensive income tax system adopted by any state. By 1912, the newly created Colorado Tax Commission began advocating that Colorado enact an income tax based on it being an equitable tax tied to a taxpayer's ability to pay. Nearly 25 years later in 1937, Colorado adopted an income tax that applied to individuals, corporations, trusts, and estates.

In 1937, the individual income tax was levied at a graduated rate schedule and applied to state-defined taxable income with exemptions for single and married filers. The Colorado income tax was levied at 1.0% on the first \$1,000 and up to 6.0% for income over \$10,000. Colorado assessed an additional surtax of 2.0% (without exemptions) on all income received from interest and dividends in lieu of property tax assessments on intangibles.

Although many changes were made to the individual income tax over the years, the structure of the tax remained basically the same from 1937 through 1964. In 1964, the General Assembly passed the Colorado Income Tax Act of 1964 wherein Colorado adjusted

gross income became based on federal adjusted gross income. Specific modifications to federal adjusted gross income as well as specific Colorado exemptions were part of the 1964 tax structure. This tax structure remained in effect until 1987, when the Colorado Income Tax Act of 1987 was enacted.

In 1987, state taxable income became officially tied to federal taxable income. State income taxes have since been determined by applying state-specific subtractions or additions to federal taxable income, and then allowing credits that reduce income tax liabilities on the state taxable income. The Colorado Income Tax Act of 1987 also changed the rate to a flat rate of 5%.

In 1992, voters approved the Taxpayer's Bill of Rights (TABOR), Article X, Section 20 of the Colorado Constitution, which imposed limitations on state revenue and spending and required excess revenues to be refunded in the next fiscal year. The General Assembly enacted legislation reducing the tax rate for 1999 to 4.75% and to 4.63% for tax years beginning on and after January 1, 2000. The rate was temporarily reduced to 4.50% for 2019 as a refund mechanism for revenue collected above the TABOR revenue limit. In 2020, Colorado's voters approved an initiative that reduced the tax rate to 4.55% for tax years beginning on and after January 1, 2020. The rate was again temporarily reduced to 4.50% for 2021 as a refund mechanism for revenue collected above the TABOR revenue limit. Voters then approved Proposition 121 in 2022, which reduces the tax rate to 4.40% for tax years beginning on and after January 1, 2022. Senate Bill 24-228 temporarily lowered the tax rate to 4.25% for tax year 2024 and prescribed temporary rate reductions as a TABOR refund mechanism for future years.

C Corporation Income Tax

The Colorado corporate income tax became effective on July 1, 1937, and was levied at 4% of corporate taxable net income. Various tax commissions had argued, as early as 1912, that the current system of assessing a property tax on individuals' real and intangible property was inadequate. Thus, they advocated for a corporate tax on these two classes of property.

In 1947, the rate was increased to 5%, and that rate remained until 1980. In 1981, the General Assembly enacted a graduated tax rate on corporations. The legislature would adjust the graduated corporate tax rate for various economic needs. Thus, the business cycle influenced corporate rates year to year.

A graduated rate remained in effect until July 1993, when the General Assembly reenacted a flat tax rate of 5%, because a single, flat rate applicable to all types of taxpayers was mandated by TABOR. The General Assembly enacted legislation reducing the tax rate for 1999 to 4.75% and to 4.63% for tax years beginning on and after January 1, 2000. The rate was temporarily reduced to 4.50% for 2019 as a refund mechanism for revenue collected above the TABOR

revenue limit. In 2020, Colorado's voters approved an initiative that reduced the tax rate to 4.55% for tax years beginning on and after January 1, 2020. The rate was again temporarily reduced to 4.50% for 2021 as a refund mechanism for revenue collected above the TABOR revenue limit. Voters then approved Proposition 121 in 2022, which reduces the state income tax rate to 4.40% for tax years beginning on and after January 1, 2022. Senate Bill 24-228 temporarily lowered the tax rate to 4.25% for tax year 2024 and prescribed temporary rate reductions as a TABOR refund mechanism for future years.

Tax Base

Individual Income Tax

Colorado individual income tax is determined based on Colorado taxable income. The starting point for the calculation for Colorado taxable income is federal taxable income. Certain modifications are then made to federal taxable income to compute Colorado taxable income. Estates and trusts generally compute Colorado taxable income in the same manner as individuals, with certain differences in the allowable modifications.

C Corporation Income Tax

The tax base for C corporations also begins with federal taxable income. In determining Colorado taxable income, certain income modifications are added to and subtracted from the federal taxable income base. A C corporation doing business only in Colorado will compute its tax on 100% of its federal taxable income as modified. However, a C corporation doing business within and outside of Colorado must determine the amount of modified federal taxable income that is apportioned to Colorado. Apportionment of income to Colorado is determined by comparing the C corporation's receipts derived from sources in Colorado to the C corporation's total receipts.

Computation of the Tax

§39-22-104, C.R.S.

§39-22-301, C.R.S.

Colorado income tax is calculated by applying the tax rate to Colorado taxable income. The tax rate has varied for the tax years included in this report as follows:

- 2016 - 2018: 4.63%
- 2019: 4.50%
- 2020: 4.55%
- 2021: 4.50%
- 2022: 4.40%

Partnerships and S Corporations

Partnerships and S corporations, as defined by the Internal Revenue Code, are pass-through business entities. They are not generally subject to Colorado income tax, but the partners, shareholders, and members are, and partnerships and S corporations may make an election under the SALT Parity Act to be subject to tax at the entity level. A partner may be an individual, a corporation, an estate, a trust, a partnership, or a limited liability company. An S corporation's shareholders may be individuals, certain trusts, and estates. Any partnership or S corporation doing business in Colorado must file a return to report total income and modifications to be passed through to its partners or shareholders. Certain income tax deductions and credits may be allowed to only partnerships or only S corporations, and some tax expenditures are dependent upon the entity type of the partner, shareholder, or member.

Nonresident Composite Returns

The Colorado partnership and S corporation return includes a composite filing option for nonresidents. Nonresident partners, shareholders, and members that are individuals, estates, or trusts have the option to allow the pass-through entity to remit their share of income taxes through a composite return. Nonresident partners, shareholders, and members may file their own separate Colorado individual or fiduciary income tax returns. C corporation partners cannot be included in a composite return, regardless of residency. The composite filing option is not available to resident partners, shareholders, and members.

Methodology

Income tax expenditure estimates are separated by income tax return type. Income tax expenditures reported on Colorado income tax returns are summarized when data is available. Data comes from returns filed by resident, part-year resident, and nonresident taxpayers.

There are three types of income tax expenditures in this chapter: credits, deductions, and exemptions. Each type of expenditure is estimated differently because they are applied differently. Revenue impacts are approximated based upon the amount by which each tax expenditure could reduce tax collections, directly or indirectly.

- **Credits** are dollar-for-dollar amounts used to directly reduce tax liability. Taxpayers report the amount of the credit to be used. Thus, the revenue impacts of credits are simply the credit amounts reported.
- **Deductions**, frequently referred to as subtractions, indirectly reduce tax liability by reducing taxable income. The Department typically estimates the revenue impact of deductions by multiplying the amount reported by the tax rate. However, in two cases the deductions reported on tax forms are higher than the actual amounts used to reduce Colorado tax liability. The first case is when income is apportioned

to only include applicable income (i.e., reduced to remove income that is not being taxed). When income is being apportioned, the Department apportions the deductions and then multiplies by the tax rate to estimate the revenue impact. The second case is when one deduction or the sum of all deductions reported exceeds income. The Department cannot systematically adjust revenue impact estimates in the second case due to data limitations.

- **Income tax exemptions** are for entities that are not required to file income tax returns. The revenue impact of exemptions cannot be estimated because the information is not collected on any tax form.

Tax Expenditures

The descriptions of tax expenditures provided in this report (as required by section 39-21-303(2)(a)(III), C.R.S.) attempt to summarize each expenditure in simple and straightforward language. Although the descriptions represent a good-faith effort to provide accurate and complete tax information, the information is not binding on the Colorado Department of Revenue, nor does it replace, alter, or supersede Colorado law and regulations. The Executive Director, who by statute is the only person having the authority to bind the Department, has not formally reviewed and/or approved these descriptions.

Credits

Total Revenue Impact: Credits

Income Tax Type	2016	2018	2020	2022
Individual	\$343,469,000	\$413,155,000	\$430,175,186	\$799,072,539
C Corporation	\$29,634,000	\$50,038,000	\$56,816,586	\$65,683,859
Fiduciary	\$4,263,000	\$5,634,000	\$6,799,697	\$10,071,292
Nonresident Composite Returns	\$1,204,000	\$1,371,000	\$1,594,486	\$1,360,068
Total	\$378,570,000	\$470,199,000	\$495,385,955	\$876,187,758

Source: Individual Income Tax Booklet (DR 0104), Property Tax/Rent/Heat Rebate Application (DR 0104PTC), C Corporation Income Tax Booklet (DR 0112), Fiduciary (Estates and Trusts) Income Tax Booklet (DR 0105), and Partnership and S Corporation Income Tax Booklet (DR 0106)

Advanced industry investment credit

A nonrefundable income tax credit is allowed for a qualified investment in a qualified small business that is in one of the following advanced industries: advanced manufacturing, aerospace, bioscience, electronics, energy and natural resources, infrastructure engineering, or information technology. Credit applications are received and evaluated by the Colorado Office of Economic Development and International Trade (OEDIT) and the credit is allowed only after OEDIT has approved the application and issued a credit certificate to the qualified investor.

Citation: §39-22-532, C.R.S.
§24-48.5-112, C.R.S.

Enacted: 2009

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	\$446,000	\$524,000	\$652,479	\$559,178
Fiduciary	Not Itemized - See Other Credits *	Not Itemized - See Other Credits *	Not Itemized - See Other Credits *	Not Itemized - See Other Credits *
Nonresident Composite Returns	Not Itemized - See Other Credits *	\$0	Data Not Releasable	\$0

Source: Individual Income Tax Booklet (DR 0104), Fiduciary (Estates and Trusts) Income Tax Booklet (DR 0105), and Partnership and S Corporation Income Tax Booklet (DR 0106)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Affordable housing credit

A nonrefundable income tax credit is allowed to a qualified taxpayer who owns a direct or indirect interest in a qualified affordable housing development. The credit is allowed in an amount determined by the Colorado Housing and Finance Authority (CHFA) and may be claimed by the taxpayer over a six-year credit period. The credit is subject to recapture if the taxpayer's qualified basis in the development decreases.

Citation: §39-22-2102, C.R.S.

Enacted: 2000

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	\$0	Data Not Releasable	\$44	Data Not Releasable
C Corporation	\$0	Data Not Releasable	Data Not Releasable	\$14,250,742
Fiduciary	Not Itemized - See Other Credits *	Not Itemized - See Other Credits *	Not Itemized - See Other Credits *	Not Itemized - See Other Credits *
Nonresident Composite Returns	Not Itemized - See Other Credits *	\$0	\$0	\$0

Source: Individual Income Tax Booklet (DR 0104), C Corporation Income Tax Booklet (DR 0112), Fiduciary (Estates and Trusts) Income Tax Booklet (DR 0105), and Partnership and S Corporation Income Tax Booklet (DR 0106)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Aircraft manufacturer new employee credit

A nonrefundable income tax credit was allowed for tax years commencing prior to January 1, 2023, to an aircraft manufacturer that was located in a Colorado Aviation Development Zone, employed at least 10 full-time employees within the zone, and hired one or more new employees during the income tax year. The allowable credit was \$1,200 for each new employee.

Citation: §39-35-104, C.R.S.

Enacted: 2005

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	\$42,000	\$0	\$2,817	\$4,948
C Corporation	Data Not Releasable	\$0	Data Not Releasable	\$0
Fiduciary	Not Previously Published	Not Itemized - See Other Credits *	Not Itemized - See Other Credits *	Not Itemized - See Other Credits *
Nonresident Composite Returns	Not Itemized - See Other Credits *	\$0	\$0	\$0

Source: Individual Income Tax Booklet (DR 0104), C Corporation Income Tax Booklet (DR 0112), Fiduciary (Estates and Trusts) Income Tax Booklet (DR 0105), and Partnership and S Corporation Income Tax Booklet (DR 0106)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Business personal property credit

A refundable income tax credit is allowed to taxpayers and 501(c)(3) organizations for business personal property taxes. For tax years commencing on or after January 1, 2015, but prior to January 1, 2019, the credit was allowed to taxpayers and 501(c)(3) organizations with \$15,000 or less of business personal property, adjusted for inflation, in an amount of up to 100% of their business personal property tax paid during the tax year. For tax years commencing on or after January 1, 2019, the credit is allowed for the amount of property tax paid in Colorado during the income tax year on up to \$18,000 of the total actual value of the taxpayer's business personal property.

Citation: §39-22-537, C.R.S.
§39-22-537.5, C.R.S.

Enacted: 2014
2017

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	\$104,000	\$30,000	\$147,407	\$47,808
C Corporation	\$12,000	\$3,000	\$56,110	\$93,098
Fiduciary	Data Not Releasable	\$0	\$0	\$11,733
Nonresident Composite Returns	\$6,000	Data Not Releasable	\$1,057	\$6,405

Source: Individual Income Tax Booklet (DR 0104), C Corporation Income Tax Booklet (DR 0112), Fiduciary (Estates and Trusts) Income Tax Booklet (DR 0105), and Partnership and S Corporation Income Tax Booklet (DR 0106)

Certified Colorado disability funding license fee credit

A nonrefundable credit was allowed for tax years commencing prior to January 1, 2025, to a taxpayer who bought the right to use a motor vehicle registration number selected for auction by the Colorado Disability Funding Committee because it was likely to be worth substantially more than the average value of a registration number. Prior to 2022, the credit was equal to 20% of the portion of the purchase price that exceeded the registration number's fair market value. Legislation enacted in 2022 changed the calculation of the credit, making it equal to 20% of the purchase price paid to the committee for the right to use the registration number.

Citation: §39-22-535, C.R.S.

Enacted: 2013

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	\$0	\$0	\$0	\$0
C Corporation	\$0	\$0	\$0	\$0
Fiduciary	Not Itemized - See Other Credits *	Not Itemized - See Other Credits *	Not Itemized - See Other Credits *	Not Itemized - See Other Credits *
Nonresident Composite Returns	\$0	\$0	\$0	\$0

Source: Individual Income Tax Booklet (DR 0104), C Corporation Income Tax Booklet (DR 0112), Fiduciary (Estates and Trusts) Income Tax Booklet (DR 0105), and Partnership and S Corporation Income Tax Booklet (DR 0106)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Child and dependent care expenses credit

A refundable income tax credit is allowed to a full-year resident or part-year resident individual who pays child and dependent care expenses and whose federal adjusted gross income does not exceed the applicable limit of \$60,000, adjusted for inflation for tax years 2027 and later. The credit is equal to 10%, 30%, 50%, or 70% of the federal child care credit allowed to the individual for the tax year, depending on the tax year and their federal adjusted gross income. For tax years 2026 and later, the credit is calculated without regard to the limit on the federal credit based on the taxpayer's federal tax liability. In the case of a part-year resident, the credit is prorated based on the proportion of their modified adjusted gross income that was realized during the part of the year that they were a Colorado resident. The credit is not allowed to an individual receiving child care assistance from the Department of Early Childhood, except to the extent of the taxpayer's unreimbursed out-of-pocket expenses that result in a federal credit for child care expenses.

Citation: §39-22-119, C.R.S.

Enacted: 1996

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	Not Itemized - See Child Care Expenses Credits *	Not Itemized - See Child Care Expenses Credits *	Not Itemized - See Child Care Expenses Credits *	Not Itemized - See Child Care Expenses Credits *

Source: Individual Income Tax Booklet (DR 0104)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Child care center investment credit

A nonrefundable credit is allowed for tax years commencing prior to January 1, 2026, to a taxpayer who operates a licensed child care center, family child care home, or foster care home and who invests in qualified tangible personal property to be used in licensed child care center, family child care home, or foster care home. The credit is equal to 20% of the annual investment in qualified tangible personal property.

Citation: §39-22-517(1), C.R.S.

Enacted: 1992

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	\$493,000	\$457,000	\$424,114	\$497,750
C Corporation	Data Not Releasable	Data Not Releasable	\$0	\$0
Fiduciary	Not Itemized - See Other Credits *	Not Itemized - See Other Credits *	Not Itemized - See Other Credits *	Not Itemized - See Other Credits *
Nonresident Composite Returns	Not Itemized - See Other Credits *	\$0	\$0	\$0

Source: Individual Income Tax Booklet (DR 0104), C Corporation Income Tax Booklet (DR 0112), Fiduciary (Estates and Trusts) Income Tax Booklet (DR 0105), and Partnership and S Corporation Income Tax Booklet (DR 0106)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Child care contribution credit

A nonrefundable credit is allowed to a taxpayer who makes a monetary contribution to promote child care in Colorado. The credit is equal to 50% of the total contribution. The amount of credit allowed to a taxpayer for contributions made in any one tax year may not exceed \$100,000.

Citation: §39-22-121, C.R.S.

Enacted: 1998

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	\$23,868,000	\$30,178,000	\$28,392,221	\$29,821,809
C Corporation	\$712,000	\$641,000	\$467,628	\$536,915
Fiduciary	Not Itemized - See Other Credits *	Not Itemized - See Other Credits *	Not Itemized - See Other Credits *	Not Itemized - See Other Credits *
Nonresident Composite Returns	Not Itemized - See Other Credits *	\$11,000	\$15,715	Data Not Releasable

Source: Individual Income Tax Booklet (DR 0104), C Corporation Income Tax Booklet (DR 0112), Fiduciary (Estates and Trusts) Income Tax Booklet (DR 0105), and Partnership and S Corporation Income Tax Booklet (DR 0106)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Child tax credit

A refundable income tax credit is allowed to a full-year resident or part-year resident individual who has an eligible child and whose federal adjusted gross income does not exceed \$75,000 if filing single or \$85,000 if filing jointly. For tax years 2022 and 2023, the allowable credit is a percentage of the federal child tax credit. For tax years 2024 and later, the allowable credit is a fixed amount for each eligible child, depending on the taxpayer's federal adjusted gross income.

Citation: §39-22-129, C.R.S.

Enacted: 2021

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	Not Effective This Year	Not Effective This Year	Not Effective This Year	\$89,023,534

Source: Individual Income Tax Booklet (DR 0104)

Colorado earned income tax credit

A refundable income tax credit is allowed to a full-year resident or part-year resident individual who is allowed a federal earned income tax credit. The Colorado earned income tax credit is equal to 10%, 20%, 25%, 35%, or 50% of the allowable federal credit, depending on the tax year. For tax years 2025 and later, the credit percentage may be increased based on an adjustment factor, calculated as the forecasted compound annual growth of state revenue subject to TABOR. In the case of a part-year resident, the credit is prorated based on the proportion of their modified adjusted gross income that was realized during the part of the year that they were a Colorado resident. The expanded Colorado earned income tax credit, which appears as a separate expenditure in this report, is allowed for tax years 2020 and later to certain resident individuals who do not qualify for this Colorado earned income tax credit.

Citation: §39-22-123, C.R.S.
§39-22-123.5, C.R.S.

Enacted: 1999
2013

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	\$75,275,000	\$72,077,000	\$65,760,271	\$127,014,431

Source: Individual Income Tax Booklet (DR 0104)

Colorado job growth incentive credit

A nonrefundable income tax credit is allowed to any taxpayer doing business in Colorado who receives certification from the Colorado Economic Development Commission (EDC) for a project that creates qualified job growth over a credit period not to exceed 96 months. The credit is allowed at the discretion of the EDC and, unless the project is a qualified partnership between the taxpayer and a state institution of higher education, is allowed only if the credit is a major factor in the decision to locate or retain the project in Colorado. If certain conditions are met, and subject to approval by the EDC, the taxpayer may elect for special treatment of the credit as a strategic capital tax credit. The revenue impact reported for this expenditure does not include any credit the taxpayer has elected to treat as a strategic capital tax credit, which appears separately in this report.

Citation: §39-22-531, C.R.S.

Enacted: 2009

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	\$167,000	\$546,000	\$636,789	\$676,084
C Corporation	\$6,361,000	\$13,318,000	\$10,006,502	\$8,707,127
Fiduciary	Not Itemized - See Other Credits *	Not Itemized - See Other Credits *	Not Itemized - See Other Credits *	Not Itemized - See Other Credits *
Nonresident Composite Returns	Not Itemized - See Other Credits *	Data Not Releasable	Data Not Releasable	Data Not Releasable

Source: Individual Income Tax Booklet (DR 0104), C Corporation Income Tax Booklet (DR 0112), Fiduciary (Estates and Trusts) Income Tax Booklet (DR 0105), and Partnership and S Corporation Income Tax Booklet (DR 0106)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Colorado minimum tax credit [†]

A nonrefundable credit is allowed to individuals, trusts, and estates that are allowed a federal credit for prior year minimum tax. The Colorado credit is equal to 12% of the federal credit allowed for the same tax year.

Citation: §39-22-105(3), C.R.S.

Enacted: 1987

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	\$2,388,000	\$7,259,000	\$4,513,947	\$4,315,611
Fiduciary	\$4,000	\$7,000	\$12,151	\$9,535

Source: Individual Income Tax Booklet (DR 0104) and Fiduciary (Estates and Trusts) Income Tax Booklet (DR 0105)

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

Colorado works program credit

A nonrefundable credit was allowed for tax years commencing prior to January 1, 2025, to Colorado employers for 20% of the annual investment they made to provide eligible services to their employees who received public assistance pursuant to the Colorado Works Program. The credit could not be claimed for more than two years with respect to each employee.

Citation: §39-22-521, C.R.S.

Enacted: 1997

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	\$19,000	\$35,000	\$13,024	\$18,275
C Corporation	\$0	\$0	\$0	\$0
Fiduciary	Not Itemized - See Other Credits *	Not Itemized - See Other Credits *	Not Itemized - See Other Credits *	Not Itemized - See Other Credits *
Nonresident Composite Returns	Not Itemized - See Other Credits *	\$0	\$0	\$0

Source: Individual Income Tax Booklet (DR 0104), C Corporation Income Tax Booklet (DR 0112), Fiduciary (Estates and Trusts) Income Tax Booklet (DR 0105), and Partnership and S Corporation Income Tax Booklet (DR 0106)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Credit for conversion costs to an employee-owned business model

A refundable income tax credit is allowed for tax years commencing on or after January 1, 2022, but prior to January 1, 2027, to a qualified business for 50% of the cost of converting the business to an employee-owned business model, subject to certain limitations. Qualified businesses must first apply to the Office of Economic Development, prior to conversion, for the reservation of the credit, which the office then certifies after conversion. The total amount of credits that may be reserved in any tax year cannot exceed \$10 million.

Citation: §39-22-542, C.R.S.

Enacted: 2021

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	Not Effective This Year	Not Effective This Year	Not Effective This Year	\$415,938
C Corporation	Not Effective This Year	Not Effective This Year	Not Effective This Year	\$0
Fiduciary	Not Effective This Year	Not Effective This Year	Not Effective This Year	\$0
Nonresident Composite Returns	Not Effective This Year	Not Effective This Year	Not Effective This Year	\$0

Source: Individual Income Tax Booklet (DR 0104), C Corporation Income Tax Booklet (DR 0112), Fiduciary (Estates and Trusts) Income Tax Booklet (DR 0105), and Partnership and S Corporation Income Tax Booklet (DR 0106)

Credit for tax paid to another state [†]

A nonrefundable income tax credit is allowed to a resident individual, trust, or estate for income tax accrued to another state, the District of Columbia, or a territory or possession of the United States, subject to certain limitations.

Citation: §39-22-108, C.R.S.

Enacted: 1937

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	\$194,320,000	\$227,201,000	\$257,275,548	\$370,805,281
Fiduciary	\$3,372,000	\$4,615,000	\$5,359,397	\$9,118,948

Source: Individual Income Tax Booklet (DR 0104) and Fiduciary (Estates and Trusts) Income Tax Booklet (DR 0105)

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

Crop and livestock contribution credit

A nonrefundable credit, not to exceed \$1,000, was allowed for tax years commencing prior to January 1, 2023, to C corporations that donated crops or livestock to certain charitable organizations for use in Colorado. The credit was equal to 25% of the contribution valued at wholesale market price or the most recent sale price.

Citation: §39-22-301(3), C.R.S.

Enacted: 1982

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
C Corporation	\$0	\$0	Data Not Releasable	Data Not Releasable

Source: C Corporation Income Tax Booklet (DR 0112)

Dual resident trust credit [†]

A nonrefundable income tax credit is allowed to a qualifying trust that is a resident of both Colorado and another state in lieu of the credit for income tax paid to another state. The credit is not available to a trust that became a Colorado resident trust prior to May 26, 2006.

Citation: §39-22-108.5, C.R.S.

Enacted: 2006

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Fiduciary	\$164,000	\$358,000	\$92,058	\$66,406

Source: Fiduciary (Estates and Trusts) Income Tax Booklet (DR 0105)

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

Early childhood educator income tax credit

A refundable income tax credit is allowed for tax years 2022 through 2025 to individuals who hold an early childhood professional credential issued by the Department of Early Childhood and whose federal adjusted gross income does not exceed \$75,000 if filing single or \$150,000 if filing jointly. The early childhood educator must be either the licensee of an eligible program or be employed by an eligible program for at least six months of the tax year. The credit is a fixed amount that increases annually for inflation based on the credential level the individual holds.

Citation: §39-22-547, C.R.S.

Enacted: 2022

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	Not Effective This Year	Not Effective This Year	Not Effective This Year	\$14,170,000

Source: Individual Income Tax Booklet (DR 0104)

Employer child care facility investment credit

A nonrefundable income tax credit is allowed for tax years commencing prior to January 1, 2026, to employers who provide child care facilities for the benefit of their employees. The credit is equal to 10% of the employer's investment during the tax year in qualified tangible personal property to be used in the operation of the child care facility. The facility must be incidental to the employer's business and must be licensed pursuant to section 26-6-905 or 26.5-5-309, C.R.S.

Citation: §39-22-517(2), C.R.S.

Enacted: 1992

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	Data Not Releasable	\$15,000	\$2,175	\$70,827
C Corporation	\$0	\$0	\$0	\$0
Nonresident Composite Returns	Not Itemized - See Other Credits *	\$0	\$0	\$0

Source: Individual Income Tax Booklet (DR 0104), C Corporation Income Tax Booklet (DR 0112), and Partnership and S Corporation Income Tax Booklet (DR 0106)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Employer contribution to employee 529 plan credit

A nonrefundable income tax credit is allowed to an employer who makes a contribution of money to a 529 qualified state tuition program account owned by an employee. The credit is allowed regardless of the named beneficiary of the account. The credit is equal to 20% of the contribution, except that the maximum total credit an employer may claim for each employee in a tax year is \$500.

Citation: §39-22-539, C.R.S.

Enacted: 2018

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	Not Effective This Year	Not Effective This Year	\$301,224	\$374,888
C Corporation	Not Effective This Year	Not Effective This Year	\$0	\$11,594
Fiduciary	Not Effective This Year	Not Effective This Year	\$0	\$0
Nonresident Composite Returns	Not Effective This Year	Not Effective This Year	\$1,400	\$0

Source: Individual Income Tax Booklet (DR 0104), C Corporation Income Tax Booklet (DR 0112), Fiduciary (Estates and Trusts) Income Tax Booklet (DR 0105), and Partnership and S Corporation Income Tax Booklet (DR 0106)

Employer paid leave of absence for live organ donation credit

A nonrefundable income tax credit is allowed to an employer who incurs qualifying expenses relating to the paid leave of absence of an employee for the purpose of organ donation. The credit is allowed for 35% of qualifying expenses either for paying the employee during their leave of absence or for the cost of temporary replacement help, if any, during an employee's leave of absence. The credit is not allowed with respect to any employee who the taxpayer pays wages of \$80,000 or more during the income tax year.

Citation: §39-22-540, C.R.S.

Enacted: 2018

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	Not Effective This Year	Not Effective This Year	\$0	\$0
C Corporation	Not Effective This Year	Not Effective This Year	\$0	\$0
Fiduciary	Not Effective This Year	Not Effective This Year	\$0	\$0
Nonresident Composite Returns	Not Effective This Year	Not Effective This Year	\$0	\$0

Source: Individual Income Tax Booklet (DR 0104), C Corporation Income Tax Booklet (DR 0112), Fiduciary (Estates and Trusts) Income Tax Booklet (DR 0105), and Partnership and S Corporation Income Tax Booklet (DR 0106)

Enterprise zone agricultural processing new employee credit

A nonrefundable income tax credit is allowed to an employer who operates a business facility within an enterprise zone and whose business adds value to the manufacturing or processing of agricultural commodities. The credit is \$500 for each additional employee at the business facility, averaged over the course of the year, in excess of the highest average number of employees at the facility in any prior tax year. This credit is in addition to the enterprise zone business facility new employee credit. The revenue impact reported for this expenditure does not include any credit the taxpayer has elected to treat as a strategic capital tax credit, which appears separately in this report.

Citation: §39-30-105(3)(a), C.R.S.
§39-30-105.1(3)(a), C.R.S.

Enacted: 1987
2013

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	\$87,000	\$50,000	\$27,435	\$16,889
C Corporation	Data Not Releasable	Data Not Releasable	Data Not Releasable	Data Not Releasable
Fiduciary	\$0	\$0	Data Not Releasable	Data Not Releasable
Nonresident Composite Returns	\$0	\$0	\$0	\$0

Source: Individual Income Tax Booklet (DR 0104), C Corporation Income Tax Booklet (DR 0112), Fiduciary (Estates and Trusts) Income Tax Booklet (DR 0105), and Partnership and S Corporation Income Tax Booklet (DR 0106)

Enterprise zone business facility new employee credit

A nonrefundable income tax credit is allowed to an employer who operates a business facility within an enterprise zone. The credit is equal to \$1,100 for each additional employee at the business facility, averaged over the course of the year, in excess of the highest average number of employees at the facility in any prior tax year. The revenue impact reported for this expenditure does not include any credit the taxpayer has elected to treat as a strategic capital tax credit, which appears separately in this report.

Citation: §39-30-105(1)(a)(I), C.R.S.
§39-30-105.1(1)(a)(I), C.R.S.

Enacted: 1986
2013

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	\$1,303,000	\$1,746,000	\$1,549,800	\$1,411,025
C Corporation	\$1,989,000	\$2,480,000	\$4,980,714	\$4,046,470
Fiduciary	Data Not Releasable	\$0	\$29,044	\$5,706
Nonresident Composite Returns	\$15,000	\$66,000	\$110,150	Data Not Releasable

Source: Individual Income Tax Booklet (DR 0104), C Corporation Income Tax Booklet (DR 0112), Fiduciary (Estates and Trusts) Income Tax Booklet (DR 0105), and Partnership and S Corporation Income Tax Booklet (DR 0106)

Enterprise zone commercial vehicle investment tax credit

A nonrefundable income tax credit may be allowed to a taxpayer who makes a qualified investment in a commercial truck, truck tractor, tractor, or semitrailer and any parts for such vehicle purchased at the same time. The truck, tractor, or trailer must be licensed and registered in Colorado and must be predominantly housed and based at the taxpayer's business trucking facility located within an enterprise zone for the 12-month period following its purchase. The credit is limited to 1.5% of the qualified investment and is subject to available funding in the commercial vehicle enterprise tax fund. The revenue impact reported for this expenditure does not include any credit the taxpayer has elected to treat as a strategic capital tax credit, which appears separately in this report.

Citation: §39-30-104(1)(b), C.R.S.

Enacted: 2009

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	\$21,000	\$12,000	\$77,179	\$58,086
C Corporation	Data Not Releasable	\$79,000	\$17,893	Data Not Releasable
Fiduciary	\$0	\$0	\$0	\$0
Nonresident Composite Returns	\$0	\$0	\$0	\$0

Source: Individual Income Tax Booklet (DR 0104), C Corporation Income Tax Booklet (DR 0112), Fiduciary (Estates and Trusts) Income Tax Booklet (DR 0105), and Partnership and S Corporation Income Tax Booklet (DR 0106)

Enterprise zone contribution credit

A nonrefundable credit is allowed to a taxpayer who makes monetary or in-kind contributions to an enterprise zone administrator or to a certified program for the purpose of implementing the economic development plan of the enterprise zone. The credit is generally equal to 25% of the value of the contribution, but is limited to \$100,000 for contributions made during the tax year. Additional limitations apply with respect to the credit allowed for in-kind contributions.

Citation: §39-30-103.5, C.R.S.

Enacted: 1989

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	\$8,876,000	\$10,054,000	\$9,487,207	\$9,817,533
C Corporation	\$454,000	\$326,000	\$328,368	\$293,433
Fiduciary	\$16,000	\$25,000	\$26,384	\$10,244
Nonresident Composite Returns	\$40,000	\$36,000	\$44,771	\$2,752

Source: Individual Income Tax Booklet (DR 0104), C Corporation Income Tax Booklet (DR 0112), Fiduciary (Estates and Trusts) Income Tax Booklet (DR 0105), and Partnership and S Corporation Income Tax Booklet (DR 0106)

Enterprise zone employee health insurance credit

A nonrefundable income tax credit is allowed to an employer who operates a business facility within an enterprise zone and who provides a health insurance plan or program to their employees. The credit is allowed only for the first two full tax years that the employer operates the business facility in the enterprise zone and is equal to \$1,000 for each insured employee, averaged over the course of the year. To be eligible for the credit, the employer must contribute at least 50% of the total cost of the health insurance plan or program. The plan or program must comply with certain requirements prescribed by law. The revenue impact reported for this expenditure does not include any credit the taxpayer has elected to treat as a strategic capital tax credit, which appears separately in this report.

Citation: §39-30-105(1)(b), C.R.S.
§39-30-105.1(1)(b), C.R.S.

Enacted: 1987
2013

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	\$214,000	\$203,000	\$218,450	\$136,378
C Corporation	\$290,000	\$502,000	Data Not Releasable	\$3,915,589
Fiduciary	\$0	\$0	Data Not Releasable	\$7,313
Nonresident Composite Returns	\$6,000	Data Not Releasable	Data Not Releasable	\$0

Source: Individual Income Tax Booklet (DR 0104), C Corporation Income Tax Booklet (DR 0112), Fiduciary (Estates and Trusts) Income Tax Booklet (DR 0105), and Partnership and S Corporation Income Tax Booklet (DR 0106)

Enterprise zone enhanced rural agricultural processing new employee credit

A nonrefundable income tax credit is allowed to an employer who operates a business facility within an enhanced rural enterprise zone and whose business adds value to the manufacturing or processing of agricultural commodities. The credit is equal to \$500 for each additional employee at the business facility, averaged over the course of the year, in excess of the highest average number of employees at the facility in any prior tax year. The credit is in addition to the enterprise zone business facility new employee credit, the enterprise zone agricultural processing new employee credit, and the enterprise zone enhanced rural new employee credit. The revenue impact reported for this expenditure does not include any credit the taxpayer has elected to treat as a strategic capital tax credit, which appears separately in this report.

Citation: §39-30-105(3)(b), C.R.S.
§39-30-105.1(3)(b), C.R.S.

Enacted: 2002
2013

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	\$4,000	\$3,000	\$11,290	\$6,073
C Corporation	\$0	Data Not Releasable	\$0	Data Not Releasable
Fiduciary	\$0	\$0	\$0	\$0
Nonresident Composite Returns	\$0	\$0	\$0	\$0

Source: Individual Income Tax Booklet (DR 0104), C Corporation Income Tax Booklet (DR 0112), Fiduciary (Estates and Trusts) Income Tax Booklet (DR 0105), and Partnership and S Corporation Income Tax Booklet (DR 0106)

Enterprise zone enhanced rural new employee credit

A nonrefundable income tax credit is allowed to an employer who operates a business facility within an enhanced rural enterprise zone. The credit is equal to \$2,000 for each additional employee at the business facility, averaged over the course of the year, in excess of the highest average number of employees at the facility in any prior tax year. The credit is in addition to the enterprise zone business facility new employee credit. The revenue impact reported for this expenditure does not include any credit the taxpayer has elected to treat as a strategic capital tax credit, which appears separately in this report.

Citation: §39-30-105(1)(a)(III), C.R.S.
§39-30-105.1(1)(a)(II), C.R.S.

Enacted: 2002
2013

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	\$189,000	\$206,000	\$303,199	\$327,975
C Corporation	\$102,000	\$39,000	\$57,811	\$87,204
Fiduciary	\$0	\$0	\$0	\$8,044
Nonresident Composite Returns	\$0	Data Not Releasable	\$0	Data Not Releasable

Source: Individual Income Tax Booklet (DR 0104), C Corporation Income Tax Booklet (DR 0112), Fiduciary (Estates and Trusts) Income Tax Booklet (DR 0105), and Partnership and S Corporation Income Tax Booklet (DR 0106)

Enterprise zone investment tax credit

A nonrefundable income tax credit is allowed to a taxpayer who makes a qualified investment in section 38 property that is used solely and exclusively in an enterprise zone for at least one year. The credit is equal to 3% of the total qualified investment made during the tax year. The credit and the use thereof are subject to various limitations and restrictions prescribed by state statute and by the Internal Revenue Code as it existed immediately prior to the enactment of the federal Revenue Reconciliation Act of 1990. The revenue impact reported for this expenditure does not include enterprise zone investments in certain commercial vehicles or refundable energy projects, or any credit the taxpayer has elected to treat as a strategic capital tax credit, each of which appear elsewhere in this report.

Citation: §39-30-104(1)(a), C.R.S.

Enacted: 1986

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	\$5,598,000	\$7,310,000	\$8,841,941	\$10,051,896
C Corporation	\$10,799,000	\$12,204,000	\$19,731,922	\$18,944,090
Fiduciary	\$73,000	\$224,000	\$416,422	\$399,147
Nonresident Composite Returns	\$101,000	\$121,000	\$125,425	Data Not Releasable

Source: Individual Income Tax Booklet (DR 0104), C Corporation Income Tax Booklet (DR 0112), Fiduciary (Estates and Trusts) Income Tax Booklet (DR 0105), and Partnership and S Corporation Income Tax Booklet (DR 0106)

Enterprise zone job training investment tax credit

A nonrefundable income tax credit is allowed to a taxpayer who invests in a qualified job training program for employees who work predominantly within an enterprise zone. The credit is equal to 12% of the qualified investment. Qualified investments may include investments in real property and capital equipment, as well as other expenses that meet the applicable requirements. The revenue impact reported for this expenditure does not include any credit the taxpayer has elected to treat as a strategic capital tax credit, which appears separately in this report.

Citation: §39-30-104(4), C.R.S.

Enacted: 1996

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	\$490,000	\$652,000	\$538,976	\$700,927
C Corporation	\$1,108,000	\$1,242,000	\$690,466	\$1,368,452
Fiduciary	\$3,000	Data Not Releasable	\$33,633	\$5,264
Nonresident Composite Returns	\$6,000	Data Not Releasable	Data Not Releasable	\$0

Source: Individual Income Tax Booklet (DR 0104), C Corporation Income Tax Booklet (DR 0112), Fiduciary (Estates and Trusts) Income Tax Booklet (DR 0105), and Partnership and S Corporation Income Tax Booklet (DR 0106)

Enterprise zone renewable energy investment tax credit - nonrefundable

An income tax credit is allowed to a taxpayer who makes a qualified investment in section 38 property that is used solely and exclusively in an enterprise zone for at least one year. The credit is equal to 3% of the total qualified investment made during the tax year. Credits for renewable energy investments were afforded special treatment including longer carryforward periods for investments made in tax years commencing before January 1, 2018, and an option to receive a refund for 80% of the allowable credit for investments made in tax years commencing on or after January 1, 2015, but prior to January 1, 2021. The revenue impact reported here includes only renewable energy investment tax credits for which no refund was claimed. The revenue impact for refunds of renewable energy investment tax credits are reported separately, as the next expenditure below. The revenue impact reported for this expenditure also does not include any credit the taxpayer has elected to treat as a strategic capital tax credit, which appears separately in this report.

Citation: §39-30-104(2)(c)(III)(B)

Enacted: 2013

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	\$25,000	\$31,000	\$38,563	\$15,934
C Corporation	Data Not Releasable	\$0	\$0	Data Not Releasable
Fiduciary	\$0	\$0	\$0	\$0
Nonresident Composite Returns	\$0	\$0	\$0	\$0

Source: Individual Income Tax Booklet (DR 0104), C Corporation Income Tax Booklet (DR 0112), Fiduciary (Estates and Trusts) Income Tax Booklet (DR 0105), and Partnership and S Corporation Income Tax Booklet (DR 0106)

Enterprise zone renewable energy investment tax credit - refundable

An income tax credit is allowed to a taxpayer who makes a qualified investment in section 38 property that is used solely and exclusively in an enterprise zone for at least one year. The credit is equal to 3% of the total qualified investment made during the tax year. Credits for renewable energy investments were afforded special treatment including longer carryforward periods for investments made in tax years commencing before January 1, 2018, and an option to receive a refund for 80% of the allowable credit for investments made in tax years commencing on or after January 1, 2015, but prior to January 1, 2021. A taxpayer who makes the election to receive a refund for 80% of the credit forgoes the remaining 20%. The refund allowed for any tax year may not exceed \$750,000 and any excess is refunded in subsequent tax years until the full amount of the allowable refund has been refunded to the taxpayer. The revenue impact reported here includes only refunds allowed for renewable energy investment tax credits. The revenue impact for renewable energy investment tax credits for which no refund was claimed are reported separately, as the preceding expenditure above. The revenue impact reported for this expenditure also does not include any credit the taxpayer has elected to treat as a strategic capital tax credit, which appears separately in this report.

Citation: §39-30-104(2.6), C.R.S.

Enacted: 2015

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	\$45,000	\$29,000	\$3,430	\$47,179
C Corporation	Data Not Releasable	\$2,425,000	\$2,232,525	Data Not Releasable
Fiduciary	\$0	\$0	\$0	\$0
Nonresident Composite Returns	Data Not Releasable	Data Not Releasable	Data Not Releasable	Data Not Releasable

Source: Individual Income Tax Booklet (DR 0104), C Corporation Income Tax Booklet (DR 0112), Fiduciary (Estates and Trusts) Income Tax Booklet (DR 0105), and Partnership and S Corporation Income Tax Booklet (DR 0106)

Enterprise zone research and experimental activities credit

A nonrefundable income tax credit is allowed to a taxpayer who makes expenditures in research and experimental activities conducted in an enterprise zone for the purpose of carrying out a trade or business. The credit is equal to 3% of the amount by which the taxpayer's research and experimental expenditures in an enterprise zone exceed the average of the taxpayer's research and experimental expenditures in the same enterprise zone over the two preceding tax years. The credit is divided evenly over four tax years, with 25% of the credit allowed for the tax year in which the expenditures were made and 25% of the credit allowed for each of the subsequent three tax years. The revenue impact reported for this expenditure does not include any credit the taxpayer has elected to treat as a strategic capital tax credit, which appears separately in this report.

Citation: §39-30-105.5, C.R.S.

Enacted: 1988

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	\$310,000	\$249,000	\$274,518	\$274,875
C Corporation	\$333,000	\$375,000	\$535,744	\$932,766
Fiduciary	\$0	\$0	\$78,747	\$12,001
Nonresident Composite Returns	Data Not Releasable	Data Not Releasable	Data Not Releasable	\$0

Source: Individual Income Tax Booklet (DR 0104), C Corporation Income Tax Booklet (DR 0112), Fiduciary (Estates and Trusts) Income Tax Booklet (DR 0105), and Partnership and S Corporation Income Tax Booklet (DR 0106)

Enterprise zone vacant commercial building rehabilitation credit

A nonrefundable income tax credit is allowed to the owner or tenant of a qualified building in an enterprise zone who makes qualified expenditures for the purpose of rehabilitating the building for commercial use. The building must be at least 20 years old and have been unoccupied for at least two years. The credit is equal to 25% of the cost of rehabilitating the building and is limited to \$50,000 per building. A taxpayer who is allowed a federal rehabilitation credit pursuant to sections 38, 46, and 47 of the Internal Revenue Code cannot claim the vacant building rehabilitation credit for the same rehabilitation expenditures.

Citation: §39-30-105.6, C.R.S.

Enacted: 1989

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	\$267,000	\$301,000	\$577,504	\$258,236
C Corporation	Data Not Releasable	\$0	\$0	\$0
Fiduciary	\$0	Data Not Releasable	\$0	\$0
Nonresident Composite Returns	\$0	Data Not Releasable	\$0	\$0

Source: Individual Income Tax Booklet (DR 0104), C Corporation Income Tax Booklet (DR 0112), Fiduciary (Estates and Trusts) Income Tax Booklet (DR 0105), and Partnership and S Corporation Income Tax Booklet (DR 0106)

Expanded Colorado earned income tax credit

A refundable income tax credit is allowed to a full-year resident or part-year resident individual who would have been allowed a federal earned income tax credit, but for the fact that the resident individual, the resident individual's spouse, or one or more of the resident individual's dependents do not have a social security number that is valid for employment. The expanded Colorado earned income tax credit is equal to 10%, 20%, 25%, 35%, or 50% of the federal credit that would have been allowed, depending on the tax year. For tax years 2025 and later, the credit percentage may be increased based on an adjustment factor, calculated as the forecasted compound annual growth of state revenue subject to TABOR. In the case of a part-year resident, the credit is prorated based on the proportion of their modified adjusted gross income that was realized during the part of the year that they were a Colorado resident.

Citation: §39-22-123.5, C.R.S.

Enacted: 2020

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	Not Effective This Year	Not Effective This Year	\$873,385	\$3,822,758

Source: Individual Income Tax Booklet (DR 0104)

Food contributed to hunger relief charitable organizations credit

A nonrefundable income tax credit was allowed for tax years commencing on or after January 1, 2015, but before January 1, 2020, to a taxpayer who made a qualified food contribution during the tax year to a hunger-relief charitable organization and received a credit certificate issued by a food bank. The credit was allowed only to resident individuals, domestic corporations, and foreign corporations who filed an IRS Schedule F (Profit or Loss from Farming) with their federal income tax return for the year of the donation. The credit was either 25% of the wholesale market price or 25% of the most recent sales price of the food contributions during the tax year, but it could not exceed \$5,000. If the allowable credit exceeded the tax otherwise due, the excess could be carried forward and claimed as a credit against the tax due in the following tax year. Credits may be carried forward for no more than five succeeding tax years.

Citation: §39-22-536, C.R.S.

Enacted: 2014

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020 ¹	2022 ¹
Individual	\$14,000	\$14,000	\$8,784	Data Not Releasable
C Corporation	\$0	\$0	\$0	\$0
Nonresident Composite Returns	Not Previously Published	\$0	\$0	\$0

Source: Individual Income Tax Booklet (DR 0104), C Corporation Income Tax Booklet (DR 0112), and Partnership and S Corporation Income Tax Booklet (DR 0106)

¹ Only carryforward amounts for this credit were applicable in 2020 and 2022.

Gross conservation easement credit

An income tax credit is allowed for the donation of a perpetual conservation easement in gross on real property located in Colorado. The credit is allowed for some portion of the donated value of the conservation easement, depending on the year of the donation. A donor who is allowed the credit may transfer all or a portion of the credit to a transferee for such transferee to apply as a credit against their Colorado income tax. For certain tax years, the donor may also elect to receive a refund for part of the credit. For tax years commencing on or after January 1, 2014, the credit is allowed only if it has been certified by the Department of Regulatory Agencies.

Citation: §39-22-522, C.R.S.

Enacted: 1999

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	\$6,681,000	\$16,538,000	\$17,511,313	\$17,916,853
C Corporation	Data Not Releasable	\$7,100,000	Data Not Releasable	\$6,353,232
Fiduciary	\$352,000	\$294,000	\$572,553	\$135,646
Nonresident Composite Returns	\$0	\$0	\$0	\$0

Source: Individual Income Tax Booklet (DR 0104), C Corporation Income Tax Booklet (DR 0112), Fiduciary (Estates and Trusts) Income Tax Booklet (DR 0105), and Partnership and S Corporation Income Tax Booklet (DR 0106)

Historic property preservation credit

A nonrefundable income tax credit was allowed for tax years commencing prior to January 1, 2020, to taxpayers for the preservation and rehabilitation of a qualified historic property that meets certain historic preservation criteria. The credit was 20% of qualified rehabilitation costs, up to a maximum \$50,000 credit per qualified property. If the allowable credit exceeded the tax otherwise due, the excess could be carried forward and claimed as a credit against the tax due in the following tax year. Credits may be carried forward for no more than 10 succeeding tax years.

Citation: §39-22-514, C.R.S.

Enacted: 1990

Tax Expenditure Revenue Impact

Income Tax Type	2016 ¹	2018	2020 ¹	2022 ¹
Individual	\$444,000	\$349,000	\$255,151	\$73,188
C Corporation	\$0	\$0	Data Not Releasable	\$0
Fiduciary	Not Itemized - See Other Credits *	Not Itemized - See Other Credits *	Not Itemized - See Other Credits *	Not Itemized - See Other Credits *
Nonresident Composite Returns	Not Itemized - See Other Credits *	\$0	\$0	\$0

Source: Individual Income Tax Booklet (DR 0104), C Corporation Income Tax Booklet (DR 0112), Fiduciary (Estates and Trusts) Income Tax Booklet (DR 0105), and Partnership and S Corporation Income Tax Booklet (DR 0106)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

¹ Only carryforward amounts for this credit were applicable in 2016, 2020, and 2022.

Innovative motor vehicle credit

A refundable income tax credit is allowed to taxpayers and, for tax years commencing on or after January 1, 2024, to tax-exempt entities and political subdivisions of the state, for the purchase or lease of a qualifying electric or plug-in hybrid electric motor vehicle that is titled and registered in Colorado. For tax years commencing prior to January 1, 2022, the credit was also allowed for qualifying conversions of motor vehicles titled and registered in Colorado. The statute has been amended several times since it was first enacted and other types of motor vehicles qualified for the credit in prior years.

Citation: §39-22-516.7, C.R.S.

Enacted: 2013

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	Not Itemized - See Innovative Motor Vehicle Credits *	Not Itemized - See Innovative Motor Vehicle Credits *	Not Itemized - See Innovative Motor Vehicle Credits *	Not Itemized - See Innovative Motor Vehicle Credits *
C Corporation	Not Itemized - See Innovative Motor Vehicle Credits *	Not Itemized - See Innovative Motor Vehicle Credits *	Not Itemized - See Innovative Motor Vehicle Credits *	Not Itemized - See Innovative Motor Vehicle Credits *
Fiduciary	Not Itemized - See Innovative Motor Vehicle Credits *	Not Itemized - See Innovative Motor Vehicle Credits *	Not Itemized - See Innovative Motor Vehicle Credits *	Not Itemized - See Innovative Motor Vehicle Credits *
Nonresident Composite Returns	Not Itemized - See Innovative Motor Vehicle Credits *	Not Itemized - See Innovative Motor Vehicle Credits *	Not Itemized - See Innovative Motor Vehicle Credits *	Not Itemized - See Innovative Motor Vehicle Credits *

Source: Individual Income Tax Booklet (DR 0104), C Corporation Income Tax Booklet (DR 0112), Fiduciary (Estates and Trusts) Income Tax Booklet (DR 0105), and Partnership and S Corporation Income Tax Booklet (DR 0106)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Innovative truck credit

A refundable income tax credit is allowed to taxpayers and, for tax years commencing on or after January 1, 2024, to tax-exempt entities and political subdivisions of the state, for the purchase or lease of a qualifying electric or plug-in hybrid electric truck that is titled and registered in Colorado or registered under the International Registration Plan and base plated in Colorado. For tax years commencing prior to January 1, 2022, the credit was also allowed for other types of qualifying trucks, conversions, and aerodynamic and idling reduction technologies.

Citation: §39-22-516.8, C.R.S.

Enacted: 2014

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	Not Itemized - See Innovative Motor Vehicle Credits *	Not Itemized - See Innovative Motor Vehicle Credits *	Not Itemized - See Innovative Motor Vehicle Credits *	Not Itemized - See Innovative Motor Vehicle Credits *
C Corporation	Not Itemized - See Innovative Motor Vehicle Credits *	Not Itemized - See Innovative Motor Vehicle Credits *	Not Itemized - See Innovative Motor Vehicle Credits *	Not Itemized - See Innovative Motor Vehicle Credits *
Fiduciary	Not Itemized - See Innovative Motor Vehicle Credits *	Not Itemized - See Innovative Motor Vehicle Credits *	Not Itemized - See Innovative Motor Vehicle Credits *	Not Itemized - See Innovative Motor Vehicle Credits *
Nonresident Composite Returns	Not Itemized - See Innovative Motor Vehicle Credits *	Not Itemized - See Innovative Motor Vehicle Credits *	Not Itemized - See Innovative Motor Vehicle Credits *	Not Itemized - See Innovative Motor Vehicle Credits *

Source: Individual Income Tax Booklet (DR 0104), C Corporation Income Tax Booklet (DR 0112), Fiduciary (Estates and Trusts) Income Tax Booklet (DR 0105), and Partnership and S Corporation Income Tax Booklet (DR 0106)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Long-term care insurance credit

A nonrefundable income tax credit is allowed to Colorado residents who purchase or pay premiums on a long-term care insurance policy and meet certain taxable income requirements. The credit is equal to 25% of the amount paid for the insurance during the year and is limited to \$150 per policy.

Citation: §39-22-122, C.R.S.

Enacted: 1999

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	\$3,100,000	\$2,585,000	\$2,296,849	\$1,780,938

Source: Individual Income Tax Booklet (DR 0104)

Low-income child care expenses credit

A refundable income tax credit is allowed for tax years commencing prior to January 1, 2026, to resident individuals whose federal adjusted gross income is \$25,000 or less who incur expenses for the care of a dependent child under the age of 13. The credit is allowed to individuals who have insufficient tax liability to claim the federal child care credit and the Colorado child care expenses credit allowed pursuant to section 39-22-119, C.R.S. The credit is 25% of the resident individual's child care expenses, but cannot exceed \$500 for a single dependent or \$1,000 for two or more dependents. For tax years commencing on or after January 1, 2026, House Bill 24-1134 allows taxpayers who would otherwise qualify for the low-income child care expenses credit to instead claim the child and dependent care expenses credit.

Citation: §39-22-119.5, C.R.S.

Enacted: 2014

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	Not Itemized - See Child Care Expenses Credits *	Not Itemized - See Child Care Expenses Credits *	Not Itemized - See Child Care Expenses Credits *	Not Itemized - See Child Care Expenses Credits *

Source: Individual Income Tax Booklet (DR 0104)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

New investment tax credit

A nonrefundable income tax credit was allowed for tax years commencing prior to January 1, 2023, to a C corporation that makes a qualified investment in section 38 property. The credit was equal to 10% of the total federal credit for qualified investment as determined under Section 46(c) of the Internal Revenue Code in qualified property as defined in section 38 of the Internal Revenue Code as such sections existed prior to the Revenue Reconciliation Act of 1990. The allowable credit was limited to \$1,000 and was reduced by the amount of the old investment tax credit claimed for the same tax year.

Citation: §39-22-507.6, C.R.S.

Enacted: 1987

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
C Corporation	\$244,000	\$203,000	\$186,333	\$209,613

Source: C Corporation Income Tax Booklet (DR 0112)

Old investment tax credit

A nonrefundable income tax credit was allowed for tax years commencing prior to January 1, 2023, to a C corporation that qualified for a federal investment credit determined under section 46 of the Internal Revenue Code. The credit was equal to 10% of the current-year federal investment credit determined with respect to property which was used in Colorado. The credit that could be used in a given year is limited to the first \$5,000 of tax liability plus 25% of the tax in excess of \$5,000.

Citation: §39-22-507.5, C.R.S.

Enacted: 1979

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
C Corporation	\$110,000	\$59,000	Data Not Releasable	\$80,129

Source: C Corporation Income Tax Booklet (DR 0112)

Plastic recycling investment credit

A nonrefundable credit was allowed for tax years commencing prior to January 1, 2023, to a resident individual who made qualifying expenditures for new plastic recycling technology in Colorado. The credit was equal to 20% of the first \$10,000 of net expenditures to third parties for rent, wages, supplies, consumable tools, equipment, test inventory, and utilities made by the taxpayer for new plastic recycling technology in Colorado.

Citation: §39-22-114.5, C.R.S.

Enacted: 1989

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	Data Not Releasable	Data Not Releasable	\$1,642	\$2,050

Source: Individual Income Tax Booklet (DR 0104)

Preservation of historic structures credit

An income tax credit is allowed to an owner of a qualified historic structure who incurs qualified rehabilitation expenditures for the structure. The credit is a percentage of the qualified rehabilitation expenditures incurred by the owner, which varies depending on multiple factors and is subject to certain limitations. The credit is subject to approval and certification by the Colorado Office of Economic Development and International Trade, History Colorado, or a certified local government. Credits for qualified commercial structures may be transferred by the owner to another taxpayer, but credits for qualified residential structures cannot. The credit is nonrefundable, except that a qualified applicant can claim a refund for a credit for a qualified residential structure placed in service in a tax year commencing on or after January 1, 2027.

Citation: §39-22-514.5, C.R.S.

Enacted: 2014

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	\$178,000	\$1,208,000	\$2,521,261	\$1,909,380
C Corporation	\$0	\$2,308,000	\$3,359,115	\$1,560,925
Fiduciary	\$0	\$0	\$22,163	Data Not Releasable
Nonresident Composite Returns	Not Itemized - See Other Credits *	\$0	Data Not Releasable	\$0

Source: Individual Income Tax Booklet (DR 0104), C Corporation Income Tax Booklet (DR 0112), Fiduciary (Estates and Trusts) Income Tax Booklet (DR 0105), and Partnership and S Corporation Income Tax Booklet (DR 0106)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Remediation of contaminated land credit

A nonrefundable, transferable income tax credit is allowed to a taxpayer for any approved environmental remediation of contaminated property the taxpayer owns in Colorado. A similar transferable expense amount, that may be transferred to a taxpayer for use as a credit, is allowed to a private nonprofit entity or local government for any approved environmental remediation of contaminated property they own in Colorado. The credit and transferable expense amount are a portion of the approved remediation expenditures and are subject to approval and certification by the Department of Public Health and Environment.

Citation: §39-22-526, C.R.S.

Enacted: 2000

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	\$1,112,000	\$1,287,000	\$1,205,057	\$1,947,861
C Corporation	\$899,000	\$0	\$1,164,998	Data Not Releasable
Fiduciary	\$0	\$0	\$0	\$0
Nonresident Composite Returns	Not Itemized - See Other Credits *	\$0	\$0	\$0

Source: Individual Income Tax Booklet (DR 0104), C Corporation Income Tax Booklet (DR 0112), Fiduciary (Estates and Trusts) Income Tax Booklet (DR 0105), and Partnership and S Corporation Income Tax Booklet (DR 0106)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Retrofitting a residence to increase residence's visitability credit

A nonrefundable income tax credit is allowed to a qualified individual who retrofits or hires someone to retrofit the qualified individual's residence and who meets any additional requirements established by the Division of Housing, which certifies the credit. Income limits apply in determining eligibility for the credit. The credit is allowed for the cost of the retrofit, but is limited to \$5,000 per residence. Only one credit is allowed per residence, except that if a retrofit is required for the qualified individual and for one or more dependents residing in the qualified individual's residence or a retrofit is required for more than one dependent residing in the qualified individual's residence, then a credit of up to \$5,000 is allowed per individual for whom the retrofit is required.

Citation: §39-22-541, C.R.S.

Enacted: 2019

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	Not Effective This Year	Not Effective This Year	\$22,492	\$32,265

Source: Individual Income Tax Booklet (DR 0104)

Rural and frontier health care preceptor credit

A nonrefundable income tax credit is allowed to a taxpayer who provides primary health care in a rural or frontier area and who provides one or more qualifying preceptorships. The preceptorship must last a total of not less than four working weeks or 20 business days during the tax year and must be certified by the institution for which the preceptor teaches or the regional Area Health Education Center (AHEC) office. The number of preceptors who may claim the credit for any given tax year is limited by statute.

Citation: §39-22-538, C.R.S.

Enacted: 2016

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	Not Effective This Year	\$88,000	\$65,211	\$84,000

Source: Individual Income Tax Booklet (DR 0104)

Rural jump-start zone new business credit

A nonrefundable income tax credit is allowed to a new business that is located in a rural jump-start zone and has received approval from the Economic Development Commission (EDC). Both the new business and the rural jump-start zone must satisfy a variety of requirements established by law and in guidelines prescribed by the EDC. Among other things, the rural jump-start zone must be in an economically distressed county that meets certain requirements and the new business must start in the zone or move into the zone from outside of Colorado. With the annual approval of the EDC, the credit is equal to 100% of the Colorado income taxes imposed on the new business on the income derived from its activities in the rural jump-start zone and is allowed for four consecutive tax years, unless an extension for additional tax years is granted by the EDC.

Citation: §39-30.5-105(1), C.R.S.

Enacted: 2015

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	Not Itemized - See Rural Jump-Start Zone Credits *	Not Itemized - See Rural Jump-Start Zone Credits *	Not Itemized - See Rural Jump-Start Zone Credits *	Not Itemized - See Rural Jump-Start Zone Credits *
C Corporation	\$0	Data Not Releasable	\$0	Data Not Releasable
Fiduciary	Not Itemized - See Other Credits *	Not Itemized - See Other Credits *	Not Itemized - See Other Credits *	Not Itemized - See Other Credits *
Nonresident Composite Returns	Not Previously Published	\$0	\$0	\$0

Source: Individual Income Tax Booklet (DR 0104), C Corporation Income Tax Booklet (DR 0112), Fiduciary (Estates and Trusts) Income Tax Booklet (DR 0105), and Partnership and S Corporation Income Tax Booklet (DR 0106)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Rural jump-start zone new hire credit

A nonrefundable income tax credit is allowed to a new hire employed by a new business that is located in a rural jump-start zone and has received approval from the Economic Development Commission (EDC). Both the new business and the rural jump-start zone must satisfy a variety of requirements established by law and in guidelines prescribed by the EDC. Among other things, the rural jump-start zone must be in an economically distressed county that meets certain requirements and the new business must start in the zone or move into the zone from outside of Colorado. With the annual approval of the EDC, the credit is equal to 100% of the new hire's wages paid by the new business for work performed in the rural jump-start zone and is allowed for four consecutive tax years, unless an extension for additional tax years is granted by the EDC.

Citation: §39-30.5-105(2), C.R.S.

Enacted: 2015

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	Not Itemized - See Rural Jump-Start Zone Credits *	Not Itemized - See Rural Jump-Start Zone Credits *	Not Itemized - See Rural Jump-Start Zone Credits *	Not Itemized - See Rural Jump-Start Zone Credits *

Source: Individual Income Tax Booklet (DR 0104)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

School-to-career investment credit

A nonrefundable income tax credit was allowed for tax years commencing prior to January 1, 2025, to a taxpayer who made a qualified investment in a qualified school-to-career program. The program had to integrate school curriculum with job training, encourage placement of students in jobs or internships that would teach them new skills and improve their school performance, and be approved by an appropriate authority under the statute. The credit was equal to 10% of the moneys directly expended for wages, workers' compensation insurance, unemployment insurance, and training expenses to employ a student to work or to allow a student to participate in an internship through the program.

Citation: §39-22-520, C.R.S.

Enacted: 1997

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	\$26,000	\$42,000	\$21,074	\$0
C Corporation	\$0	\$0	\$0	Data Not Releasable
Fiduciary	Not Itemized - See Other Credits *	Not Itemized - See Other Credits *	Not Itemized - See Other Credits *	Not Itemized - See Other Credits *
Nonresident Composite Returns	Not Itemized - See Other Credits *	\$0	\$0	\$0

Source: Individual Income Tax Booklet (DR 0104), C Corporation Income Tax Booklet (DR 0112), Fiduciary (Estates and Trusts) Income Tax Booklet (DR 0105), and Partnership and S Corporation Income Tax Booklet (DR 0106)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Senior housing income tax credit

A refundable income tax credit was allowed for tax years 2022 and 2024 to qualifying seniors who meet age and income requirements and who did not claim a property tax exemption under section 39-3-203, C.R.S., for the tax year. Taxpayers must be full-year or part-year residents age 65 or older at the end of the tax year to qualify for the credit.

Citation: §39-22-544, C.R.S.

Enacted: 2022

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual ¹	Not Effective This Year	Not Effective This Year	Not Effective This Year	\$73,938,496

Source: Individual Income Tax Booklet (DR 0104) and Property Tax/Rent/Heat Rebate Application (DR 0104PTC)

¹ This credit can be claimed by individuals through the individual income tax return or the property tax/rent/heat rebate application. Both data sources were used to determine the revenue impact of the credit.

Strategic capital tax credit

With the approval of the Economic Development Commission (EDC), a business that makes a strategic capital investment is afforded special treatment for the following credits that the business is allowed: the Colorado job growth incentive credit, the enterprise zone investment tax credit, any enterprise zone new employee credits, and the enterprise zone research and experimental activities credit. This special treatment is allowed only if the EDC finds that the strategic capital investment, totaling not less than \$100,000,000, will be significant to the state and is expected to be productive over many years. A business that has received EDC approval may elect to use the credits to offset tax, carry forward the credits for no more than five years, or transfer the credits during the carryforward period to one or more transferees for the transferees to claim against their income tax liabilities.

Citation: §24-46-104.3, C.R.S.

Enacted: 2017

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	Not Effective This Year	Not Effective This Year	\$0	Data Not Releasable
C Corporation	Not Effective This Year	Not Effective This Year	\$0	\$0
Fiduciary	Not Effective This Year	Not Effective This Year	\$0	\$0
Nonresident Composite Returns	Not Effective This Year	Not Effective This Year	\$0	\$0

Source: Individual Income Tax Booklet (DR 0104), C Corporation Income Tax Booklet (DR 0112), Fiduciary (Estates and Trusts) Income Tax Booklet (DR 0105), and Partnership and S Corporation Income Tax Booklet (DR 0106)

Deductions

Total Revenue Impact: Deductions

Income Tax Type	2016 ¹	2018	2020	2022
Individual	\$582,921,000	\$639,749,000	\$675,503,287	\$702,254,729
C Corporation	\$283,697,000	\$326,408,000	\$287,385,317	\$465,145,244
Fiduciary	\$0	\$11,753,000	\$6,907,512	\$7,823,963
Nonresident Composite Returns	\$7,761,000	\$31,007,000	\$20,095,971	\$14,285,619
Total ¹	\$874,379,000	\$1,008,917,000	\$989,892,087	\$1,189,509,556

Source: Individual Income Tax Booklet (DR 0104), C Corporation Income Tax Booklet (DR 0112), Fiduciary (Estates and Trusts) Income Tax Booklet (DR 0105), and Partnership and S Corporation Income Tax Booklet (DR 0106)

¹ The total Fiduciary deductions are understated in 2016 because not all data are retrievable.

Agricultural asset lease subtraction

An income tax subtraction was allowed for tax years commencing on or after January 1, 2017, but before January 1, 2020, to a qualified taxpayer who entered into a qualified lease with an eligible beginning farmer or rancher. The qualified lease must have been approved by the Colorado Agricultural Development Authority for one of the following agricultural assets for a duration of at least three years: land, crops, livestock and livestock facilities, farm equipment and machinery, grain storage, or irrigation equipment. The subtraction was allowed for 20% of the lease payments received, but could not exceed \$25,000.

Citation: §39-22-104(4)(v), C.R.S.
§39-22-304(3)(o), C.R.S.

Enacted: 2016

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	Not Effective This Year	\$0	Expired	Expired
C Corporation	Not Effective This Year	\$0	Expired	Expired
Fiduciary	Not Effective This Year	\$0	Expired	Expired
Nonresident Composite Returns	Not Effective This Year	\$0	Expired	Expired

Source: Individual Income Tax Booklet (DR 0104), C Corporation Income Tax Booklet (DR 0112), Fiduciary (Estates and Trusts) Income Tax Booklet (DR 0105), and Partnership and S Corporation Income Tax Booklet (DR 0106)

Catastrophic health insurance subtraction

An income tax subtraction was allowed for tax years commencing prior to January 1, 2025, to an individual for amounts withheld from their wages to pay for catastrophic health insurance pursuant to and within the limitations prescribed by section 10-16-116, C.R.S., to the extent that such amounts were included in the individual's federal taxable income.

Citation: §39-22-104.5, C.R.S.

Enacted: 1994

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *

Source: Individual Income Tax Booklet (DR 0104)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Colorado capital gain subtraction

An income tax subtraction is allowed to a qualified taxpayer for qualifying capital gains included in their federal taxable income. Qualifying capital gains must meet certain requirements, including requirements relating to the acquisition date for the property and possibly the location of the property either within or outside of Colorado. For tax years commencing on or after January 1, 2022, the subtraction is allowed only to qualified taxpayers that are required to file a Schedule F, "Profit or Loss from Farming", or successor form, as an attachment to their federal income tax return for the tax year in which the net capital gains arise.

Citation: §39-22-518, C.R.S.

Enacted: 1994

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	\$16,168,000	\$17,968,000	\$14,046,420	\$1,449,939
C Corporation	\$66,000	\$70,000	\$28,008	Not Itemized - See Other Subtractions *
Fiduciary	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *
Nonresident Composite Returns	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *

Source: Individual Income Tax Booklet (DR 0104), C Corporation Income Tax Booklet (DR 0112), Fiduciary (Estates and Trusts) Income Tax Booklet (DR 0105), and Partnership and S Corporation Income Tax Booklet (DR 0106)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Colorado corporate net operating loss deduction [†]

A Colorado net operating loss deduction is allowed to a C corporation for any Colorado net operating loss carried forward from a prior year. A Colorado net operating loss is the portion of a federal net operating loss that is allocated to Colorado in the tax year that the loss is sustained. The net operating loss deduction is subject to applicable limitations under both state and federal law.

Citation: §39-22-304(3)(g), C.R.S.
§39-22-504(1), (3), C.R.S.

Enacted: 1964

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
C Corporation	\$180,111,000	\$196,741,000	\$149,281,980	\$264,055,569

Source: C Corporation Income Tax Booklet (DR 0112)

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

Colorado marijuana business subtraction

An income tax subtraction is allowed to a taxpayer licensed under the Colorado Marijuana Code in an amount equal to any expenditure that is eligible to be claimed as a federal income tax deduction, but is disallowed by section 280E of the Internal Revenue Code because marijuana is a controlled substance under federal law.

Citation: §39-22-104(4)(r), (4)(s), C.R.S.
§39-22-304(3)(m), (3)(n), C.R.S.

Enacted: 2013

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	\$5,095,000	\$5,450,000	\$4,479,696	\$2,893,207
C Corporation	\$709,000	\$5,087,000	\$9,463,297	\$14,803,068
Fiduciary	\$0	\$8,000	\$0	\$198
Nonresident Composite Returns	\$0	Data Not Releasable	Data Not Releasable	Data Not Releasable

Source: Individual Income Tax Booklet (DR 0104), C Corporation Income Tax Booklet (DR 0112), Fiduciary (Estates and Trusts) Income Tax Booklet (DR 0105), and Partnership and S Corporation Income Tax Booklet (DR 0106)

Corporate subtraction relating to section 39-22-303(8)(b)(II), C.R.S. [†]

An income tax subtraction is allowed to a C corporation filing a combined return including a controlled foreign corporation that is a C corporation incorporated in a foreign jurisdiction for the purpose of tax avoidance pursuant to section 39-22-303(8)(b)(II), C.R.S. The subtraction is allowed for any amount included in federal taxable income pursuant to section 951(a) of the Internal Revenue Code with respect to the controlled foreign corporation. The subtraction is also allowed for the amount of any global intangible low-taxed income included in federal taxable income pursuant to section 951A(a) of the Internal Revenue Code with respect to the controlled foreign corporation, less any amount deducted under section 250 (a)(1)(B) of the Internal Revenue Code with respect to such global intangible low-taxed income.

Citation: §39-22-304(3)(q), C.R.S.

Enacted: 2021

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
C Corporation	Not Effective This Year	Not Effective This Year	Not Effective This Year	Not Itemized - See Other Subtractions *

Source: C Corporation Income Tax Booklet (DR 0112)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

Employer matching contributions to an adult learner's individual trust account or savings account subtraction

An income tax subtraction is allowed to an individual for any amount received as an employer matching contribution to the individual's adult learner's individual trust account or savings account with CollegenInvest, to the extent such amount is included in the individual's federal taxable income.

Citation: §39-22-104(4)(o), C.R.S.

Enacted: 2010

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *

Source: Individual Income Tax Booklet (DR 0104)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Excess oil shale depletion subtraction

An income tax subtraction was allowed prior to January 1, 2024, to a C corporation that was allowed a federal income tax deduction for oil depletion pursuant to section 611 of the Internal Revenue Code. The subtraction was allowed in an amount equal to the difference between the depletion allowance permitted under the Internal Revenue Code for oil shale and an amount which would be permitted as the depletion allowance for oil shale if the percentage depletion rate were 27.5% and the crushing, retorting, condensing, and other processes by which oil, gas, or both oil and gas are removed from oil shale, were deemed to be treatment processes considered as mining.

Citation: §39-22-304(3)(h), C.R.S.

Enacted: 1964

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
C Corporation	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *
Nonresident Composite Returns	Not Previously Published	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *

Source: C Corporation Income Tax Booklet (DR 0112) and Partnership and S Corporation Income Tax Booklet (DR 0106)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Exonerated persons subtraction

An income tax subtraction is allowed to an individual who is an exonerated person for any amount received as compensation pursuant to section 13-65-103, C.R.S., to the extent such compensation is included in the individual's federal taxable income. No subtraction is allowed for any portions of the judgment awarded as attorney's fees.

Citation: §39-22-104(4)(q), C.R.S.

Enacted: 2013

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *

Source: Individual Income Tax Booklet (DR 0104)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

First-time home buyer savings account interest subtraction

An income tax subtraction was allowed for tax years commencing prior to January 1, 2025, to an individual for any interest and other income earned on money invested in a qualifying first-time home buyer savings account, to the extent such income was included in the individual's federal taxable income. The account had to comply with the requirements of Article 47 of Title 39, C.R.S.

Citation: §39-22-104(4)(w), C.R.S.

Enacted: 2016

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	Not Effective This Year	\$2,000	\$83	\$249

Source: Individual Income Tax Booklet (DR 0104)

Foreign source income exclusion

In the apportionment and allocation of a C corporation's income, a portion of the C corporation's foreign source income is excluded, depending on whether the C corporation claimed a federal deduction or a federal tax credit for foreign taxes paid or accrued.

Citation: §39-22-303(10), C.R.S.

Enacted: 1985

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
C Corporation	\$47,590,000	\$81,696,000	\$71,515,389	\$110,814,509

Source: C Corporation Income Tax Booklet (DR 0112)

Foreign source income of export taxpayers subtraction

An income tax subtraction is allowed to a partner in a partnership that qualifies as an export taxpayer. For the purposes of the subtraction, a partnership qualifies as an “export taxpayer” if 50% or more of the products it produces in Colorado are sold outside of Colorado. If the gross receipts of the partnership are derived from the performance of services, 50% or more of the gross receipts for services performed in Colorado by a partner or employee of the partnership must be sold or provided to persons outside of Colorado. The subtraction is allowed for the partner’s distributive share of the partnership income or gain which constitutes foreign source income for federal income tax purposes.

Citation: §39-22-206, C.R.S.

Enacted: 1993

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *
Fiduciary	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *
Nonresident Composite Returns	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *

Source: Individual Income Tax Booklet (DR 0104), Fiduciary (Estates and Trusts) Income Tax Booklet (DR 0105), and Partnership and S Corporation Income Tax Booklet (DR 0106)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Gain from a qualified sale under threat of condemnation subtraction

An income tax subtraction was allowed prior to January 1, 2023, to a C corporation for any gain from a qualified sale of real or personal property that satisfied several requirements and was included in a C corporation's federal taxable income. The sale had to be made in good faith between a buyer and a seller who were not related in any manner described in section 267(b) of the Internal Revenue Code. Additionally, the buyer had to have initiated the transaction to purchase the property and had or could have obtained the power to condemn such property. Finally, the seller could not have qualified under section 1033 of the Internal Revenue Code for deferral of the gain.

Citation: §39-22-304(3)(d), C.R.S.

Enacted: 1977

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
C Corporation	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *
Nonresident Composite Returns	Not Previously Published	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *

Source: C Corporation Income Tax Booklet (DR 0112) and Partnership and S Corporation Income Tax Booklet (DR 0106)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

HB 21-1002 subtraction [†]

An income tax subtraction was allowed for the taxpayer's income tax year beginning on or after January 1, 2021, but before January 1, 2022, to a taxpayer that made certain required additions relating to the federal CARES Act on an income tax return for a prior tax year. The amount of the subtraction that a taxpayer could claim was limited, but any excess amount of the subtraction could be carried forward and claimed in subsequent tax years, subject to applicable limitations.

Citation: §39-22-104(4)(z), C.R.S.
§39-22-304(3)(p), C.R.S.

Enacted: 2021

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	Not Effective This Year	Not Effective This Year	Not Effective This Year	\$527,921
C Corporation	Not Effective This Year	Not Effective This Year	Not Effective This Year	\$559,721
Fiduciary	Not Effective This Year	Not Effective This Year	Not Effective This Year	Not Itemized - See Other Subtractions *

Source: Individual Income Tax Booklet (DR 0104), C Corporation Income Tax Booklet (DR 0112), and Fiduciary (Estates and Trusts) Income Tax Booklet (DR 0105)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

Income from the disposition of assets that have a higher Colorado basis than federal basis subtraction [†]

An income tax subtraction is allowed to a taxpayer whose federal taxable income includes any gain or loss attributable to property that has a higher adjusted basis for Colorado income tax purposes than for federal income tax purposes on the date of the sale or disposition. The subtraction is allowed for the difference in adjusted basis. The subtraction generally applies only to property acquired by the taxpayer prior to 1965.

Citation: §39-22-104(4)(b), C.R.S.
§39-22-304(3)(c), C.R.S.

Enacted: 1964

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *
C Corporation	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *
Fiduciary	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *
Nonresident Composite Returns	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *

Source: Individual Income Tax Booklet (DR 0104), C Corporation Income Tax Booklet (DR 0112), Fiduciary (Estates and Trusts) Income Tax Booklet (DR 0105), and Partnership and S Corporation Income Tax Booklet (DR 0106)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

Medical savings account employer contribution subtraction

An income tax subtraction was allowed for tax years commencing prior to January 1, 2025, for any contribution an employer made to an employee's medical savings account (MSA) during the tax year, unless the employer had claimed a deduction for the contribution on its federal income tax return. If the employer claimed a deduction for the contribution on its federal income tax return, no subtraction could be claimed on the Colorado return. The contribution had to meet the requirements of sections 39-22-504.6 and 39-22-504.7, C.R.S., to qualify for the subtraction.

Citation: §39-22-104(4)(h), C.R.S.
§39-22-304(3)(k), C.R.S.
§39-22-504.7(2)(e), C.R.S.

Enacted: 1994

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *
C Corporation	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *
Fiduciary	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *
Nonresident Composite Returns	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *

Source: Individual Income Tax Booklet (DR 0104), C Corporation Income Tax Booklet (DR 0112), Fiduciary (Estates and Trusts) Income Tax Booklet (DR 0105), and Partnership and S Corporation Income Tax Booklet (DR 0106)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Medical savings account subtraction

An income tax subtraction was allowed for tax years commencing prior to January 1, 2025, to any individual for amounts withheld from their wages that were contributed to their medical savings account, to the extent that the contributions were not deducted on the individual's federal income tax return. The contribution had to meet the requirements of sections 39-22-504.6 and 39-22-504.7, C.R.S., to qualify for the subtraction.

Citation: §39-22-104.6, C.R.S.

Enacted: 1994

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *

Source: Individual Income Tax Booklet (DR 0104)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Military family relief fund grants subtraction

An income tax subtraction is allowed to an individual for any amount they receive as a grant from the Military Family Relief Fund, to the extent that the amount is included in their federal taxable income.

Citation: §39-22-104(4)(p), C.R.S.

Enacted: 2013

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *

Source: Individual Income Tax Booklet (DR 0104)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Military retirement benefit subtraction

An income tax subtraction is allowed to retired military servicemembers under 55 years of age at the end of the tax year for military retirement benefits included in their federal taxable income. The allowable subtraction is limited to \$15,000 and was subject to lower limits for tax years 2021 and prior. The military retirement benefits of retired military servicemembers age 55 or older are generally eligible for the pension and annuity subtraction, which appears separately in this report.

Citation: §39-22-104(4)(y), C.R.S.

Enacted: 2020

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	Not Effective This Year	Not Effective This Year	\$2,240,682	\$4,051,808

Source: Individual Income Tax Booklet (DR 0104)

Nonresident disaster relief worker subtraction

An income tax subtraction was allowed for tax years commencing prior to January 1, 2025, to any nonresident individual for compensation received for performing disaster-related work in Colorado during a disaster period, to the extent such compensation was included in their federal taxable income. Wages that qualify for this subtraction were exempt from wage withholding and a nonresident individual who qualified for this subtraction generally were not required to file a Colorado return, unless they had other Colorado source income.

Citation: §39-22-104(4)(t), C.R.S.

Enacted: 2014

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	\$0	\$2,000	\$16,464	\$53,497

Source: Individual Income Tax Booklet (DR 0104)

Olympic medal income earnings subtraction

An income tax subtraction is allowed to an individual who wins a medal while competing for the United States of America in either the Olympic Games or the Paralympic Games, so long as the individual's adjusted gross income for the tax year does not exceed \$1 million (\$500,000 if married filing separately). The subtraction is allowed for the value of any medal won while competing for the U.S. at either the Olympic Games or the Paralympic Games, regardless of whether or not the medal's monetary value is included in federal taxable income, and any monetary award given for winning the medal by the U.S. Olympic Committee or any sport-specific national governing body or Paralympic sport organization that is included in the individual's federal taxable income. The subtraction is not allowed for prize money awarded by the U.S. Olympic Committee to medal winners that is excluded from federal taxable income on the winner's federal income tax return or for any endorsement income or nonmonetary benefits.

Citation: §39-22-104(4)(x), C.R.S.

Enacted: 2017

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	Not Effective This Year	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *

Source: Individual Income Tax Booklet (DR 0104)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Pension and annuity subtraction

An income tax subtraction is allowed to individuals age 55 or older for pension and annuity income included in their federal taxable income. The subtraction is also allowed to individuals under age 55 whose federal taxable income includes pension and annuity income they received because of the death of the person originally entitled to receive the pension or annuity. The subtraction is generally limited to \$24,000 for individuals age 65 or older and limited to \$20,000 for all other individuals. These limits do not apply to the subtraction of Social Security benefits received by individuals age 65 or older during tax years 2022 and later. The limits also do not apply to the subtraction of Social Security benefits received during tax years 2025 and later by individuals age 55 to 64 whose adjusted gross income is \$75,000 or less if filing single or \$95,000 or less if filing jointly.

Citation: §39-22-104(4)(f), C.R.S.

Enacted: 1982

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	\$451,125,000	\$506,268,000	\$522,942,620	\$589,395,098

Source: Individual Income Tax Booklet (DR 0104)

Previously taxed income or gain subtraction [†]

An income tax subtraction is allowed to a taxpayer to prevent the taxation of any annuity or other amount of income or gain that was properly included in income or gain and taxed in a prior year. Individuals may claim the subtraction for contributions made to the Public Employees' Retirement Association (PERA) between July 1, 1984, and December 31, 1986, or to the Denver Public Schools Retirement System (DPSRS) in 1986 to the extent that retirement benefits from PERA or DPSRS are included in the individual's federal taxable income and the individual did not claim a subtraction for these contributions in any prior tax year. C corporations may claim the subtraction with respect to any income or gain included in their federal taxable that was previously taxed by Colorado prior to 1965 to the corporation, a decedent, an estate, or trust, from which the corporation received the income or gain.

Citation: §39-22-104(4)(c), C.R.S.
§39-22-304(3)(e), C.R.S.

Enacted: 1964
1987

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual ¹	\$1,008,000	\$865,000	\$595,814	\$846,438
C Corporation	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *
Fiduciary	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *

Source: Individual Income Tax Booklet (DR 0104), C Corporation Income Tax Booklet (DR 0112), and Fiduciary (Estates and Trusts) Income Tax Booklet (DR 0105)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

¹ The values shown here for individuals are data reported on the itemized line for the "PERA/DPSRS Subtraction" on the Individual Income Tax Booklet (DR 0104), which only allows for PERA contributions made in 1984-1986 or Denver Public Schools District No. 1 Retirement contributions made in 1986. Any other types of previously taxed income allowed to be deducted by individuals under this provision [section 39-22-104(4)(c), C.R.S.] can be claimed on the "Other Subtractions" line of the DR 0104 form. Although the Department cannot efficiently disaggregate the previously taxed income from other income allowed to be deducted on the "Other Subtractions" line of the form, this is rare and likely minimal.

Qualifying charitable contribution subtraction

An income tax subtraction is allowed to individuals who claim the standard deduction, rather than itemized deductions on their federal income tax returns, and who make charitable contributions totaling more than \$500 during the tax year. The subtraction is allowed only for the aggregate amount of charitable contributions in excess of \$500. Charitable contributions must qualify for deduction under federal law to be eligible for subtraction.

Citation: §39-22-104(4)(m), C.R.S.

Enacted: 2000

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	\$12,320,000	\$40,984,000	\$39,540,305	\$40,934,551

Source: Individual Income Tax Booklet (DR 0104)

Reacquisition of Colorado residency during active duty military service subtraction

An income tax subtraction is allowed to an individual in active duty military service whose home of record is Colorado, whose state of legal residence on or after January 1, 2016, is a state other than Colorado, and who reacquired legal residence in Colorado pursuant to section 39-22-110.5, C.R.S. The subtraction is allowed for any compensation received for active duty service in the armed forces of the United States, to the extent that the compensation is included in the individual's federal taxable income.

Citation: §39-22-104(4)(u), C.R.S.

§39-22-110.5, C.R.S.

Enacted: 2015

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	\$1,466,000	\$169,000	\$173,792	\$157,068

Source: Individual Income Tax Booklet (DR 0104)

Ridesharing or mass transit expenses deduction

An income tax deduction was allowed to a C corporation for any contribution it made during the tax year to free or partially subsidized ridesharing arrangements for employees, unless such contributions were deducted in the calculation of the C corporation's federal taxable income. Qualifying contributions included, but were not limited to, providing vehicles for such arrangements, cash incentives (not to exceed the value of such transportation) for participation in ridesharing arrangements, and the payment of all or part of the administrative cost incurred in organizing, establishing, or administering a ridesharing program. House Bill 22-1026 eliminated the deduction and replaced it with an employer alternative transportation options credit, effective for tax years commencing on or after January 1, 2023.

Citation: §39-22-509, C.R.S.

Enacted: 1979

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
C Corporation	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *

Source: C Corporation Income Tax Booklet (DR 0112)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Section 78 gross-up subtraction [†]

An income tax subtraction is allowed to a C corporation for any amount treated as a section 78 dividend under section 78 of the Internal Revenue Code that is included in a C corporation's federal taxable income. Section 78 requires any C corporation that claims a federal foreign tax credit for taxes deemed paid on its behalf pursuant to section 960 to include in its federal taxable income as a dividend an amount equal to such taxes deemed to be paid.

Citation: §39-22-304(3)(j), C.R.S.

Enacted: 1977

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
C Corporation	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *

Source: C Corporation Income Tax Booklet (DR 0112)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

State-employed chaplains subtraction

An income tax subtraction was allowed to state-employed chaplains for money or credit they received as compensation for certain expenses, to the extent such compensation was included in their federal taxable income. The subtraction was allowed for mileage, traveling allowances, \$4,200 for housing allowance, and other actual and necessary expenses incurred in the performance of their work.

Citation: §39-22-510, C.R.S.

Enacted: 1979

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	Not Previously Published	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Expired

Source: Individual Income Tax Booklet (DR 0104)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

State income tax refund subtraction [†]

An income tax subtraction is allowed to an individual, estate, or trust for the amount of any state income tax refunds, credits, or offsets included in their federal taxable income. An individual is generally required to report a state income tax refund on their federal return only if they claimed itemized deduction for the tax year in which the state income tax was paid. A subtraction is allowed to C corporations for the amount of any refund or credit for the overpayment of Colorado income taxes that is included in its federal taxable income. The subtraction is not allowed for refunds of Colorado severance taxes or income taxes imposed on a C corporation by any other state.

Citation: §39-22-104(4)(e), C.R.S.
§39-22-304(3)(f), C.R.S.

Enacted: 1964

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	\$24,839,000	\$28,153,000	\$4,700,981	\$4,448,558
C Corporation	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *
Fiduciary	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *

Source: Individual Income Tax Booklet (DR 0104), C Corporation Income Tax Booklet (DR 0112), and Fiduciary (Estates and Trusts) Income Tax Booklet (DR 0105)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

Tuition program contribution subtraction

An income tax subtraction is allowed to an individual, estate, or trust for an amount equal to all payments or contributions they made during the tax year to a college savings plan with CollegenInvest pursuant to section 529 of the Internal Revenue Code. Beginning with tax year 2022, limitations apply to the amount that may be subtracted for contributions made with respect to each beneficiary.

Citation: §39-22-104(4)(i), C.R.S.

Enacted: 1997

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	\$60,397,000	\$25,671,000	\$26,536,838	\$26,357,216
Fiduciary	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *
Nonresident Composite Returns	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *

Source: Individual Income Tax Booklet (DR 0104), Fiduciary (Estates and Trusts) Income Tax Booklet (DR 0105), and Partnership and S Corporation Income Tax Booklet (DR 0106)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

United States government interest subtraction [†]

An income tax subtraction is allowed to taxpayers for certain types of income from U.S. government obligations to the extent such income is included in their federal taxable income. The subtraction applies to interest income on obligations of the United States and its possessions, as well as any other income from stocks or obligations of the United States government. No subtraction is allowed for any obligation or payment from the U.S. government for services rendered or for income from instruments issued by private financial institutions and guaranteed by the U.S. government.

Citation: §39-22-104(4)(a), C.R.S.
§39-22-304(3)(a), (3)(b), C.R.S.

Enacted: 1964

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	\$5,785,000	\$9,777,000	\$32,731,923	\$14,537,180
C Corporation	\$6,184,000	\$11,196,000	\$12,711,287	\$22,299,735
Fiduciary	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *
Nonresident Composite Returns	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *

Source: Individual Income Tax Booklet (DR 0104), C Corporation Income Tax Booklet (DR 0112), Fiduciary (Estates and Trusts) Income Tax Booklet (DR 0105), and Partnership and S Corporation Income Tax Booklet (DR 0106)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

Wages and salaries not deducted on federal return due to IRC section 280C subtraction [†]

An income tax subtraction is allowed to corporations for any portion of wages or salaries paid or incurred by the corporation for the tax year, but which are not deductible in the calculation of federal taxable income due to section 280C of the Internal Revenue Code. Section 280C disallows or reduces the deduction for wages or salaries for which a corporation claims certain federal credits, such as the Indian employment credit; the credit for employer differential wages payments; the employer credit for paid family and medical leave; the work opportunity credit; the empowerment zone employment credit; the orphan drug credit; the mine rescue team training credit; and the credit for increasing research activities. No subtraction is allowed for any federal deduction disallowed because a corporation claimed a credit for employer social security and Medicare taxes paid on certain employee tips.

Citation: §39-22-304(3)(i), C.R.S.

Enacted: 1979

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
C Corporation	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *
Nonresident Composite Returns	Not Previously Published	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *	Not Itemized - See Other Subtractions *

Source: C Corporation Income Tax Booklet (DR 0112) and Partnership and S Corporation Income Tax Booklet (DR 0106)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

Wildfire mitigation measures subtraction

An income tax subtraction was allowed for tax years commencing prior to January 1, 2025, for individuals, estates, and trusts for costs they incurred during the tax year in performing wildfire mitigation measures on property they own within Colorado. The subtraction was allowed for either 50% or 100% of the costs incurred for wildfire mitigation measures, depending on the tax year, and was limited to \$2,500.

Citation: §39-22-104(4)(n.5), C.R.S.

Enacted: 2008

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
Individual	\$64,000	\$105,000	\$102,717	\$137,579

Source: Individual Income Tax Booklet (DR 0104)

Exemptions

Total Revenue Impact: Exemptions

Income Tax Type	2016	2018	2020	2022
C Corporation	Data Not Collected	Data Not Collected	Data Not Collected	Data Not Collected
Total	Data Not Collected	Data Not Collected	Data Not Collected	Data Not Collected

Source: Not available - this data is not recorded on any form

Insurance companies subject to a gross premiums levy exemption [†]

An income tax exemption is allowed to an insurance company that is subject to the gross premiums tax administered by the Colorado Division of Insurance. The exemption is not allowed to any company licensed as a captive insurance company with gross receipts for the taxable year that consist 50% or less of premiums from arrangements that constitute insurance for federal income tax purposes.

Citation: §39-22-112(1), C.R.S.

Enacted: 1937

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
C Corporation	Data Not Collected	Data Not Collected	Data Not Collected	Data Not Collected

Source: Not available - this data is not recorded on any form

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

Tax-exempt organizations

An income tax exemption is allowed to an organization that is exempt from federal income taxation under the provisions of the Internal Revenue Code. However, if the tax-exempt organization has any unrelated business taxable income, under the provisions of the Internal Revenue Code, the exemption does not apply to that unrelated business income.

Citation: §39-22-112(1), C.R.S.

Enacted: 1937

Tax Expenditure Revenue Impact

Income Tax Type	2016	2018	2020	2022
C Corporation	Data Not Collected	Data Not Collected	Data Not Collected	Data Not Collected

Source: Not available - this data is not recorded on any form

Upcoming Expenditures

ABLE account contribution subtraction

Citation: §39-22-104(4)(i)

Enacted: 2022

Affordable housing in transit-oriented communities credit

Citation: §39-22-5503

Enacted: 2024

Agricultural stewardship credit

Citation: §39-22-561

Enacted: 2024

Aircraft modification for unleaded fuel credit

Citation: §39-22-560

Enacted: 2024

Alternative transportation options credit

Citation: §39-22-509

Enacted: 2023

Apprenticeship credit

Citation: §39-22-562

Enacted: 2024

Clean hydrogen credit

Citation: §39-22-557

Enacted: 2023

Colorado homeless contribution tax credit

Citation: §39-22-548

Enacted: 2022

Community revitalization credit

Citation: §39-22-569

Enacted: 2024

Disability assistance credit

Citation: §39-31-104.5

Enacted: 2024

Electric bicycle credit

Citation: §39-22-555

Enacted: 2023

Electric-powered lawn equipment credit

Citation: §39-22-550

Enacted: 2023

Employer contribution for employee home purchase credit

Citation: §39-22-558

Enacted: 2023

Employer contribution for employee home purchase subtraction

Citation: §39-22-104(4)(bb)

Enacted: 2023

Family affordability credit

Citation: §39-22-130

Enacted: 2024

Food accessibility credit

Citation: §39-22-549

Enacted: 2023

Freight rail use credit

Citation: §39-22-563

Enacted: 2024

Film incentive credit

Citation: §39-22-559

Enacted: 2023

Geothermal energy expenditure credit

Citation: §39-22-552

Enacted: 2023

Geothermal energy production credit

Citation: §39-22-553

Enacted: 2023

Heat pump credit

Citation: §39-22-545

Enacted: 2022

Heat pump and thermal energy network credit

Citation: §39-22-554

Enacted: 2023

Industrial clean energy credit

Citation: §39-22-551

Enacted: 2023

Middle-income housing credit

Citation: §39-22-5403

Enacted: 2024

New employee-owned business credit

Citation: §39-22-542.5

Enacted: 2024

New railroad operator credit

Citation: §39-22-564

Enacted: 2024

Qualified care worker credit

Citation: §39-22-566

Enacted: 2024

Qualifying student tuition and fee credit

Citation: §39-22-570

Enacted: 2024

Quantum facility investment credit

Citation: §39-22-567

Enacted: 2024

Quantum business loan loss reserve credit

Citation: §39-22-568

Enacted: 2024

Residential energy storage systems credit

Citation: §39-22-546

Enacted: 2022

Segal AmeriCorps Education Award subtraction

Citation: §39-22-104(4)(cc)

Enacted: 2024

Sustainable aviation fuel production credit

Citation: §39-22-556

Enacted: 2023

Wildfire mitigation measures credit

Citation: §39-22-543

Enacted: 2022

Workforce shortage credit

Citation: §39-22-565

Enacted: 2024

Summary of Revenue Impacts

Individual Income Tax Expenditures

Tax Expenditure Description	2022
Advanced industry investment credit	\$559,178
Affordable housing credit	Data Not Releasable
Aircraft manufacturer new employee credit	\$4,948
Business personal property credit	\$47,808
Certified Colorado disability funding committee license fee credit	\$0
Child care center investment credit	\$497,750
Child care contribution credit	\$29,821,809
Child Care Expenses Credits:	\$6,117,164
Child and dependent care expenses credit	Not Itemized - See Child Care Expenses Credits *
Low-income child care expenses credit	Not Itemized - See Child Care Expenses Credits *
Child tax credit	\$89,023,534
Colorado earned income tax credit	\$127,014,431
Colorado job growth incentive credit	\$676,084
Colorado minimum tax credit [†]	\$4,315,611
Colorado works program credit	\$18,275
Credit for conversion costs to an employee-owned business model	\$415,938
Credit for tax paid to another state [†]	\$370,805,281
Early childhood educator income tax credit	\$14,170,000
Employer child care facility investment credit	\$70,827
Employer contribution to employee 529 plan credit	\$374,888
Employer paid leave of absence for live organ donation credit	\$0
Enterprise zone agricultural processing new employee credit	\$16,889
Enterprise zone business facility new employee credit	\$1,411,025
Enterprise zone commercial vehicle investment tax credit	\$58,086
Enterprise zone contribution credit	\$9,817,533
Enterprise zone employee health insurance credit	\$136,378
Enterprise zone enhanced rural agricultural processing new employee credit	\$6,073
Enterprise zone enhanced rural new employee credit	\$327,975
Enterprise zone investment tax credit	\$10,051,896
Enterprise zone job training investment tax credit	\$700,927
Enterprise zone renewable energy investment tax credit - nonrefundable	\$15,934

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Individual Income Tax Expenditures (continued)

Tax Expenditure Description	2022
Enterprise zone renewable energy investment tax credit - refundable	\$47,179
Enterprise zone research and experimental activities credit	\$274,875
Enterprise zone vacant commercial building rehabilitation credit	\$258,236
Expanded Colorado earned income tax credit	\$3,822,758
Food contributed to hunger relief charitable organizations credit	Data Not Releasable
Gross conservation easement credit	\$17,916,853
Historic property preservation credit	\$73,188
Innovative Motor Vehicle Credits:	\$30,314,288
Innovative motor vehicle credit	Not Itemized - See Innovative Motor Vehicle Credits *
Innovative truck credit	Not Itemized - See Innovative Motor Vehicle Credits *
Long-term care insurance credit	\$1,780,938
Plastic recycling investment credit	\$2,050
Preservation of historic structures credit	\$1,909,380
Remediation of contaminated land credit	\$1,947,861
Retrofitting a residence to increase residence's visitability credit	\$32,265
Rural and frontier health care preceptor credit	\$84,000
Rural Jump-Start Zone Credits:	\$184,825
Rural jump-start zone new business credit	Not Itemized - See Rural Jump-Start Zone Credits *
Rural jump-start zone new hire credit	Not Itemized - See Rural Jump-Start Zone Credits *
School-to-career investment credit	\$0
Senior housing income tax credit	\$73,938,496
Strategic capital tax credit	Data Not Releasable
Total Credits ¹	\$799,072,539
Colorado capital gain subtraction	\$1,449,939
Colorado marijuana business subtraction	\$2,893,207
First-time home buyer savings account interest subtraction	\$249
HB 21-1002 subtraction [†]	\$527,921
Military retirement benefit subtraction	\$4,051,808
Nonresident disaster relief worker subtraction	\$53,497
Other Subtractions:	\$16,464,420
Catastrophic health insurance subtraction	Not Itemized - See Other Subtractions *
Employer matching contributions to an adult learner's individual trust account or savings account subtraction	Not Itemized - See Other Subtractions *
Exonerated persons subtraction	Not Itemized - See Other Subtractions *

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Individual Income Tax Expenditures (continued)

Tax Expenditure Description	2022
Foreign source income of export taxpayers subtraction	Not Itemized - See Other Subtractions *
Income from the disposition of assets that have a higher Colorado basis than federal basis subtraction [†]	Not Itemized - See Other Subtractions *
Medical savings account employer contribution subtraction	Not Itemized - See Other Subtractions *
Medical savings account subtraction	Not Itemized - See Other Subtractions *
Military family relief fund grants subtraction	Not Itemized - See Other Subtractions *
Olympic medal income earnings subtraction	Not Itemized - See Other Subtractions *
Pension and annuity subtraction	\$589,395,098
Previously taxed income or gain subtraction ^{†, 2}	\$846,438
Qualifying charitable contribution subtraction	\$40,934,551
Reacquisition of Colorado residency during active duty military service subtraction	\$157,068
State income tax refund subtraction [†]	\$4,448,558
Tuition program contribution subtraction	\$26,357,216
United States government interest subtraction [†]	\$14,537,180
Wildfire mitigation measures subtraction	\$137,579
Total Deductions	\$702,254,729
Total Expenditures ¹	\$1,501,327,268

Source: Individual Income Tax Booklet (DR 0104) and Property Tax/Rent/Heat Rebate Application (DR 0104PTC)

* For data that is not itemized, an aggregate total is provided in this table if available.

[†] These expenditures are considered structural tax expenditures. See the Introduction for a definition.

¹ "Data Not Releasable" values are included in the total.

² The values shown here for individuals are data reported on the itemized line for the "PERA/DPSRS Subtraction" on the Individual Income Tax Booklet (DR 0104), which only allows for PERA contributions made in 1984-1986 or Denver Public Schools District No. 1 Retirement contributions made in 1986. Any other types of previously taxed income allowed to be deducted by individuals under this provision [section 39-22-104(4)(c), C.R.S.] can be claimed on the "Other Subtractions" line of the DR 0104 form. Although the Department cannot efficiently disaggregate the previously taxed income from other income allowed to be deducted on the "Other Subtractions" line of the form, this is rare and likely minimal.

C Corporation Income Tax Expenditures

Tax Expenditure Description	2022
Affordable housing credit	\$14,250,742
Aircraft manufacturer new employee credit	\$0
Business personal property credit	\$93,098
Certified Colorado disability funding committee license fee credit	\$0
Child care center investment credit	\$0
Child care contribution credit	\$536,915
Colorado job growth incentive credit	\$8,707,127
Colorado works program credit	\$0
Credit for conversion costs to an employee-owned business model	\$0
Crop and livestock contribution credit	Data Not Releasable
Employer child care facility investment credit	\$0
Employer contribution to employee 529 plan credit	\$11,594
Employer paid leave of absence for live organ donation credit	\$0
Enterprise zone agricultural processing new employee credit	Data Not Releasable
Enterprise zone business facility new employee credit	\$4,046,470
Enterprise zone commercial vehicle investment tax credit	Data Not Releasable
Enterprise zone contribution credit	\$293,433
Enterprise zone employee health insurance credit	\$3,915,589
Enterprise zone enhanced rural agricultural processing new employee credit	Data Not Releasable
Enterprise zone enhanced rural new employee credit	\$87,204
Enterprise zone investment tax credit	\$18,944,090
Enterprise zone job training investment tax credit	\$1,368,452
Enterprise zone renewable energy investment tax credit - nonrefundable	Data Not Releasable
Enterprise zone renewable energy investment tax credit - refundable	Data Not Releasable
Enterprise zone research and experimental activities credit	\$932,766
Enterprise zone vacant commercial building rehabilitation credit	\$0
Food contributed to hunger relief charitable organizations credit	\$0
Gross conservation easement credit	\$6,353,232
Historic property preservation credit	\$0
Innovative Motor Vehicle Credits:	\$3,112,500
Innovative motor vehicle credit	Not Itemized - See Innovative Motor Vehicle Credits *
Innovative truck credit	Not Itemized - See Innovative Motor Vehicle Credits *

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C Corporation Income Tax Expenditures (continued)

Tax Expenditure Description	2022
New investment tax credit	\$209,613
Old investment tax credit	\$80,129
Preservation of historic structures credit	\$1,560,925
Remediation of contaminated land credit	Data Not Releasable
Rural jump-start zone new business credit	Data Not Releasable
School-to-career investment credit	Data Not Releasable
Strategic capital tax credit	\$0
Total Credits ¹	\$65,683,859
Colorado corporate net operating loss deduction [†]	\$264,055,569
Colorado marijuana business subtraction	\$14,803,068
Foreign source income exclusion	\$110,814,509
HB 21-1002 subtraction [†]	\$559,721
Other Subtractions:	\$52,612,644
Colorado capital gain subtraction	Not Itemized - See Other Subtractions *
Corporate subtraction relating to section 39-22-303(8)(b)(II), C.R.S. [†]	Not Itemized - See Other Subtractions *
Excess oil shale depletion subtraction	Not Itemized - See Other Subtractions *
Gain from a qualified sale under threat of condemnation subtraction	Not Itemized - See Other Subtractions *
Income from the disposition of assets that have a higher Colorado basis than federal basis subtraction [†]	Not Itemized - See Other Subtractions *
Medical savings account employer contribution subtraction	Not Itemized - See Other Subtractions *
Previously taxed income or gain subtraction [†]	Not Itemized - See Other Subtractions *
Ridesharing or mass transit expenses deduction	Not Itemized - See Other Subtractions *
Section 78 gross-up subtraction [†]	Not Itemized - See Other Subtractions *
State income tax refund subtraction [†]	Not Itemized - See Other Subtractions *
Wages and salaries not deducted on federal return due to IRC section 280C subtraction [†]	Not Itemized - See Other Subtractions *
United States government interest subtraction [†]	\$22,299,735
Total Deductions	\$465,145,244
Insurance companies subject to a gross premiums levy exemption [†]	Data Not Collected
Tax-exempt organizations	Data Not Collected
Total Exemptions	Data Not Collected
Total Expenditures ^{1, 2}	\$530,829,103

Source: C Corporation Income Tax Booklet (DR 0112)

* For data that is not itemized, an aggregate total is provided in this table if available.

[†] These expenditures are considered structural tax expenditures. See the Introduction for a definition.

¹ "Data Not Releasable" values are included in the total.

² Totals are understated because not all data are collected.

Fiduciary Income Tax Expenditures

Tax Expenditure Description	2022
Business personal property credit	\$11,733
Colorado minimum tax credit [†]	\$9,535
Credit for conversion costs to an employee-owned business model	\$0
Credit for tax paid to another state [†]	\$9,118,948
Dual resident trust credit [†]	\$66,406
Employer contribution to employee 529 plan credit	\$0
Employer paid leave of absence for live organ donation credit	\$0
Enterprise zone agricultural processing new employee credit	Data Not Releasable
Enterprise zone business facility new employee credit	\$5,706
Enterprise zone commercial vehicle investment tax credit	\$0
Enterprise zone contribution credit	\$10,244
Enterprise zone employee health insurance credit	\$7,313
Enterprise zone enhanced rural agricultural processing new employee credit	\$0
Enterprise zone enhanced rural new employee credit	\$8,044
Enterprise zone investment tax credit	\$399,147
Enterprise zone job training investment tax credit	\$5,264
Enterprise zone renewable energy investment tax credit - nonrefundable	\$0
Enterprise zone renewable energy investment tax credit - refundable	\$0
Enterprise zone research and experimental activities credit	\$12,001
Enterprise zone vacant commercial building rehabilitation credit	\$0
Gross conservation easement credit	\$135,646
Innovative Motor Vehicle Credits:	\$0
Innovative motor vehicle credit	Not Itemized - See Innovative Motor Vehicle Credits *
Innovative truck credit	Not Itemized - See Innovative Motor Vehicle Credits *
Other Credits:	\$256,515
Advanced industry investment credit	Not Itemized - See Other Credits *
Affordable housing credit	Not Itemized - See Other Credits *
Aircraft manufacturer new employee credit	Not Itemized - See Other Credits *
Certified Colorado disability funding committee license fee credit	Not Itemized - See Other Credits *

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Fiduciary Income Tax Expenditures (continued)

Tax Expenditure Description	2022
Child care center investment credit	Not Itemized - See Other Credits *
Child care contribution credit	Not Itemized - See Other Credits *
Colorado job growth incentive credit	Not Itemized - See Other Credits *
Colorado works program credit	Not Itemized - See Other Credits *
Historic property preservation credit	Not Itemized - See Other Credits *
Rural jump-start zone new business credit	Not Itemized - See Other Credits *
School-to-career investment credit	Not Itemized - See Other Credits *
Preservation of historic structures credit	Data Not Releasable
Remediation of contaminated land credit	\$0
Strategic capital tax credit	\$0
Total Credits ¹	\$10,071,292
Colorado marijuana business subtraction	\$198
Other Subtractions:	\$7,823,765
Colorado capital gain subtraction	Not Itemized - See Other Subtractions *
Foreign source income of export taxpayers subtraction	Not Itemized - See Other Subtractions *
HB 21-1002 subtraction [†]	Not Itemized - See Other Subtractions *
Income from the disposition of assets that have a higher Colorado basis than federal basis subtraction [†]	Not Itemized - See Other Subtractions *
Medical savings account employer contribution subtraction	Not Itemized - See Other Subtractions *
Previously taxed income or gain subtraction [†]	Not Itemized - See Other Subtractions *
State income tax refund subtraction [†]	Not Itemized - See Other Subtractions *
Tuition program contribution subtraction	Not Itemized - See Other Subtractions *
United States government interest subtraction [†]	Not Itemized - See Other Subtractions *
Total Deductions	\$7,823,963
Total Expenditures ¹	\$17,895,255

Source: Fiduciary (Estates and Trusts) Income Tax Booklet (DR 0105)

* For data that is not itemized, an aggregate total is provided in this table if available.

[†] These expenditures are considered structural tax expenditures. See the Introduction for a definition.

¹ "Data Not Releasable" values are included in the total.

Nonresident Composite Return Income Tax Expenditures

Tax Expenditure Description	2022
Advanced industry investment credit	\$0
Affordable housing credit	\$0
Aircraft manufacturer new employee credit	\$0
Business personal property credit	\$6,405
Certified Colorado disability funding committee license fee credit	\$0
Child care center investment credit	\$0
Child care contribution credit	Data Not Releasable
Colorado job growth incentive credit	Data Not Releasable
Colorado works program credit	\$0
Credit for conversion costs to an employee-owned business model	\$0
Employer child care facility investment credit	\$0
Employer contribution to employee 529 plan credit	\$0
Employer paid leave of absence for live organ donation credit	\$0
Enterprise zone agricultural processing new employee credit	\$0
Enterprise zone business facility new employee credit	Data Not Releasable
Enterprise zone commercial vehicle investment tax credit	\$0
Enterprise zone contribution credit	\$2,752
Enterprise zone employee health insurance credit	\$0
Enterprise zone enhanced rural agricultural processing new employee credit	\$0
Enterprise zone enhanced rural new employee credit	Data Not Releasable
Enterprise zone investment tax credit	Data Not Releasable
Enterprise zone job training investment tax credit	\$0
Enterprise zone renewable energy investment tax credit - nonrefundable	\$0
Enterprise zone renewable energy investment tax credit - refundable	Data Not Releasable
Enterprise zone research and experimental activities credit	\$0
Enterprise zone vacant commercial building rehabilitation credit	\$0
Food contributed to hunger relief charitable organizations credit	\$0
Gross conservation easement credit	\$0
Historic property preservation credit	\$0

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Nonresident Composite Return Income Tax Expenditures (continued)

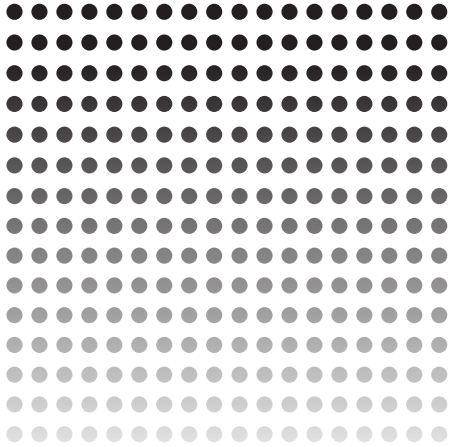
Tax Expenditure Description	2022
Innovative Motor Vehicle Credits:	\$0
Innovative motor vehicle credit	Not Itemized - See Innovative Motor Vehicle Credits *
Innovative truck credit	Not Itemized - See Innovative Motor Vehicle Credits *
Preservation of historic structures credit	\$0
Remediation of contaminated land credit	\$0
Rural jump-start zone new business credit	\$0
School-to-career investment credit	\$0
Strategic capital tax credit	\$0
Total Credits ¹	\$1,360,068
Colorado marijuana business subtraction	Data Not Releasable
Other Subtractions:	Data Not Releasable
Colorado capital gain subtraction	Not Itemized - See Other Subtractions *
Excess oil shale depletion subtraction	Not Itemized - See Other Subtractions *
Foreign source income of export taxpayers subtraction	Not Itemized - See Other Subtractions *
Gain from a qualified sale under threat of condemnation subtraction	Not Itemized - See Other Subtractions *
Income from the disposition of assets that have a higher Colorado basis than federal basis subtraction [†]	Not Itemized - See Other Subtractions *
Medical savings account employer contribution subtraction	Not Itemized - See Other Subtractions *
Tuition program contribution subtraction	Not Itemized - See Other Subtractions *
United States government interest subtraction [†]	Not Itemized - See Other Subtractions *
Wages and salaries not deducted on federal return due to IRC section 280C subtraction [†]	Not Itemized - See Other Subtractions *
Total Deductions ¹	\$14,285,619
Total Expenditures ¹	\$15,645,687

Source: Partnership and S Corporation Income Tax Booklet (DR 0106)

* For data that is not itemized, an aggregate total is provided in this table if available.

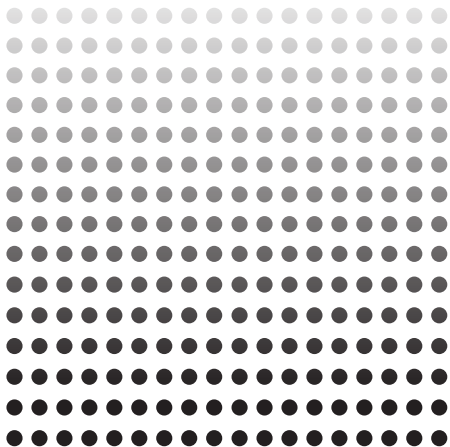
[†] These expenditures are considered structural tax expenditures. See the Introduction for a definition.

¹ "Data Not Releasable" values are included in the total.



Chapter 5

Sales And Use Tax Expenditures



Overview

Total Revenue Impact

This table estimates the revenue impact of a combination of structural and non-structural tax expenditures. Structural tax expenditures are intended to establish the basic structure of a tax provision, whereas non-structural tax expenditures are intended to provide special or selective tax relief to further various public policy goals. For example, wholesale sales are a structural expenditure and constitute about half of the total sales and use tax expenditures.

Sales and Use Tax Expenditures

Tax Form	2017	2019	2021	2023
State Sales Tax Return	\$3,749,781,000	\$4,741,633,000	\$5,740,162,019	\$6,543,270,401
Special Event Sales Tax Return	Not Previously Published	Not Previously Published	\$371,090	\$397,805
Retailer's Use Tax Return ¹	\$1,038,621,000	\$646,964,000	\$359,383,468	\$349,417,157
Claim For Refund	\$846,000	\$708,525	\$158,090	Data Incomplete Until Next Report
Aviation Fuel Sales Tax Return	Not Previously Published	Not Previously Published	Not Previously Published	\$96,848
Total ²	\$4,789,248,000	\$5,389,305,525	\$6,100,074,667	\$6,893,182,211

Source: State Sales Tax Return (DR 0100), State Special Event Sales Tax Return (DR 0098), Retailer's Use Return (DR 0173), Claim for Refund (DR 0137B), Sales/Use Tax Refund for Broadband Equipment (DR 0137C), and Aviation Fuel Sales Tax Return (DR 1510)

¹ Starting with 2019, Retailer's Use expenditures are lower because destination sourcing requirements shifted some retailer's use tax to sales tax.

² All totals are understated because some data is not retrievable, data is incomplete until the next report, and expenditure data for Consumer Use Tax is not collected on any form. The 2021 total was updated from the previous report to include Claim for Refund data.

Net Collections

Net collections reported for a given fiscal year are not necessarily associated with the expenditure data reported by calendar year. Collections data includes tax collections across multiple tax years due to amended, late, and/or corrected tax returns and are net of any refunds received in the accounting period, regardless of the time period for which the refund applied.

Sales and Use Tax Net Collections

Fiscal Year (July 1 through June 30)	Net Collections
2016-2017	\$2,978,382,079
2017-2018	\$3,211,909,477
2018-2019	\$3,375,463,311
2019-2020	\$3,412,259,529
2020-2021	\$3,661,208,300
2021-2022	\$4,284,869,339
2022-2023	\$4,607,128,535
2023-2024	\$4,666,038,655

Source: Colorado State Accounting System

Distributions

With the exception of sales tax from sales of aviation fuel, revenue from state sales and use taxes is first allocated to the Old Age Pension Fund. The Old Age Pension Program provides financial assistance and medical benefits to low-income adults aged 60 or older who meet certain eligibility requirements.

In addition to sales and use taxes, the Old Age Pension Fund is also funded by excise taxes. Pursuant to Article XXIV, Section 2 of the Colorado Constitution, 85% of the revenue from excise taxes (excluding transportation-related excise taxes) is required to be credited to the Old Age Pension Fund. The 15% not initially credited to the Old Age Pension Fund is allocated by the General Assembly among the General Fund, the Older Coloradans Cash Fund, and the Housing Development Grant Fund.

When tax revenue exceeds the amount required to fully fund the Old Age Pension Program, the excess is allocated to the General Fund for spending on general operations at the discretion of the General Assembly.

Sales tax from aviation fuel is credited to the Aviation Fund pursuant to sections 39-27-112 and 43-10-109, C.R.S.

History

Colorado enacted a state sales tax in 1935 with the passage of the “Emergency Retail Sales Tax Act of 1935.” The establishment of the state sales tax was initially enacted during the Great Depression to provide funds to be expended for the purpose of relieving distress and suffering among the indigent unemployable residents of the state. The law was set to expire in 1937. However, legislation was enacted in 1937 that made the sales tax permanent, established a complementary use tax on property and services, and updated the distribution of sales tax revenue to a welfare program that was implemented in 1936, called the State Public Welfare Fund. Thus, the state sales tax was created to support Colorado’s welfare system. Today, 85% of all net revenue from sales taxes and use taxes is initially distributed into the Old Age Pension Fund. However, because the Old Age Pension Fund is fully funded, most of the distributions are reallocated to the General Fund for spending on general operations at the discretion of the General Assembly.

The Colorado sales tax and use tax was enacted in 1935 and 1937, respectively—both at a rate of 2%. The rate was adjusted to 3% in July 1965, 3.5% in 1983, and back to 3% in August of 1984. In 2001, the General Assembly decreased the rate to its current rate of 2.9%.

Specific exemptions to Colorado sales tax have gradually been added over time. Other than wholesale sales, the largest state sales tax exemption adopted by the General Assembly was the exemption of food for home consumption, which was enacted in 1979.

The 2018 United States Supreme Court opinion in *South Dakota v. Wayfair* overturned prior Supreme Court decisions precluding states from imposing sales tax collection requirements on retailers who maintained no physical presence within the state. Following the decision, the Colorado General Assembly adopted House Bill 19-1240.

Among other things, House Bill 19-1240 generally required any retailer making sufficient sales in Colorado to collect Colorado state and state-administered local sales taxes, even if the retailer did not maintain a place of business in the state. House Bill 19-1240 also made changes to sales tax sourcing rules, which determine the jurisdiction in which a sale is deemed to take place.

Collectively, these changes mean that more businesses are required to collect sales tax on retail transactions. An increase in sales tax collection will generally cause a reduction in use tax collection, because much of Colorado’s use tax revenue originates from retail purchases where sales tax was not collected by the retailer.

Tax Base

The sales tax is a consumption tax levied on sales of tangible personal property and some specifically listed services. The tax is paid by consumers and collected by vendors on the state's behalf. Generally, vendors file sales tax returns to the Colorado Department of Revenue on a monthly basis, though some vendors file returns quarterly or annually if they collect only a limited amount of sales taxes.

Colorado statute lists five broad categories of sales that are subject to tax and the various exclusions to the broad list. A tax is levied:

- (A) on the purchase price charged or paid for all retail sales and purchases of tangible personal property, including, in the case of retail sales involving the exchange of property, the fair market value of the property exchanged
- (B) upon intrastate telephone and telegraph services
- (C) on commercial consumption of gas and electric services
- (D) upon the amount paid for food or beverages served or furnished by restaurants, cafes, and similar places of business
- (E) on the amount charged for the rental of lodging

Use tax is a complement to sales tax. Use tax is due to the state when an individual or business stores, uses, or consumes any tangible personal property in this state on which state sales tax has not been paid. Credit is also allowed for sales taxes lawfully paid to other states.

Computation of the Tax

§39-26-105, C.R.S.

§39-26-106, C.R.S.

The Colorado sales and use tax rate is 2.9% on the purchase price paid or charged on all taxable tangible personal property, commodities, and services.

Methodology

Actual, self-reported data collected on state sales and use tax forms is used to estimate the revenue impacts of sales and use tax expenditures. Data comes from State Sales Tax Returns (DR 0100), State Special Event Sales Tax Returns (DR 0098), Retailer's Use Tax Returns (DR 0173), Claims for Refunds (DR 0137B), and Sales/Use Tax Refund for Broadband Equipment (DR 0137C) forms. Data from state special event returns was added starting with the 2022 Tax Profile and Expenditure Report.

Sales tax expenditures generally take the form of exemptions as they exempt certain sales from tax at the time of the sale. Sales tax exemptions benefit the purchaser, but because

sales tax is collected and remitted by the seller, it is the seller who must report the relevant exemptions when they file their sales tax return. Revenue impacts of expenditures are approximated based upon the amount by which each tax expenditure would reduce tax collections. Revenue impacts in this chapter are typically calculated by multiplying the amount of exempt sales reported on sales and use tax returns by the tax rate, 2.9%.

Sellers report most sales and use tax exemptions on specific lines of state sales and use tax returns. However, many exemptions are not itemized (given their own line) on the returns and are instead reported on the same line as other exemptions. There are other data limitations as well. For example, most itemized exemption data reported on the retailer's use tax return is not stored in a manner that renders it usable for reporting. Additionally, the state special event sales tax return does not itemize expenditures, although any applicable sales tax exemption can be claimed on the form. These limitations are noted throughout the chapter and aggregate data is provided when available.

Data on sales tax expenditures may contain errors, as with all self-reported information. Sellers may report expenditures on incorrect lines. For instance, exempt sales of food for domestic home consumption should be reported on the exemption line for "Sales of food for domestic home consumption and food sold through vending machines" on the state sales tax return. A seller could mistakenly report their sales for this exemption on the "Other exempt sales" line or any other line. To the extent that these errors are present, the revenue impact estimates may be inaccurate.

Most statutory sales tax exemptions have corresponding use tax exemptions. However, for certain exemptions appearing in this report, a note has been added indicating that revenue impact estimates are based solely on amounts reported on the state sales tax return, even though the exemption applies to use tax as well. Because the noted exemptions relate generally to sales transacted in person or locally, they are unlikely to be reported on the retailer's use tax return because generally only out-of-state retailers who sell taxable property into Colorado, but do not collect Colorado sales tax, file the return.

If a sales tax exemption is not claimed or allowed at the time of sale and sales tax is collected, the purchaser may file a claim for refund. Additionally, certain expenditures cannot be claimed as exemptions at the time of the sale and are instead allowed only in the form of a refund that may be claimed directly from the Department. Refunds are allowed in the amounts of state tax previously paid, so no additional calculation is used to estimate the revenue impacts of these expenditures. Expenditure data from refund claims has a two-year lag compared to expenditure data from state sales and use tax returns. For example, 2017 data from state sales and use tax returns were available for the 2018 Tax Profile and Expenditure Report, whereas claim for refund data for 2017 was not available until the 2020 Tax Profile and Expenditure Report.

When sales tax is owed but not collected at the time of purchase, the purchaser is obligated to report and pay the tax due as consumer use tax. Consumers report only the amount of purchases subject to consumer use tax, so expenditure data for consumer use tax is not collected on any form.

Tax Expenditures

The descriptions of tax expenditures provided in this report (as required by section 39-21-303(2)(a)(III), C.R.S.) attempt to summarize each expenditure in simple and straightforward language. Although the descriptions represent a good-faith effort to provide accurate and complete tax information, the information is not binding on the Colorado Department of Revenue, nor does it replace, alter, or supersede Colorado law and regulations. The Executive Director, who by statute is the only person having the authority to bind the Department, has not formally reviewed and/or approved these descriptions.

Agricultural operations [†]

The following are exempt from state sales and use taxes: farm close-out sales of all tangible personal property used in the farming or ranching operation, feed for livestock, seeds for farm operations, orchard trees, and straw and other bedding for use in the care of livestock or poultry.

Citation: §39-26-102(4), C.R.S.
§39-26-716(4), C.R.S.

Enacted: 1945

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Sales Tax Return	Not Itemized - See Other Deductions *	Not Itemized - See Other Deductions *	Not Itemized - See Exempt Agricultural Sales *	Not Itemized - See Exempt Agricultural Sales *
Retailer's Use Return	Not Itemized - See Non-Itemized Expenditures *	Not Itemized - See Non-Itemized Expenditures *	Not Itemized - See Non-Itemized Deductions *	Not Itemized - See Non-Itemized Deductions *

Source: State Sales Tax Return (DR 0100) and Retailer's Use Return (DR 0173)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

Aircraft sold (new or used) to a nonresident

The sale, storage, use, and consumption of new or used aircraft are exempt from state sales and use taxes if the aircraft is sold to a nonresident; the aircraft is removed from the state within 120 days of the sale or 30 days after the completion of maintenance, interior refurbishment, paint, or engine work associated with the sale of the aircraft, whichever is longer; and the aircraft is not in the state more than 73 days in any of the three calendar years following the calendar year the aircraft is removed from the state.

Citation: §39-26-711.5(1), C.R.S.

Enacted: 2008

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Sales Tax Return	Not Itemized - See Other Deductions *	Not Itemized - See Other Deductions *	Not Itemized - See Other Exempt Sales Schedule A *	Not Itemized - See Other Exempt Sales Schedule A *
Retailer's Use Return	Not Effective This Year	Not Effective This Year	Not Itemized - See Non-Itemized Deductions *	Not Itemized - See Non-Itemized Deductions *

Source: State Sales Tax Return (DR 0100) and Retailer's Use Return (DR 0173)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Aircraft used in interstate commerce by commercial airlines and aircraft component parts

The sale, storage, use, or consumption of aircraft used in interstate commerce by a commercial airline and the sale, storage, use, or consumption of tangible personal property that is to be permanently affixed or attached as a component part of an aircraft are exempt from state sales and use taxes.

Citation: §39-26-711, C.R.S.

Enacted: 1984

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Sales Tax Return	Not Itemized - See Other Deductions *	Not Itemized - See Other Deductions *	Not Itemized - See Other Exempt Sales Schedule A *	Not Itemized - See Other Exempt Sales Schedule A *
Retailer's Use Return	Not Itemized - See Non-Itemized Expenditures *	Not Itemized - See Non-Itemized Expenditures *	Not Itemized - See Non-Itemized Deductions *	Not Itemized - See Non-Itemized Deductions *

Source: State Sales Tax Return (DR 0100) and Retailer's Use Return (DR 0173)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Aircraft used outside the state by on-demand air carriers

From July 1, 2014, until June 30, 2019, the sale, storage, use, or consumption of new or used aircraft to an on-demand carrier was exempt from state sales and use taxes if the aircraft remained in the state only for the purpose of final assembly; was removed from the state within 120 days of the sale or 30 days after the completion of maintenance, interior refurbishment, paint, or engine work associated with the sale of the aircraft, whichever was longer; and was not in the state more than 73 days in any of the three calendar years following the calendar year the aircraft was removed from the state.

Citation: §39-26-711.8(1), C.R.S.

Enacted: 2014

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Sales Tax Return	Not Itemized - See Other Deductions *	Not Itemized - See Other Deductions *	Expired	Expired
Retailer's Use Return	Not Itemized - See Non-itemized Expenditures *	Not Itemized - See Non-itemized Expenditures *	Expired	Expired

Source: State Sales Tax Return (DR 0100) and Retailer's Use Return (DR 0173)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Bad debt charged off [†]

Retailers making sales on credit are generally required to pay the sales tax due for the month of the sale rather than the month in which the account is paid. If an account for which the sales tax has been paid is subsequently found to be worthless and actually charged off for income tax purposes, the retailer may deduct the worthless sale from the gross sales for the month in which the account is charged off. If a charged-off account is subsequently collected by the retailer, the amount collected must be added to gross sales for the month of the collection.

Citation: §39-26-102(5), C.R.S.

Enacted: 1935

Tax Form	2017	2019	2021	2023
Sales Tax Return	Not Previously Published	\$8,644,000	Not Itemized - See Bad Debt and Returns *	Not Itemized - See Bad Debt and Returns *
Retailer's Use Return	Not Itemized - See Non-Itemized Expenditures *	Not Itemized - See Non-Itemized Expenditures *	Not Itemized - See Non-Itemized Deductions *	Not Itemized - See Non-Itemized Deductions *

Source: State Sales Tax Return (DR 0100) and Retailer's Use Return (DR 0173)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

Bingo and raffle equipment

The sale, storage, use, or consumption of bingo and raffle equipment by a bingo-raffle licensee is exempt from state sales and use taxes.

Citation: §39-26-720, C.R.S.

Enacted: 2001

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Sales Tax Return	Not Itemized - See Other Deductions *	Not Itemized - See Other Deductions *	Not Itemized - See Other Exempt Sales Schedule A *	Not Itemized - See Other Exempt Sales Schedule A *
Retailer's Use Return	Not Itemized - See Non-Itemized Expenditures *	Not Itemized - See Non-Itemized Expenditures *	Not Itemized - See Non-Itemized Deductions *	Not Itemized - See Non-Itemized Deductions *

Source: State Sales Tax Return (DR 0100) and Retailer's Use Return (DR 0173)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Biotechnology equipment refund

For calendar years 2025 and prior, qualified biotechnology companies are allowed to claim a refund for state sales and use taxes paid for tangible personal property used in Colorado directly and predominately in research and development in biotechnology.

Citation: §39-26-402(1), C.R.S.

Enacted: 1999

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Claim for Refund	Data Not Releasable	\$134,878	Data Not Releasable	Data Incomplete Until Next Report

Source: Claim for Refund (DR 0137B)

Certain materials used in the manufacturing or processing of iron, steel, and uranium-vanadium ores

The sale, storage, use, or consumption of refractory materials and carbon electrodes used in manufacturing iron and steel, and inorganic chemicals used in processing uranium-vanadium ores is exempt from state sales and use taxes.

Citation: §39-26-706(3), C.R.S.

Enacted: 1982

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Sales Tax Return	Not Itemized - See Other Exemptions *	Not Itemized - See Other Exemptions *	Not Itemized - See Other Exempt Sales Schedule A *	Not Itemized - See Other Exempt Sales Schedule A *
Retailer's Use Return	Data Not Retrievable	Data Not Retrievable	Not Itemized - See Non-Itemized Exemptions *	Not Itemized - See Non-Itemized Exemptions *

Source: State Sales Tax Return (DR 0100) and Retailer's Use Return (DR 0173)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Clean technology and medical devices

Qualified clean or medical technology companies were allowed to claim a refund for state sales and use taxes paid on tangible personal property used in Colorado directly and predominately in research and development in clean technology or medical devices. This tax expenditure expired January 1, 2019.

Citation: §39-26-403, C.R.S.

Enacted: 2009

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Claim for Refund	Not Itemized - See Clean Technology *	Expired	Expired	Expired

Source: Claim for Refund (DR 0137B)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Coins and precious metal bullion

The sale, storage, use, or consumption of precious metal bullion and coins is exempt from state sales and use taxes. Not all numismatic pieces are exempt. Only coins that are or were at one time used as currency or as a medium of exchange in the United States or a foreign country are exempt. Precious metal bullion is exempt only if it has been put through a process of refining and is in such a state or condition that its value depends upon its precious metal content and not its form.

Citation: §39-26-706(4), C.R.S.

Enacted: 1990

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Sales Tax Return	Not Itemized - See Other Deductions *	Not Itemized - See Other Deductions *	Not Itemized - See Other Exempt Sales Schedule A *	Not Itemized - See Other Exempt Sales Schedule A *
Retailer's Use Return	Not Itemized - See Non-Itemized Expenditures *	Not Itemized - See Non-Itemized Expenditures *	Not Itemized - See Non-Itemized Deductions *	Not Itemized - See Non-Itemized Deductions *

Source: State Sales Tax Return (DR 0100) and Retailer's Use Return (DR 0173)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Commercial trucks or trailers licensed out-of-state

The sale, storage, use, or consumption of a new or used commercial truck or trailer that is purchased for use exclusively outside of Colorado or in interstate commerce, that the purchaser attests will be permanently licensed and registered outside of Colorado, and will be removed from the state within 30 days of delivery is exempt from state sales and use taxes.

Citation: §39-26-712, C.R.S.

Enacted: 1976

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Sales Tax Return	Not Itemized - See Other Deductions *	Not Itemized - See Other Deductions *	Not Itemized - See Sales to Nonresidents *	Not Itemized - See Sales to Nonresidents *
Retailer's Use Return	Not Itemized - See Non-Itemized Expenditures *	Not Itemized - See Non-Itemized Expenditures *	Not Itemized - See Non-Itemized Deductions *	Not Itemized - See Non-Itemized Deductions *

Source: State Sales Tax Return (DR 0100) and Retailer's Use Return (DR 0173)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Commercial trucks or trailers previously registered in another state

The storage or use of a new or used commercial truck or trailer is exempt from state use tax if it has been relocated within this state, was used in interstate commerce, and the owner can provide evidence of the vehicle being previously registered in another state for at least six months.

Citation: §39-26-712(2)(c), C.R.S.

Enacted: 2010

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Not Applicable	Data Not Collected	Data Not Collected	Data Not Collected	Data Not Collected

Source: Not available - this data is not recorded on any form.

Commercial vehicles used in interstate commerce refund

Prior to July 1, 2025, a taxpayer may claim a refund of a percentage of all state sales and use taxes paid prior to July 1, 2025, on their purchase, storage, or use of a model year 2010 or newer truck tractor or semitrailer with a gross vehicle weight rating of 54,000 pounds or greater. The refund is calculated based on the specific ownership tax on the vehicle and issued over three years. The maximum amount of the allowable refund is limited by the amount allocated annually pursuant to section 42-1-225, C.R.S.

Citation: §39-26-113.5, C.R.S.

Enacted: 2009

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Claim for Refund	\$0	\$0	\$0	Data Incomplete Until Next Report

Source: Claim for Refund (DR 0137B)

Components used in the production of electricity from a renewable energy source

The sale, storage, use, or consumption of components used in the production of electricity from a renewable energy source, including but not limited to wind, is exempt from state sales and use taxes. Between July 1, 2009, and June 30, 2017, the sale, storage, use, or consumption of components used in solar thermal systems was exempt from state sales and use taxes. Between May 17, 2014, and June 30, 2019, the sale, storage, use, or consumption of components used in a biogas production system for the production of biogas used for sales to a power generator, as a transportation fuel, or as renewable natural gas was exempt from state sales and use taxes.

Citation: §39-26-724(1)(a), (1)(b), (1)(c), C.R.S.

Enacted: 2008

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Sales Tax Return	\$2,284,000	\$6,216,000	\$2,200,253	\$3,445,414
Retailer's Use Return	Data Not Retrievable	Data Not Retrievable	Not Itemized - See Non-Itemized Exemptions *	Not Itemized - See Non-Itemized Exemptions *

Source: State Sales Tax Return (DR 0100) and Retailer's Use Return (DR 0173)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Construction and building materials for tax-exempt projects

The purchase, storage, use, or consumption of construction and building materials by contractors for use in construction projects owned and used by certain governmental entities or qualifying tax-exempt entities is exempt from state sales and use taxes.

Citation: §39-26-708(1), (2), C.R.S.

Enacted: 1979

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Sales Tax Return	Not Itemized - See Government/Charitable *	Not Itemized - See Government/Charitable *	Not Itemized - See Exempt Entities *	Not Itemized - See Sales to Exempt Entities *
Retailer's Use Return	Not Itemized - See Non-Itemized Expenditures *	Not Itemized - See Non-Itemized Expenditures *	Not Itemized - See Non-Itemized Deductions *	Not Itemized - See Non-Itemized Deductions *

Source: State Sales Tax Return (DR 0100) and Retailer's Use Return (DR 0173)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Donations by manufacturers to government and tax-exempt organizations

The storage, use, or consumption of a manufactured good, as well as the sale of tangible personal property used as a component part of a manufactured good, that is donated to a government or tax-exempt organization is exempt from state sales and use taxes to the extent that the aggregate value of the goods included in a single donation exceeds \$1,000.

Citation: §39-26-705(2), C.R.S.

§39-26-713(1)(d), C.R.S.

Enacted: 1998

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Not Applicable	Data Not Collected	Data Not Collected	Data Not Collected	Data Not Collected

Source: Not available - this data is not recorded on any form.

Energy used for industrial, manufacturing, and similar purposes [†]

The sale of electricity, coal, gas, fuel oil, steam, coke, or nuclear fuel for use in processing, manufacturing, mining, refining, irrigation, construction, telegraph, telephone, radio communication, street and railroad transportation services, and all industrial uses is considered a wholesale sale and is, therefore, not subject to state sales or use taxes.

Citation: §39-26-102(21)(a), C.R.S.
§39-26-715(2)(b), C.R.S.

Enacted: 1935

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Sales Tax Return	Not Itemized - See Wholesale *	Not Itemized - See Wholesale *	Not Itemized - See Wholesale *	Not Itemized - See Wholesale Sales *
Retailer's Use Return	Not Itemized - See Non-Itemized Expenditures *	Not Itemized - See Non-Itemized Expenditures *	Not Itemized - See Wholesale *	Not Itemized - See Wholesale Sales *

Source: State Sales Tax Return (DR 0100) and Retailer's Use Return (DR 0173)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

Exchanged property allowance

The fair market value of tangible personal property exchanged by a purchaser is excluded from the taxable purchase price if either the exchanged property is to be sold thereafter in the usual course of the retailer's business or the exchanged property is a vehicle and is exchanged for another vehicle and both vehicles are subject to licensing, registration, or certification under Colorado law.

Citation: §39-26-102(7)(a), C.R.S.
§39-26-104(1)(b), C.R.S.

Enacted: 1941

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Sales Tax Return	Not Previously Published	\$72,278,000	\$96,423,798	\$91,458,543
Retailer's Use Return	Not Itemized - See Non-Itemized Expenditures *	Not Itemized - See Non-Itemized Expenditures *	Not Itemized - See Non-Itemized Deductions *	Not Itemized - See Non-Itemized Deductions *

Source: State Sales Tax Return (DR 0100) and Retailer's Use Return (DR 0173)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Farm equipment and parts

The sale, storage, use, or consumption of qualifying farm equipment is exempt from state sales and use taxes. Farm equipment includes implements of husbandry, non-registered tractors used to tow them, and trailers and attachments used with them; dairy equipment used in connection with the production of raw milk; irrigation equipment costing at least \$1,000 per unit; and aircraft used for agricultural applications. Farm equipment also includes bailing wire, binders twine, and surface wrap used in a farm operation; and shipping pallets, crates, and aids paid for by a farm operation. Parts used for the maintenance and repair of farm equipment are also exempt. Starting September 1, 2019, identification tags and readers used with any food animals are exempt as well.

Citation: §39-26-716(1), (4)(e), (4)(f), C.R.S.

Enacted: 1999

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Sales Tax Return	\$13,987,000	\$16,278,000	\$16,804,101	\$15,976,549
Retailer's Use Return	Data Not Retrievable	Data Not Retrievable	Not Itemized - See Non-Itemized Exemptions *	Not Itemized - See Non-Itemized Exemptions *

Source: State Sales Tax Return (DR 0100) and Retailer's Use Return (DR 0173)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Food and beverage industry temporary sales tax deduction

Qualifying retailers that operated a hotel-operated restaurant, bar, or catering service or were in any of the following industries were allowed a temporary sales tax deduction to allow them to retain sales tax collected as assistance for revenue lost as a result of the economic disruptions due to COVID-19: the alcoholic beverages drinking places industry, the restaurant and other eating places industry, the mobile food services industry, the catering industry, or the food service contractors industry.

Citation: §39-26-105(1.3)

Enacted: 2020

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Sales Tax Return	Not Effective This Year	Not Effective This Year	Not Itemized - See Other Exempt Sales Schedule B *	Expired

Source: State Sales Tax Return (DR 0100)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Food for domestic home consumption

The sale, storage, use, or consumption of food for domestic home consumption as defined by 7 U.S.C. sec. 2012(k) is exempt from state sales and use taxes. The exemption does not apply to candy, soft drinks, carbonated water marketed in containers, chewing gum, seeds and plants to grow foods, prepared salads and salad bars, packaged and unpackaged cold sandwiches, deli trays, and hot or cold beverages served in unsealed containers or cups through vending machines or devices.

Citation: §39-26-102(4.5), C.R.S.
§39-26-707(1)(e), (1.5), (2)(d), C.R.S.

Enacted: 1979

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Sales Tax Return	Not Itemized - See Food *	Not Itemized - See Food *	Not Itemized - See Food *	Not Itemized - See Food *
Retailer's Use Return	Data Not Retrievable	Data Not Retrievable	Not Itemized - See Non-Itemized Exemptions *	Not Itemized - See Non-Itemized Exemptions *

Source: State Sales Tax Return (DR 0100) and Retailer's Use Return (DR 0173)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Food for retirement community residents

The sale, storage, use, or consumption of food, food products, snacks, beverages, and meals provided for consumption by residents on the premises of a retirement community are exempt from state sales and use taxes. The sale, storage, use, or consumption of any container, bag, or article for the purpose of packaging, bagging, or use with such food, food products, snacks, beverages, and meals is also exempt from state sales and use taxes.

Citation: §39-26-102(4.5), C.R.S.
§39-26-707(1)(f), (2)(e), (2.5), C.R.S.

Enacted: 2016

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Sales Tax Return	Not Previously Published	Not Previously Published	Not Itemized - See Other Exempt Sales Schedule A *	Not Itemized - See Other Exempt Sales Schedule A *
Retailer's Use Return	Not Previously Published	Not Previously Published	Not Itemized - See Non-Itemized Deductions *	Not Itemized - See Non-Itemized Deductions *

Source: State Sales Tax Return (DR 0100) and Retailer's Use Return (DR 0173)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Food purchased with funds from the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) ^{†,‡}

The sale, storage, use, or consumption of food purchased with funds provided by the federal Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) is exempt from state sales and use taxes.

Citation: §39-26-707(1)(b), (2)(g), C.R.S.

Enacted: 1987

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Sales Tax Return	Not Itemized - See Other Deductions *	Not Itemized - See Other Deductions *	Not Itemized - See Other Exempt Sales Schedule A *	Not Itemized - See Other Exempt Sales Schedule A *

Source: State Sales Tax Return (DR 0100)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

† This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

‡ Although this exemption applies to both sales and use taxes, only data from Sales Tax Returns (DR 0100) has been considered in preparing the revenue impact estimate because it is unlikely that this expenditure would ever be reported on a Retailer's Use Tax Return (DR 0173). Please see the Methodology section of this report for additional information.

Food purchased with Supplemental Nutrition Assistance Program (SNAP) benefits ^{†,‡}

The sale, storage, use, or consumption of food purchased with Supplemental Nutrition Assistance Program (SNAP) benefits is exempt from state sales and use taxes. Federal law and regulation establishes requirements and restrictions regarding the use of SNAP benefits.

Citation: §39-26-707(1)(a), (2)(f), C.R.S.

Enacted: 1987

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Sales Tax Return	Not Itemized - See Other Deductions *	Not Itemized - See Other Deductions *	Not Itemized - See Other Exempt Sales Schedule A *	Not Itemized - See Other Exempt Sales Schedule A *

Source: State Sales Tax Return (DR 0100)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

† This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

‡ Although this exemption applies to both sales and use taxes, only data from Sales Tax Returns (DR 0100) has been considered in preparing the revenue impact estimate because it is unlikely that this expenditure would ever be reported on a Retailer's Use Tax Return (DR 0173). Please see the Methodology section of this report for additional information.

Food service employer-provided meals [‡]

The sale, storage, use, or consumption of food or meals provided by restaurants or similar businesses to employees free of charge, or at a reduced charge, is exempt from state sales and use taxes.

Citation: §39-26-104(1)(e), C.R.S.

§39-26-707(2)(a), C.R.S.

Enacted: 1978

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Sales Tax Return	Not Itemized - See Other Exemptions *	Not Itemized - See Other Exemptions *	Not Itemized - See Other Exempt Sales Schedule A *	Not Itemized - See Other Exempt Sales Schedule A *

Source: State Sales Tax Return (DR 0100)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

‡ Although this exemption applies to both sales and use taxes, only data from Sales Tax Returns (DR 0100) has been considered in preparing the revenue impact estimate because it is unlikely that this expenditure would ever be reported on a Retailer's Use Tax Return (DR 0173). Please see the Methodology section of this report for additional information.

Food sold through vending machines

The sale, storage, use, or consumption of food purchased from a vending machine is exempt from state sales and use taxes. However, the exemption does not apply to candy, soft drinks, carbonated water marketed in containers, chewing gum, packaged and unpackaged cold sandwiches, and hot or cold beverages served in unsealed containers.

Citation: §39-26-714(2), (3), C.R.S.

Enacted: 1999

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Sales Tax Return	Not Itemized - See Food *	Not Itemized - See Food *	Not Itemized - See Food *	Not Itemized - See Food *
Retailer's Use Return	Data Not Retrievable	Data Not Retrievable	Not Itemized - See Non-Itemized Exemptions *	Not Itemized - See Non-Itemized Exemptions *

Source: State Sales Tax Return (DR 0100) and Retailer's Use Return (DR 0173)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Fuel and electricity for residential heat, light, and power

The sale, storage, use, or consumption of gas, electricity, coal, fuel oil, wood, or coke for residential use is exempt from state sales and use taxes. Residential use includes powering lights, refrigerators, stoves, water heaters, space heaters, air conditioners, or other domestic items that require power or fuel in a residence.

Citation: §39-26-715(1)(a)(II), (2)(c), C.R.S.

Enacted: 1979

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Sales Tax Return	\$106,074,000	\$106,843,000	\$114,290,369	\$140,232,542
Retailer's Use Return	Data Not Retrievable	Data Not Retrievable	Not Itemized - See Non-Itemized Exemptions *	Not Itemized - See Non-Itemized Exemptions *

Source: State Sales Tax Return (DR 0100) and Retailer's Use Return (DR 0173)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Gasoline, special fuel, and aviation gasoline [†]

The sale, storage, use, or consumption of gasoline, aviation gasoline, and dyed diesel are exempt from state sales and use tax. The exemption does not apply to aviation jet fuel. Special fuel is exempt from state sales and use taxes if it is used for propelling a motor vehicle on Colorado highways and it is subject to Colorado fuel tax.

Citation: §39-26-715(1)(a)(I), (1)(a)(III), (2)(a)(I), (2)(d), C.R.S.

Enacted: 1935

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Sales Tax Return	\$240,996,000	\$312,909,000	Not Itemized - See Exempt Fuels *	Not Itemized - See Exempt Fuels *
Retailer's Use Return	Not Itemized - See Non-Itemized Expenditures *	Not Itemized - See Non-Itemized Expenditures *	Not Itemized - See Non-Itemized Deductions *	Not Itemized - See Non-Itemized Deductions *

Source: State Sales Tax Return (DR 0100) and Retailer's Use Return (DR 0173)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

Heat pump systems and heat pump water heaters

The sale, storage, and use of heat pump systems and heat pump water heaters that are used in commercial or residential buildings are exempt from state sales and use taxes on and after January 1, 2023, but before December 31, 2023. In general, the purchaser must have certified that the several statutory requirements were met to qualify for the exemption.

Citation: §39-26-732, C.R.S.

Enacted: 2022

Tax Form	2017	2019	2021	2023
Sales Tax Return	Not Effective This Year	Not Effective This Year	Not Effective This Year	Not Itemized - See Other Exempt Sales Schedule B *
Retailer's Use Return	Not Effective This Year	Not Effective This Year	Not Effective This Year	Not Itemized - See Non-Itemized Exemptions *

Source: State Sales Tax Return (DR 0100) and Retailer's Use Return (DR 0173)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Historic aircraft on loan for public display

Historic aircraft that meet certain requirements and are loaned for public display, demonstration, educational, or museum promotional purposes are exempt from sales and use taxes.

Citation: §39-26-711.9, C.R.S.

Enacted: 2017

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Not Applicable	Data Not Collected	Data Not Collected	Data Not Collected	Data Not Collected

Source: Not available - this data is not recorded on any form.

Incontinence products and diapers

The sale, storage, use, or consumption of incontinence products and diapers is exempt from state sales and use taxes. The exemption applies to absorbent cloth or disposable products worn by humans who are incapable of, or have difficulty, controlling their bladder or bowel movements.

Citation: §39-26-717(2)(n), (3), C.R.S.

Enacted: 2022

Tax Form	2017	2019	2021	2023
Sales Tax Return	Not Effective This Year	Not Effective This Year	Not Effective This Year	Not Itemized - See Other Exempt Sales Schedule B *
Retailer's Use Return	Not Effective This Year	Not Effective This Year	Not Effective This Year	Not Itemized - See Non-Itemized Exemptions *

Source: State Sales Tax Return (DR 0100) and Retailer's Use Return (DR 0173)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Livestock and fish for stocking [†]

The sale, storage, use, or consumption of livestock, and live fish for stocking purposes, is exempt from state sales and use taxes.

Citation: §39-26-102(5.5), C.R.S.

§39-26-716(4)(a), C.R.S.

Enacted: 1943

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Sales Tax Return	Not Itemized - See Other Exemptions *	Not Itemized - See Other Exemptions *	Not Itemized - See Exempt Agricultural Sales *	Not Itemized - See Exempt Agricultural Sales *
Retailer's Use Return	Data Not Retrievable	Data Not Retrievable	Not Itemized - See Non-Itemized Exemptions *	Not Itemized - See Non-Itemized Exemptions *

Source: State Sales Tax Return (DR 0100) and Retailer's Use Return (DR 0173)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

Lodging for permanent residents

The sale and purchase of any room or accommodations to any natural person who is a permanent resident thereof and who enters into or has entered into a written agreement for occupancy for a period of at least 30 consecutive days is exempt from sales tax.

Citation: §39-26-704(3), C.R.S.

Enacted: 1959

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Sales Tax Return	Not Itemized - See Other Deductions *	Not Itemized - See Other Deductions *	Not Itemized - See Other Exempt Sales Schedule A *	Not Itemized - See Other Exempt Sales Schedule A *

Source: State Sales Tax Return (DR 0100)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Low-emitting and alternative fuel trucks

Prior to January 1, 2025, the sale, storage, use, or consumption of a qualifying motor vehicle, qualifying power source for any motor vehicle, or qualifying parts used for converting the power source of any motor vehicle was exempt from state sales and use taxes. The exemption applied to heavy-duty trucks that complied with certain emission standards established by the Environmental Protection Agency and motor vehicles with gross vehicle weight ratings greater than 10,000 pounds that ran on CNG, LPG, LNG, hydrogen, or electricity.

Citation: §39-26-719(1), (2)(b), C.R.S.

Enacted: 1999

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Sales Tax Return	\$2,149,000	\$2,219,000	Data Not Releasable	\$452,100
Retailer's Use Return	Data Not Retrievable	Data Not Retrievable	Not Itemized - See Non-Itemized Exemptions *	Not Itemized - See Non-Itemized Exemptions *

Source: State Sales Tax Return (DR 0100) and Retailer's Use Return (DR 0173)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Machinery or machine tools used in manufacturing

The sale, storage, use, or consumption of machinery or machine tools, including parts for machinery or machine tools, in excess of five hundred dollars used in Colorado directly and predominantly in manufacturing tangible personal property, are exempt from state sales and use taxes. The exemption is allowed only for machinery, machine tools, and parts that meet certain requirements and are depreciable and have a useful life of at least one year. Within enterprise zones, however, the exemption is allowed regardless of whether the machinery, machine tools, or parts are capitalized or expensed. The exemption also applies in enterprise zones to machinery and machine tools used in refining, blasting, exploring, mining and mined land reclamation, quarrying for, processing and beneficiation, or otherwise extracting from the earth or from waste or stockpiles or from pits or banks any natural resource.

Citation: §39-26-709(1)(a)(II), (1)(a)(IV), (2), C.R.S.
§39-30-106, C.R.S.

Enacted: 1979

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Sales Tax Return	\$3,603,000	\$6,414,000	\$3,870,163	\$5,432,507
Retailer's Use Return	Data Not Retrievable	Data Not Retrievable	Not Itemized - See Non-Itemized Exemptions *	Not Itemized - See Non-Itemized Exemptions *

Source: State Sales Tax Return (DR 0100) and Retailer's Use Return (DR 0173)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Machinery that comprises a cleanroom

Until June 30, 2017, the sale, storage, and use of machinery in excess of \$500 that comprised a cleanroom was exempt from state sales and use taxes when the cleanroom was used to produce hi-tech tangible property. Beginning June 2008 and each June thereafter through June 2016, the availability of the cleanroom equipment exemption for a given fiscal year was contingent upon sufficient revenue growth for the fiscal year. There was not sufficient revenue growth to allow the exemption during the reporting period of this report.

Citation: §39-26-722, C.R.S.

Enacted: 2007

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Claim for Refund	Not Itemized - See Clean Technology *	Expired	Expired	Expired

Source: Claim for Refund (DR 0137B)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Manufactured homes [†]

Forty-eight percent of the purchase price of a manufactured home, as defined in section 42-1-102(48.8), C.R.S., is exempt from state sales and use taxes, and any subsequent sale of the manufactured home is fully exempt from state sales and use taxes. Additionally, beginning July 1, 2019, all manufactured homes that meet the definition in section 39-1-102(7.8), C.R.S., are fully exempt from state sales and use tax. Beginning August 10, 2022, the sale, storage, use, or consumption of tiny homes as defined in section 24-32-3302(35) C.R.S., is exempt from state sales and use taxes. Beginning January 1, 2025, modular homes, as defined in section 39-1-102(8.3), C.R.S., and any closed panel system utilized in construction of a factory-built residential structure, as defined in section 24-32-3302(10), C.R.S., are also fully exempt from sales and use tax.

Citation: §39-26-721, C.R.S.

Enacted: 1973

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Sales Tax Return	Not Itemized - See Other Exemptions *	Not Itemized - See Other Exemptions *	Not Itemized - See Other Exempt Sales Schedule B *	Not Itemized - See Other Exempt Sales Schedule B *
Retailer's Use Return	Data Not Retrievable	Data Not Retrievable	Not Itemized - See Non-Itemized Exemptions *	Not Itemized - See Non-Itemized Exemptions *

Source: State Sales Tax Return (DR 0100) and Retailer's Use Return (DR 0173)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

Medical marijuana sold to indigent patients

Sales of medical marijuana are exempt from state sales tax if the patient purchasing the medical marijuana is determined to be indigent for the purposes of waiving the application fee for a medical marijuana registry identification card.

Citation: §39-26-726, C.R.S.

Enacted: 2010

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Sales Tax Return	Not Itemized - See Prescription drugs, medical equipment, and medical devices; and medical marijuana to indigent patients *	Not Itemized - See Prescription drugs, medical equipment, and medical devices; and medical marijuana to indigent patients *	Not Itemized - See Other Exempt Sales Schedule A *	Not Itemized - See Other Exempt Sales Schedule A *

Source: State Sales Tax Return (DR 0100)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Newspapers and newspaper supplements

Newspapers as defined in section 24-70-102, C.R.S., and any preprinted newspaper supplements that become attached to or inserted in and distributed with newspapers are not subject to state sales and use taxes.

Citation: §39-26-102(15)(a)(I), C.R.S.

Enacted: 1943

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Sales Tax Return	Not Itemized - See Other Exemptions *	Not Itemized - See Other Exemptions*	Not Itemized - See Wholesale *	Not Itemized - See Other Exempt Sales Schedule A *
Retailer's Use Return	Data Not Retrievable	Data Not Retrievable	Not Itemized - See Non-Itemized Exemptions *	Not Itemized - See Non-Itemized Exemptions *

Source: State Sales Tax Return (DR 0100) and Retailer's Use Return (DR 0173)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Newsprint and printer's ink [†]

The sale, storage, use, or consumption of newsprint and printer's ink are exempt from state sales and use taxes.

Citation: §39-26-102(21)(a), C.R.S.
§39-26-705(1), C.R.S.

Enacted: 1943

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Sales Tax Return	Not Itemized - See Other Exemptions *	Not Itemized - See Other Exemptions*	Not Itemized - See Wholesale *	Not Itemized - See Wholesale Sales *
Special Event Sales Tax Return	Not Previously Published	Not Previously Published	Not Itemized - See Wholesale *	Not Itemized - See Wholesale Sales *
Retailer's Use Return	Data Not Retrievable	Data Not Retrievable	Not Itemized - See Non-Itemized Exemptions *	Not Itemized - See Wholesale Sales *

Source: State Sales Tax Return (DR 0100), State Special Event Sales Tax Return (DR 0098), and Retailer's Use Return (DR 0173)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

Period products

The sale, storage, use, or consumption of period products is exempt from state sales and use taxes. The exemption applies to consumer products used to manage menstruation.

Citation: §39-26-717(2)(m), C.R.S.

Enacted: 2022

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Sales Tax Return	Not Effective This Year	Not Effective This Year	Not Effective This Year	Not Itemized - See Other Exempt Sales Schedule B *
Retailer's Use Return	Not Effective This Year	Not Effective This Year	Not Effective This Year	Not Itemized - See Non-Itemized Exemptions *

Source: State Sales Tax Return (DR 0100) and Retailer's Use Return (DR 0173)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Prescription drugs, medical equipment, and medical devices

The sale, storage, use, or consumption of the following items are exempt from state sales and use taxes: prescription drugs dispensed in accordance with a prescription by a practitioner or furnished by a practitioner; insulin in all its forms dispensed pursuant to the direction of a practitioner; glucose for treatment of insulin reactions; urine and blood testing kits and materials; insulin measuring and injecting devices, including hypodermic syringes and needles; prosthetic devices; oxygen delivery equipment and supplies related to oxygen delivery dispensed pursuant to a prescription order; medical, feeding, and disposable supplies, including any related accessories, for incontinence, infusion, enteral nutrition, ostomy, urology, diabetic care, and wound care dispensed pursuant to a prescription order; equipment and related accessories for sleep therapy, inhalation therapy, and electro-therapy dispensed pursuant to a prescription order; durable medical equipment and mobility enhancing equipment dispensed pursuant to a prescription order; nonprescription drugs or materials when furnished by a practitioner as part of professional services provided to a patient; and corrective eyeglasses, contact lenses, or hearing aids.

Citation: §39-26-717(2), (3), C.R.S.

Enacted: 1965

Tax Expenditure Revenue Impact

Tax Form	2017 ¹	2019 ¹	2021	2023
Sales Tax Return	\$216,130,000	\$253,920,000	\$323,323,629	\$363,969,401
Retailer's Use Return	Not Effective This Year	Not Effective This Year	Not Itemized - See Non-Itemized Deductions *	Not Itemized - See Non-Itemized Deductions *

Source: State Sales Tax Return (DR 0100) and Retailer's Use Return (DR 0173)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

¹ Total includes medical marijuana sold to indigent patients.

Property for use in space flight

The sale, storage, use, or consumption of qualified property for use in space flight is exempt from state sales and use taxes. The exemption applies to space vehicles and components thereof, tangible personal property placed or used aboard a space vehicle, and fuel of a quality that is produced, sold, and used exclusively for space flight.

Citation: §39-26-728, C.R.S.

Enacted: 2014

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Sales Tax Return	\$22,000	\$12,000	Data Not Releasable	\$4,777
Retailer's Use Return	Data Not Releasable	Data Not Releasable	Not Itemized - See Non-Itemized Exemptions *	Not Itemized - See Non-Itemized Exemptions *

Source: State Sales Tax Return (DR 0100) and Retailer's Use Return (DR 0173)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Property returned for full refund

A retailer may take credit on their sales tax return for an amount equal to the sale price of property returned by the purchaser when the full sale price thereof and the sales tax paid by the purchaser is refunded whether in cash or by credit.

Citation: §39-26-102(5), C.R.S.

Enacted: 1935

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Sales Tax Return	Not Previously Published	Not Previously Published	Not Itemized - See Bad Debt and Returns *	Not Itemized - See Bad Debt and Returns *
Retailer's Use Return	Not Previously Published	Not Previously Published	Not Itemized - See Non-Itemized Deductions *	Not Itemized - See Non-Itemized Deductions *

Source: State Sales Tax Return (DR 0100) and Retailer's Use Return (DR 0173)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Railroad construction and building materials, equipment, and rolling stock

The sale of construction and building materials to a common carrier by rail operating in interstate or foreign commerce for use by the common carrier in construction and maintenance of its railroad tracks is exempt from state sales tax, but is subject to state use tax. The sale, storage, use, or consumption of tangible personal property affixed or attached as a component part of a locomotive, a freight car, railroad work equipment, or other railroad rolling stock is exempt from state sales and use taxes. The sale, storage, use, or consumption of locomotives, freight cars, railroad work equipment, and other railroad rolling stock for use in interstate commerce by a railroad company is exempt from state sales and use taxes.

Citation: §39-26-710, C.R.S.

Enacted: 1977

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Sales Tax Return	Not Itemized - See Other Exemptions *	Not Itemized - See Other Exemptions *	Not Itemized - See Other Exempt Sales Schedule A *	Not Itemized - See Other Exempt Sales Schedule A *
Retailer's Use Return	Data Not Retrievable	Data Not Retrievable	Not Itemized - See Non-Itemized Exemptions *	Not Itemized - See Non-Itemized Exemptions *

Source: State Sales Tax Return (DR 0100) and Retailer's Use Return (DR 0173)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Residential energy storage systems

The sale, storage, and use of energy storage systems that are used in a residential dwelling are exempt from state sales and use taxes. The exemption applies to any commercially available, customer-sited system, including batteries and the batteries paired with on-site generation, that is capable of retaining, storing, and delivering energy by chemical, thermal, mechanical, or other means. The exemption is set to expire January 1, 2033.

Citation: §39-26-733, C.R.S.

Enacted: 2022

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Sales Tax Return	Not Effective This Year	Not Effective This Year	Not Effective This Year	Not Itemized - See Other Exempt Sales Schedule B *
Retailer's Use Return	Not Effective This Year	Not Effective This Year	Not Effective This Year	Not Itemized - See Non-Itemized Exemptions *

Source: State Sales Tax Return (DR 0100) and Retailer's Use Return (DR 0173)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Retail marijuana, retail marijuana products, and retail marijuana concentrates ^{†,‡}

The sale, storage, use, or consumption of retail marijuana that is subject to the retail marijuana sales tax imposed pursuant to section 39-28.8-202, C.R.S., is exempt from state sales and use taxes.

Citation: §39-26-729, C.R.S.

Enacted: 2017

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Sales Tax Return	Not Itemized - See Other Exemptions *	Not Itemized - See Other Exemptions *	\$51,799,109	\$38,699,389

Source: State Sales Tax Return (DR 0100)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

[‡] Although this exemption applies to both sales and use taxes, only data from Sales Tax Returns (DR 0100) has been considered in preparing the revenue impact estimate because it is unlikely that this expenditure would ever be reported on a Retailer's Use Tax Return (DR 0173). Please see the Methodology section of this report for additional information.

Rural broadband equipment refund

For calendar years 2026 and prior, a broadband provider is allowed to claim a refund for state sales and use taxes paid on equipment used in providing broadband service in a qualified rural target area. The total amount of all refunds is limited to \$1,000,000 per calendar year.

Citation: §39-26-129, C.R.S.

Enacted: 2014

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Claim for Refund	\$0	\$0	\$0	Data Incomplete Until Next Report

Source: Sales/Use Tax Refund for Broadband Equipment (DR 0137C)

Rural Jump-Start Zone Program sales and use tax refund

Each new business that has been approved by the Colorado Economic Development Commission for participation in the Rural Jump-Start Zone Program may claim a refund for all state sales and use taxes paid on the purchase of tangible personal property acquired by the new business and used exclusively within the rural jump-start zone. The new business is eligible for refunds for four consecutive years beginning with the date the commission approved the new business for participation in the Rural Jump-Start Zone Program and during any additional extension granted by the commission.

Citation: §39-30.5-105(3), C.R.S.

Enacted: 2015

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Claim for Refund	\$0	\$0	\$0	Data Incomplete Until Next Report

Source: Claim for Refund (DR 0137B)

Sales by charitable organizations

Sales by a charitable organization are exempt from sales tax if the net proceeds from the organization's annual sales do not exceed certain thresholds and if the net proceeds raised by the charitable organization through these sales are retained by the organization to be used in the course of the organization's charitable service. The storage, use, or consumption of an item that qualifies for this sales tax exemption is also exempt from state use tax.

Citation: §39-26-718(1)(b), (2), C.R.S.

Enacted: 1995

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Sales Tax Return	Not Itemized - See Other Exemptions *	Not Itemized - See Other Exemptions *	Not Itemized - See Exempt School and Charitable Sales *	Not Itemized - See Sales by Schools and Charitable Organizations *
Retailer's Use Return	Not Effective This Year	Not Effective This Year	Not Itemized - See Non-Itemized Exemptions *	Not Itemized - See Non-Itemized Exemptions *

Source: State Sales Tax Return (DR 0100) and Retailer's Use Return (DR 0173)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Sales made by schools and school organizations ‡

Two separate, but similar exemptions are allowed for sales made by schools and school organizations. First, a sale by an association or organization of parents and teachers of public school students that is a charitable organization is exempt from state sales tax if the association or organization uses the funds raised through the sale for the benefit of a public school or an organized public school activity or to pay the reasonable expenses of the association or organization. Second, sales made by schools and certain school-related entities or organizations are exempt from state sales tax if the proceeds of the sales, less the actual cost of the goods and services, are donated to a school or school-approved student organization. To qualify for exemption, the sales must be made by a school; an association or organization of parents and school teachers; a booster club or other club, group, or organization whose primary purpose is to support a school activity; a school class; or a student club, group, or organization. The storage, use, or consumption of an item that qualifies for either of these sales tax exemptions is also exempt from state use tax.

Citation: §39-26-718(1)(c), (2), C.R.S.
§39-26-725(2), (4), C.R.S.

Enacted: 2008

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Sales Tax Return	\$1,174,000	\$983,000	Not Itemized - See Exempt School and Charitable Sales *	Not Itemized - See Sales by Schools and Charitable Organizations *

Source: State Sales Tax Return (DR 0100)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

‡ Although this exemption applies to both sales and use taxes, only data from Sales Tax Returns (DR 0100) has been considered in preparing the revenue impact estimate because it is unlikely that this expenditure would ever be reported on a Retailer's Use Tax Return (DR 0173). Please see the Methodology section of this report for additional information.

Sales of computer software that is not subject to sales and use taxes

Computer software is not subject to state sales and use taxes under any of the following conditions: it is not prepackaged for repeated sale or license, its use is not governed by a tear-open nonnegotiable license agreement, it is provided through an application service provider, it is delivered by electronic computer software delivery, or it is transferred by load-and-leave computer software delivery.

Citation: §39-26-102(15)(c)(I), C.R.S

Enacted: 2012

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Sales Tax Return	Not Itemized - See Other Deductions *	Not Itemized - See Other Deductions *	\$8,843,426	\$13,973,094
Retailer's Use Return	Not Itemized - See Non-Itemized Expenditures *	Not Itemized - See Non-Itemized Expenditures *	Not Itemized - See Non-Itemized Deductions *	Not Itemized - See Non-Itemized Deductions *

Source: State Sales Tax Return (DR 0100) and Retailer's Use Return (DR 0173)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Sales of motor vehicles for use by nonresidents outside Colorado

The sale of a new or used automobile to a nonresident of Colorado for use outside the state of Colorado is exempt from state sales tax.

Citation: §39-26-113(5)(a), C.R.S.

Enacted: 1977

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Sales Tax Return	Not Itemized - See Other Deductions *	Not Itemized - See Other Deductions *	Not Itemized - See Sales to Nonresidents *	Not Itemized - See Sales to Nonresidents *

Source: State Sales Tax Return (DR 0100)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Sales to charitable organizations

Sales to charitable organizations in the conduct of their regular charitable functions and activities are exempt from state sales tax. Charitable organizations are defined by section 39-26-102(2.5), C.R.S., in a manner similar tax-exempt entities under section 501(c)(3) of the Internal Revenue Code and also includes veterans' organization registered under section 501 (c)(19). Prior to July 1, 2018, sales made to qualifying veterans' organizations were exempt only if the purchases were for a special event, meeting, or other function that was not part of the organization's regular activities. The storage, use, or consumption of an item that qualifies for this sales tax exemption is also exempt from state use tax.

Citation: §39-26-102(2.5) C.R.S.
§39-26-718(1)(a), C.R.S.
§39-26-713(2)(d), C.R.S.

Enacted: 1935

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Sales Tax Return	Not Itemized - See Government/Charitable *	Not Itemized - See Government/Charitable *	Not Itemized - See Exempt Entities *	Not Itemized - See Sales to Exempt Entities *
Retailer's Use Return	Not Itemized - See Non-Itemized Expenditures *	Not Itemized - See Non-Itemized Expenditures *	Not Itemized - See Non-Itemized Deductions *	Not Itemized - See Non-Itemized Deductions *
Aviation Fuel Sales Tax Return	Not Previously Published	Not Previously Published	Not Previously Published	Not Itemized - See Aviation Fuel Exemptions *

Source: State Sales Tax Return (DR 0100), Retailer's Use Return (DR 0173), and Aviation Fuel Sales Tax Return (DR 1510)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Sales to governmental entities [†]

Sales to the United States government and the state of Colorado, its departments and institutions, and its political subdivisions (county and local governments, school districts, and special districts) in their governmental capacities only are exempt from state sales tax. The storage, use, or consumption of an item that qualifies for this sales tax exemption is also exempt from state use tax.

Citation: §39-26-704(1), C.R.S.
§39-26-713(2)(d), C.R.S.

Enacted: 1937

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Sales Tax Return	Not Itemized - See Government/Charitable *	Not Itemized - See Government/Charitable *	Not Itemized - See Exempt Entities *	Not Itemized - See Sales to Exempt Entities *
Retailer's Use Return	Not Itemized - See Non-Itemized Expenditures *	Not Itemized - See Non-Itemized Expenditures *	Not Itemized - See Non-Itemized Deductions *	Not Itemized - See Non-Itemized Deductions *
Aviation Fuel Sales Tax Return	Not Previously Published	Not Previously Published	Not Previously Published	Not Itemized - See Aviation Fuel Exemptions *

Source: State Sales Tax Return (DR 0100), Retailer's Use Return (DR 0173), and Aviation Fuel Sales Tax Return (DR 1510)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

Sales to housing authorities and projects owned by housing authorities [†]

City, county, and multijurisdictional housing authorities are exempt from state sales and use taxes. Additionally, a project is exempt from state sales and use taxes while it is under construction if it is owned by, leased to, or under construction by an entity that is wholly owned by an authority, an entity in which an authority has an ownership interest, or an entity in which an entity wholly owned by an authority or of which an authority is the sole member has an ownership interest.

Citation: §39-26-704(1.5), C.R.S.

Enacted: 2016

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Sales Tax Return	Not Itemized - See Government/Charitable *	Not Itemized - See Government/Charitable *	Not Itemized - See Exempt Entities *	Not Itemized - See Sales to Exempt Entities *
Retailer's Use Return	Not Itemized - See Non-Itemized Expenditures *	Not Itemized - See Non-Itemized Expenditures *	Not Itemized - See Non-Itemized Deductions *	Not Itemized - See Non-Itemized Deductions *

Source: State Sales Tax Return (DR 0100) and Retailer's Use Return (DR 0173)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

Sales to residents of bordering states that do not impose sales tax

A sale to a resident of a bordering state was exempt from state sales tax if the sale occurred within 20 miles of the Colorado border and the bordering state did not impose or levy a retail sales tax on the sale, as long as the resident of the bordering state was in Colorado for the express purpose of making purchases and not as a tourist. This exemption was repealed effective September 14, 2020.

Citation: §39-26-704(2), C.R.S.

Enacted: 1963

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Sales Tax Return	\$0	\$0	Expired	Expired

Source: State Sales Tax Return (DR 0100)

Sales to schools

Sales to schools, other than schools held or conducted for private or corporate profit, are exempt from state sales taxes. The exemption is allowed only to educational institutions having a curriculum comparable to grade, grammar, junior high, high school, or college, or any combination thereof, requiring daily attendance, having an enrollment of at least forty students, and charging a tuition fee.

Citation: §39-26-102(13), C.R.S.
§39-26-704(4), C.R.S.

Enacted: 1969

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Sales Tax Return	Not Itemized - See Government/Charitable *	Not Itemized - See Government/Charitable *	Not Itemized - See Exempt Entities *	Not Itemized - See Sales to Exempt Entities *

Source: State Sales Tax Return (DR 0100)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Special fuel for farm vehicles

The sale, storage, use, or consumption of special fuel is exempt from state sales and use taxes when it is used to operate farm vehicles when they are being used on farms or ranches. Special fuel that may qualify for this exemption includes diesel engine fuel, kerosene, liquefied petroleum gas, and natural gas but not gasoline.

Citation: §39-26-716(4)(d), C.R.S.

Enacted: 1977

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Sales Tax Return	Not Itemized - See Other Deductions *	Not Itemized - See Other Deductions *	Not Itemized - See Exempt Fuels *	Not Itemized - See Exempt Fuels *
Retailer's Use Return	Not Itemized - See Non-Itemized Expenditures *	Not Itemized - See Non-Itemized Expenditures *	Not Itemized - See Non-Itemized Deductions *	Not Itemized - See Non-Itemized Deductions *

Source: State Sales Tax Return (DR 0100) and Retailer's Use Return (DR 0173)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Tangible personal property that is leased, complimentary, or for testing [†]

The lease of tangible personal property for three years or less is exempt from state sales tax if the lessor paid Colorado sales or use on its acquisition. Prior to January 1, 2023, property that was provided free-of-charge by a supplier to an out-of-state vendor for use in selling the supplier's products was exempt from state sales and use taxes. The sale, storage, use, or consumption of tangible personal property for testing, modification, inspection, or similar type of activity in the state is exempt from sales and use taxes if the ultimate use of the property in manufacturing or similar type of activity occurs outside of this state and if the testing, modification, or inspection period does not exceed 90 days.

Citation: §39-26-713(1)(a), (1)(b), (1)(c), (2)(i), (2)(j), C.R.S.

Enacted: 1977

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Sales Tax Return	Not Itemized - See Other Deductions *	Not Itemized - See Other Deductions *	Not Itemized - See Other Exempt Sales Schedule A *	Not Itemized - See Other Exempt Sales Schedule A *
Retailer's Use Return	Not Itemized - See Non-Itemized Expenditures *	Not Itemized - See Non-Itemized Expenditures *	Not Itemized - See Non-Itemized Deductions *	Not Itemized - See Non-Itemized Deductions *

Source: State Sales Tax Return (DR 0100) and Retailer's Use Return (DR 0173)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

Tribal exemption ^{†, 1}

Sales of tangible personal property and services to the Southern Ute Indian Tribe, Ute Mountain Ute Tribe or an enrolled member of either tribe are exempt from state sales tax if the vendor is located on the Southern Ute Indian Reservation or the Reservation of the Ute Mountain Ute Tribe or if the property or service is delivered by a vendor outside the reservation and received by the tribe or enrolled tribal member on the reservation. The storage, use, or consumption of property, other than motor vehicles, that qualifies for this state sales tax exemption is also exempt from state use tax. The sale, storage, use, or consumption of a motor vehicle to a Ute Indian Tribe or tribal member is exempt from state sales and use taxes if the motor vehicle is to be registered to an address on a reservation.

Citation: §39-26-727, C.R.S.

Enacted: 2014

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Sales Tax Return	Not Itemized - See Other Deductions *	Not Itemized - See Other Deductions *	Not Itemized - See Other Exempt Sales Schedule A *	Not Itemized - See Other Exempt Sales Schedule A *
Retailer's Use Return	Not Itemized - See Non-Itemized Expenditures *	Not Itemized - See Non-Itemized Expenditures *	Not Itemized - See Non-Itemized Deductions *	Not Itemized - See Non-Itemized Deductions *

Source: State Sales Tax Return (DR 0100) and Retailer's Use Return (DR 0173)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

¹ The amount claimed for this expenditure is an underestimate of the total.

Vendor fee

A vendor may retain a portion of the sales tax they collect to cover the vendor's expense in the collection and remittance of the tax if the vendor remits the tax due to the Department by the applicable due date. The vendor fee allowed to retailers has been amended multiple times since its original enactment. For sales made prior to January 1, 2020, the amount that may be retained by the retailer is 3.33% of the tax due. For sales made on or after January 1, 2020, the amount that may be retained by a retailer increased to 4% of the tax due, but the amount a retailer may retain for any filing period is limited to \$1,000. Beginning January 1, 2022, a retailer is not permitted to retain any vendor's fee for any filing period that the retailer's total taxable sales were greater than \$1,000,000. For sales made during calendar year 2023 only, if the retailer's total taxable sales for the filing period are less than or equal to \$100,000, the service fee is equal to 5.3% of the state sales tax due for the period.

Citation: §39-26-105(1)(c), (1)(d), C.R.S.

Enacted: 1935

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Sales Tax Return	\$95,676,000	\$107,884,000	\$65,621,302	\$62,401,104
Special Event Sales Tax Return	Not Previously Published	Not Previously Published	\$75,248	\$153,260
Retailer's Use Return	\$5,750,000	Data Not Releasable	\$1,916,904	\$1,443,323
Aviation Fuel Sales Tax Return	Not Previously Published	Not Previously Published	Not Previously Published	\$96,848

Source: State Sales Tax Return (DR 0100), State Special Event Sales Tax Return (DR 0098), Retailer's Use Return (DR 0173), and Aviation Fuel Sales Tax Return (DR 1510)

Waste tire fee

The collection of the waste tire fee pursuant to section 30-20-1403, C.R.S., is exempt from state sales tax.

Citation: §39-26-706(5), C.R.S.

Enacted: 2010

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Sales Tax Return	Not Previously Published	Not Previously Published	Not Itemized - See Other Exempt Sales Schedule A *	Not Itemized - See Other Exempt Sales Schedule A *

Source: State Sales Tax Return (DR 0100)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Wholesale sales (agricultural) †

The following are deemed to be wholesale sales and therefore are not subject to state sales and use taxes: semen for agricultural or ranching purposes; agricultural compounds used in caring for livestock; spray adjuvants used in caring for livestock or in the production of agricultural commodities; pesticides registered by the Colorado Commissioner of Agriculture, used in the production of agricultural and livestock products, and purchased from a dealer licensed under section 35-9-115, C.R.S.; and fertilizer used in the production of agricultural commodities.

Citation: §39-26-102(19)(c), (19)(d), (19)(e), (19)(f), (19)(g), C.R.S.

Enacted: 2012 and 2019

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Sales Tax Return	\$11,398,000	\$21,649,000	Not Itemized - See Exempt Agricultural Sales *	Not Itemized - See Exempt Agricultural Sales *
Retailer's Use Return	Not Itemized - See Non-Itemized Expenditures *	Not Itemized - See Non-Itemized Expenditures *	Not Itemized - See Non-Itemized Deductions *	Not Itemized - See Non-Itemized Deductions *

Source: State Sales Tax Return (DR 0100) and Retailer's Use Return (DR 0173)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

† This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

Wholesale sales including ingredients and components parts [†]

Wholesale sales are not subject to state sales and use taxes. Also, a lessor of tangible personal property leased for a period of three years or less can acquire the property free of sales or use tax if the lessor if the Department grants the lessor permission to collect sales tax on all lease payments received on the property. Additionally, sales of the following items are deemed to be wholesale sales and are therefore exempt from sales and use taxes: pre-press preparation printing materials; tangible personal property that becomes an ingredient or component part of a product or service being manufactured, compounded, or furnished, and the container or packaging thereof; and tangible personal property that becomes an integral part of food. The sale, storage, use, or consumption of tangible personal property sold with or used to package or bag food, a meal, or a beverage is exempt from state sales and use taxes if such property is essential to and becomes property of the consumer and a separate charge is not made to the consumer for such property.

Citation: §39-26-102(19)(a), (19)(b), C.R.S.
§39-26-102(20), C.R.S.
§39-26-707(1)(c), (1)(d), (2)(b), (2)(c), C.R.S.
§39-26-713(1)(a), (2)(b), (2)(e), C.R.S.

Enacted: 1935, 1977, and 1978

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Sales Tax Return	Not Itemized - See Wholesale *	Not Itemized - See Wholesale *	Not Itemized - See Wholesale *	Not Itemized - See Wholesale Sales *
Special Event Sales Tax Return	Not Previously Published	Not Previously Published	Not Itemized - See Wholesale *	Not Itemized - See Wholesale Sales *
Retailer's Use Return	Not Itemized - See Non-itemized Expenditures *	Not Itemized - See Wholesale *	Not Itemized - See Wholesale *	Not Itemized - See Wholesale Sales *
Aviation Fuel Sales Tax Return	Not Previously Published	Not Previously Published	Not Previously Published	Not Itemized - See Aviation Fuel Exemptions *

Source: State Sales Tax Return (DR 0100), State Special Event Sales Tax Return (DR 0098), Retailer's Use Return (DR 0173), and Aviation Fuel Sales Tax Return (DR 1510)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

Wildfire disaster rebuilding refund

Qualified homeowners may claim a refund for sales and use taxes on construction and building materials used directly in rebuilding or repairing a qualified residential structure that was damaged or destroyed by a wildfire that was declared a disaster emergency by the Governor on or after January 1, 2020, but before January 1, 2023. A refund is allowed only if the replacement cost of the qualified residential structure exceeds the homeowner's coverage under any insurance policy associated with the structure. The amount of the refund is based on the cost amount used to collect estimated local use tax in connection with the issuance of a building permit. If no estimated use tax has been collected, the refund amount is based on half of the total contract price or total cost for rebuilding or repairing the qualified residential structure.

Citation: §39-26-734

Enacted: 2023

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Claim for Refund	Not Effective This Year	Not Effective This Year	Data Not Releasable	Data Incomplete Until Next Report

Source: Claim for Refund (DR 0137B)

Wood from salvaged trees killed or infested in Colorado by certain beetles

From July 1, 2008, through June 30, 2020, and from July 1, 2021, through June 30, 2026, the sale, storage, use, or consumption of wood salvaged from Colorado trees that have been killed or infested by certain beetles is exempt from state sales and use taxes. This exemption applies to products produced from salvaged trees, including, but not limited to, lumber, furniture, wood chips, or wood pellets.

Citation: §39-26-723(1), C.R.S.

Enacted: 2008, 2021

Tax Expenditure Revenue Impact

Tax Form	2017	2019	2021	2023
Sales Tax Return	Not Itemized - See Other Exemptions *	Not Itemized - See Other Exemptions *	Not Itemized - See Other Exempt Sales Schedule B *	Not Itemized - See Other Exempt Sales Schedule B *
Retailer's Use Return	Data Not Retrievable	Data Not Retrievable	Not Itemized - See Non-Itemized Exemptions *	Not Itemized - See Non-Itemized Exemptions *

Source: State Sales Tax Return (DR 0100) and Retailer's Use Return (DR 0173)

* For data that is not itemized, an aggregate total is provided if available. See the Summary of Revenue Impacts tables at the end of the chapter to find the aggregate total for the most recent year. See prior reports for prior year aggregate totals.

Upcoming Expenditures

Decarbonizing building materials

Citation: §39-26-731, C.R.S.

Enacted: 2022

Summary of Revenue Impacts

Sales Tax Expenditures

Tax Expenditure Description	2023
Bad Debt and Returns:	\$17,331,489
Bad debt charged off [†]	Not Itemized - See Bad Debt and Returns *
Property returned for full refund	Not Itemized - See Bad Debt and Returns *
Components used in the production of electricity from a renewable energy source	\$3,445,414
Exchanged property allowance	\$91,458,543
Exempt Agricultural Sales:	\$23,097,499
Agricultural operations [†]	Not Itemized - See Exempt Agricultural Sales *
Livestock and fish for stocking [†]	Not Itemized - See Exempt Agricultural Sales *
Wholesale sales (agricultural) [†]	Not Itemized - See Exempt Agricultural Sales *
Exempt Fuels:	\$321,990,123
Gasoline, special fuel, and aviation gasoline [†]	Not Itemized - See Exempt Fuels *
Special fuel for farm vehicles	Not Itemized - See Exempt Fuels *
Farm equipment and parts	\$15,976,549
Food:	\$477,607,006
Food for domestic home consumption	Not Itemized - See Food *
Food sold through vending machines	Not Itemized - See Food *
Fuel and electricity for residential heat, light, and power	\$140,232,542
Low-emitting and alternative fuel trucks	\$452,100
Machinery or machine tools used in manufacturing	\$5,432,507
Other Exempt Sales Schedule A:	\$554,195,679
Aircraft sold (new or used) to a nonresident	Not Itemized - See Other Exempt Sales Schedule A *
Aircraft used in interstate commerce by commercial airlines and aircraft component parts	Not Itemized - See Other Exempt Sales Schedule A *
Bingo and raffle equipment	Not Itemized - See Other Exempt Sales Schedule A *

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Sales Tax Expenditures (continued)

Tax Expenditure Description	2023
Certain materials used in the manufacturing or processing of iron, steel, and uranium-vanadium ores	Not Itemized - See Other Exempt Sales Schedule A *
Coins and precious metal bullion	Not Itemized - See Other Exempt Sales Schedule A *
Food for retirement community residents	Not Itemized - See Other Exempt Sales Schedule A *
Food purchased with funds from the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) [†]	Not Itemized - See Other Exempt Sales Schedule A *
Food purchased with Supplemental Nutrition Assistance Program (SNAP) benefits [†]	Not Itemized - See Other Exempt Sales Schedule A *
Food service employer-provided meals	Not Itemized - See Other Exempt Sales Schedule A *
Lodging for permanent residents	Not Itemized - See Other Exempt Sales Schedule A *
Medical marijuana sold to indigent patients	Not Itemized - See Other Exempt Sales Schedule A *
Newspapers and newspaper supplements	Not Itemized - See Other Exempt Sales Schedule A *
Railroad construction and building materials, equipment, and rolling stock	Not Itemized - See Other Exempt Sales Schedule A *
Tangible personal property that is leased, complimentary, or for testing [†]	Not Itemized - See Other Exempt Sales Schedule A *
Tribal exemption ^{†, 1}	Not Itemized - See Other Exempt Sales Schedule A *
Waste tire fee	Not Itemized - See Other Exempt Sales Schedule A *
Other Exempt Sales Schedule B:	\$59,439,783
Heat pump systems and heat pump water heaters	Not Itemized - See Other Exempt Sales Schedule B *
Incontinence products and diapers	Not Itemized - See Other Exempt Sales Schedule B *
Manufactured homes [†]	Not Itemized - See Other Exempt Sales Schedule B *
Period products	Not Itemized - See Other Exempt Sales Schedule B *
Residential energy storage systems	Not Itemized - See Other Exempt Sales Schedule B *
Wood from salvaged trees killed or infested in Colorado by certain beetles	Not Itemized - See Other Exempt Sales Schedule B *
Prescription drugs, medical equipment, and medical devices	\$363,969,401
Property for use in space flight	\$4,777
Retail marijuana, retail marijuana products, and retail marijuana concentrates [†]	\$38,699,389
Sales by Schools and Charitable Organizations:	\$652,571
Sales by charitable organizations	Not Itemized - See Sales by Schools and Charitable Organizations *
Sales made by schools and school organizations	Not Itemized - See Sales by Schools and Charitable Organizations *
Sales of computer software that is not subject to sales and use taxes	\$13,973,094
Sales to Exempt Entities:	\$501,333,485

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Sales Tax Expenditures (continued)

Tax Expenditure Description	2023
Construction and building materials for tax-exempt projects	Not Itemized - See Sales to Exempt Entities *
Sales to charitable organizations	Not Itemized - See Sales to Exempt Entities *
Sales to governmental entities [†]	Not Itemized - See Sales to Exempt Entities *
Sales to housing authorities and projects owned by housing authorities [†]	Not Itemized - See Sales to Exempt Entities *
Sales to schools	Not Itemized - See Sales to Exempt Entities *
Sales to Nonresidents:	\$501,915,166
Commercial trucks or trailers licensed out-of-state	Not Itemized - See Sales to Nonresidents *
Sales of motor vehicles for use by nonresidents outside Colorado	Not Itemized - See Sales to Nonresidents *
Vendor fee	\$62,401,104
Wholesale Sales:	\$3,349,662,181
Energy used for industrial, manufacturing, and similar purposes [†]	Not Itemized - See Wholesale Sales *
Newsprint and printer's ink [†]	Not Itemized - See Wholesale Sales *
Wholesale sales including ingredients and component parts [†]	Not Itemized - See Wholesale Sales *
Total	\$6,543,270,401

Source: State Sales Tax Return (DR 0100)

* For data that is not itemized, an aggregate total is provided in this table if available.

[†] These expenditures are considered structural tax expenditures. See the Introduction for a definition.

¹ The amount claimed for this expenditure is an underestimate of the total.

Sales Tax Expenditures for Special Events

Tax Expenditure Description	2023
Exemptions ¹	Data Not Retrievable
Vendor fee	\$153,260
Wholesale Sales:	\$244,545
Newsprint and printer's ink [†]	Not Itemized - See Wholesale Sales *
Wholesale sales including ingredients and component parts [†]	Not Itemized - See Wholesale Sales *
Total ²	\$397,805

Source: State Special Event Sales Tax Return (DR 0098)

* For data that is not itemized, an aggregate total is provided in this table if available.

[†] These expenditures are considered structural tax expenditures. See the Introduction for a definition.

¹ Exemptions are not itemized on the return. Any applicable sales tax exemption could be claimed on this line.

² The total is understated because some data are not retrievable.

Retailer's Use Tax Expenditures

Tax Expenditure Description	2023
Non-Itemized Deductions ¹ :	\$40,453,619
Agricultural operations [†]	Not Itemized - See Non-Itemized Deductions *
Aircraft sold (new or used) to a nonresident	Not Itemized - See Non-Itemized Deductions *
Aircraft used in interstate commerce by commercial airlines and aircraft component parts	Not Itemized - See Non-Itemized Deductions *
Bad debt charged off [†]	Not Itemized - See Non-Itemized Deductions *
Bingo and raffle equipment	Not Itemized - See Non-Itemized Deductions *
Coins and precious metal bullion	Not Itemized - See Non-Itemized Deductions *
Commercial trucks or trailers licensed out-of-state	Not Itemized - See Non-Itemized Deductions *
Construction and building materials for tax-exempt projects	Not Itemized - See Non-Itemized Deductions *
Exchanged property allowance	Not Itemized - See Non-Itemized Deductions *
Food for retirement community residents	Not Itemized - See Non-Itemized Deductions *
Gasoline, special fuel, and aviation gasoline [†]	Not Itemized - See Non-Itemized Deductions *
Prescription drugs, medical equipment, and medical devices	Not Itemized - See Non-Itemized Deductions *
Property returned for full refund	Not Itemized - See Non-Itemized Deductions *
Sales of computer software that is not subject to sales and use taxes	Not Itemized - See Non-Itemized Deductions *
Sales to charitable organizations	Not Itemized - See Non-Itemized Deductions *
Sales to governmental entities [†]	Not Itemized - See Non-Itemized Deductions *
Sales to housing authorities and projects owned by housing authorities [†]	Not Itemized - See Non-Itemized Deductions *
Special fuel for farm vehicles	Not Itemized - See Non-Itemized Deductions *
Tangible personal property that is leased, complimentary, or for testing [†]	Not Itemized - See Non-Itemized Deductions *
Tribal exemption ^{†,2}	Not Itemized - See Non-Itemized Deductions *
Wholesale sales (agricultural) [†]	Not Itemized - See Non-Itemized Deductions *
Non-Itemized Exemptions ¹ :	\$861,252
Certain materials used in the manufacturing or processing of iron, steel, and uranium-vanadium ores	Not Itemized - See Non-Itemized Exemptions *
Components used in the production of electricity from a renewable energy source	Not Itemized - See Non-Itemized Exemptions *
Farm equipment and parts	Not Itemized - See Non-Itemized Exemptions *
Food for domestic home consumption	Not Itemized - See Non-Itemized Exemptions *
Food sold through vending machines	Not Itemized - See Non-Itemized Exemptions *
Fuel and electricity for residential heat, light, and power	Not Itemized - See Non-Itemized Exemptions *

Continued on page 195

Retailer's Use Tax Expenditures (continued)

Tax Expenditure Description	2023
Heat pump systems and heat pump water heaters	Not Itemized - See Non-Itemized Exemptions *
Incontinence products and diapers	Not Itemized - See Non-Itemized Exemptions *
Livestock and fish for stocking [†]	Not Itemized - See Non-Itemized Exemptions *
Low-emitting and alternative fuel trucks	Not Itemized - See Non-Itemized Exemptions *
Machinery or machine tools used in manufacturing	Not Itemized - See Non-Itemized Exemptions *
Manufactured homes [†]	Not Itemized - See Non-Itemized Exemptions *
Newspapers and newspaper supplements	Not Itemized - See Non-Itemized Exemptions *
Period products	Not Itemized - See Non-Itemized Exemptions *
Property for use in space flight ³	Not Itemized - See Non-Itemized Exemptions *
Railroad construction and building materials, equipment, and rolling stock	Not Itemized - See Non-Itemized Exemptions *
Residential energy storage systems	Not Itemized - See Non-Itemized Exemptions *
Sales by charitable organizations	Not Itemized - See Non-Itemized Exemptions *
Wood from salvaged trees killed or infested in Colorado by certain beetles	Not Itemized - See Non-Itemized Exemptions *
Vendor fee	\$1,443,323
Wholesale Sales:	\$306,658,963
Energy used for industrial, manufacturing, and similar purposes [†]	Not Itemized - See Wholesale Sales *
Newsprint and printer's ink [†]	Not Itemized - See Wholesale Sales *
Wholesale sales including ingredients and component parts [†]	Not Itemized - See Wholesale Sales *
Total	\$349,417,157

Source: Retailer's Use Return (DR 0173)

* For data that is not itemized, an aggregate total is provided in this table if available.

[†] These expenditures are considered structural tax expenditures. See the Introduction for a definition.

¹ These expenditures are grouped as you see here because the itemized values are not retrievable. If the itemized values were retrievable, then some expenditures in this list would still not be itemized. See the Retailer's Use Return for more details.

² The amount claimed for this expenditure is an underestimate of the total.

³ The itemized value is retrievable, but this exemption is grouped in order to maintain taxpayer confidentiality.

Claim for Refund Tax Expenditures

Tax Expenditure Description	2021
Biotechnology equipment refund	Data Not Releasable
Commercial vehicles used in interstate commerce refund	\$0
Rural broadband equipment refund	\$0
Rural Jump-Start Zone Program sales and use tax refund	\$0
Wildfire disaster rebuilding refund	Data Not Releasable
Total ¹	\$158,090

Source: Claim for Refund (DR 0137B) and Sales/Use Tax Refund for Broadband Equipment (DR 0137C)

Note: This table only includes data from expenditures in which the only mechanism for claiming the expenditure is a Claim for Refund.

¹ "Data Not Releasable" values are included in the total.

Aviation Fuel Sales Tax Expenditures

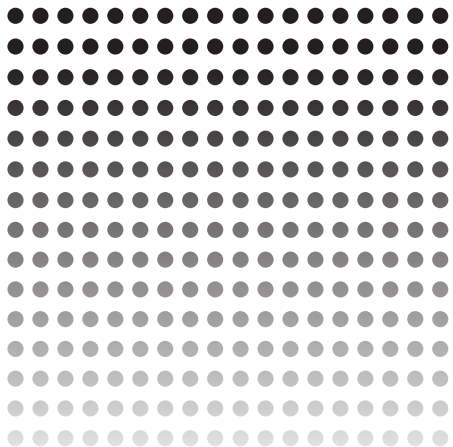
Tax Expenditure Description	2023
Aviation Fuel Exemptions:	Data Not Retrievable
Sales to charitable organizations	Not Itemized - See Aviation Fuel Exemptions *
Sales to governmental entities [†]	Not Itemized - See Aviation Fuel Exemptions *
Wholesale sales including ingredients and component parts [†]	Not Itemized - See Aviation Fuel Exemptions *
Vendor fee	\$96,848
Total ¹	\$96,848

Source: Aviation Fuel Sales Tax Return (DR 1510)

* For data that is not itemized, an aggregate total is provided in this table if available.

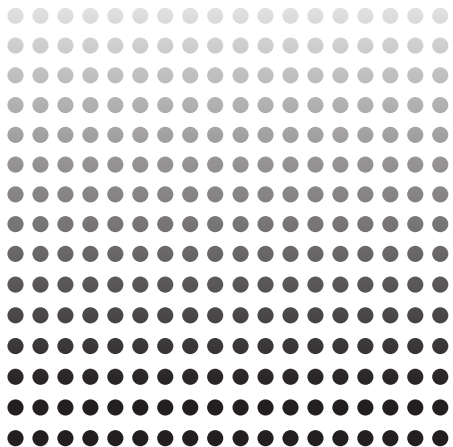
[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

¹ The total is understated because some data are not retrievable.



Chapter 6

Severance Tax Expenditures



Overview

Total Revenue Impact

This table estimates the revenue impact of a combination of structural and non-structural tax expenditures. Structural tax expenditures are intended to establish the basic structure of a tax provision, whereas non-structural tax expenditures are intended to provide special or selective tax relief to further various public policy goals. There are several structural expenditures in this chapter, but they do not have a large effect on the total revenue impact of severance tax expenditures.

Severance Tax Expenditures ¹

2016	2018	2020	2022
\$278,962,000	\$358,002,000	\$446,688,675	\$530,115,868

Source: Coal Severance Tax Return (DR 0020C), Metallic Minerals Severance Tax Return (DR 0020A), Molybdenum Ore Severance Tax Return (DR 0022), Oil and Gas Severance Tax Return (DR 0021D), and Oil Shale Severance Tax Return (DR 0020E)

¹ Totals are understated because not all data are collected or retrievable.

Net Collections

Net collections reported for a given fiscal year are not necessarily associated with the expenditure data reported by calendar year. Collections data includes tax collections across multiple tax years due to amended, late, and/or corrected filings and are net of any refunds received in the accounting period, regardless of the filing period for which the refund applied.

Severance Tax Net Collections ¹

Fiscal Year (July 1 through June 30)	Net Collections
2015-2016	\$84,076,263
2016-2017	(\$7,195,424)
2017-2018	\$102,722,238
2018-2019	\$217,944,747
2019-2020	\$147,878,402
2020-2021	(\$15,280,441)
2021-2022	\$306,809,972
2022-2023	\$345,958,742
2023-2024	\$187,104,864

Source: Colorado State Accounting System

¹ In fiscal years 2016-2017 and 2020-2021, severance tax refunds exceeded collections. All values are on a cash basis.

Distributions

In general, severance tax revenue is split evenly between two funds, the State Severance Tax Trust Fund and the Local Government Severance Tax Fund. Prior to these distributions, House Bills 21-1312 and 23-1272 first allocate to separate designated funds the revenue attributable to the reduction or discontinuation of certain tax expenditures.

The State Severance Tax Trust Fund is administered by the Department of Natural Resources for the purpose of funding programs and projects relating generally to natural resource management, water conservation, and low-income energy assistance. Revenue transferred to the State Severance Tax Trust Fund is split equally between the Severance Tax Perpetual Base Fund and the Severance Tax Operational Fund.

The Local Government Severance Tax Fund is administered by the Department of Local Affairs. Of the revenue transferred to the Local Government Severance Tax Fund, 70% is distributed to political subdivisions socially or economically impacted by the development, processing, or energy conversion of minerals and mineral fuels. The remaining 30% is distributed directly to local governments based on the geographic location of energy industry employees, mine and well permits, and overall mineral production.

House Bill 21-1312 allocates revenue attributable to the reduction or discontinuation of certain coal tax expenditures to the Just Transition Cash Fund to provide assistance to communities and workers transitioning away from the mining and burning of coal as an energy source. House Bill 23-1272 allocates to the Decarbonization Tax Credits Administration Cash Fund the revenue attributable to the temporary decrease in ad valorem credits for oil and gas severance tax.

History

The state severance tax was first enacted in Colorado in 1913. It levied a tax on each ton of coal mined in the state at a rate of 0.33¢ per ton. The purpose of the initial tax was to finance state regulatory and inspection measures. At the time, the revenue source was minimal due to an economic climate of declining coal mining production.

A second severance tax was adopted in 1951 and imposed a levy of \$0.002 per barrel on oil and \$0.002 for every 50,000 cubic feet of gas produced. The tax was meant to fund state conservation activities in the oil and gas industries. Revenue from the tax was distributed into a special conservation fund and was considered minimal.

The third severance tax – the 1953 Oil and Gas Severance Tax – was based on gross income from oil and gas production. The 1953 tax was modified by credits and an exemption – specifically, certain property taxes worked as a credit to offset severance tax liabilities. By 1957, there were 28 states that imposed a severance tax, although the tax provided a minor source of revenue when compared to other tax sources in those states.

In 1977, when Article 29 (Severance Tax) was added to Title 39 of the Colorado Revised Statutes, the income-based tax on the severance of oil and gas was moved from the income tax article to the new severance tax article.

Tax Base

Taxes are levied on the production or extraction of coal, metallic minerals, molybdenum, oil and gas, and oil shale. The tax rates and any exemptions or credits are specific to the type of material extracted.

Computation of the Tax

§39-29-103, C.R.S.

§39-29-104, C.R.S.

§39-29-105, C.R.S.

§39-29-106, C.R.S.

§39-29-107, C.R.S.

Colorado severance tax rates are as follows:

- **Coal:** Coal is taxed at a fixed rate per ton that is adjusted quarterly based upon changes in the U.S. Bureau of Labor Statistics' Producer Price Index. The quarterly rates for 2022 ranged from \$0.986 to \$1.127 per ton.
- **Metallic minerals:** A tax of 2.25% is levied against the extraction of metallic minerals to the extent gross income exceeds \$19 million.
- **Molybdenum:** A tax of 5¢ per ton is levied against the extraction of molybdenum. The first 625,000 tons of molybdenum ore produced each quarter is exempt from tax.
- **Oil and gas:** A graduated rate of 2% to 5% is levied against the gross income derived from the production of oil and gas in Colorado.
- **Oil shale:** On and after January 1, 2024, a tax is levied on the gross proceeds from each commercial oil shale facility. Prior to January 1, 2024, the tax was imposed at the rate of 1% to 4% on the gross proceeds beginning 180 days after daily production at a commercial oil shale facility first surpassed 15,000 tons of oil shale or 10,000 barrels of shale oil, whichever was greater. The rate increased over the first four taxable years and was 4% for any taxable year thereafter.

Tax Expenditures

The descriptions of tax expenditures provided in this report (as required by section 39-21-303(2)(a)(III), C.R.S.) attempt to summarize each expenditure in simple and straightforward language. Although the descriptions represent a good-faith effort to provide accurate and complete tax information, the information is not binding on the Colorado Department of Revenue, nor does it replace, alter, or supersede Colorado law and regulations. The Executive Director, who by statute is the only person having the authority to bind the Department, has not formally reviewed and/or approved these descriptions.

Coal credit for lignitic production

A credit is allowed for the production of lignitic coal. For tax years 2021 and prior, the credit was equal to 50% of the severance tax imposed on lignitic coal production. The credit percentage decreases incrementally for tax years 2022 through 2025 and will be eliminated entirely for tax years 2026 and later.

Citation: §39-29-106(3.5), (4), C.R.S.

Enacted: 1977

Tax Expenditure Revenue Impact

2016	2018	2020	2022
\$0	\$0	\$0	\$0

Source: Coal Severance Tax Return (DR 0020C)

Coal credit for underground production

A credit is allowed for coal produced from underground mines. For tax years 2021 and prior, the credit was equal to 50% of the severance tax imposed on the coal produced from underground mines. The credit percentage decreases incrementally for tax years 2022 through 2025 and will be eliminated entirely for tax years 2026 and later.

Citation: §39-29-106(3), (3.5), C.R.S.

Enacted: 1977

Tax Expenditure Revenue Impact

2016	2018	2020	2022
\$1,819,000	Data Not Releasable	Data Not Releasable	\$2,029,341

Source: Coal Severance Tax Return (DR 0020C)

Coal exemption for quarterly production under prescribed threshold

An exemption is allowed for coal produced under a prescribed weight threshold in each calendar quarter. For tax years 2021 and prior, the exemption was allowed for the first 300,000 tons of coal produced in each calendar quarter. The exempt production threshold decreases incrementally for tax years 2022 through 2025 and the exemption will be eliminated entirely for tax years 2026 and later.

Citation: §39-29-106(2)(b), C.R.S.

Enacted: 1977

Tax Expenditure Revenue Impact

2016	2018	2020	2022
\$3,626,000	\$5,398,000	\$5,016,488	\$5,481,203

Source: Coal Severance Tax Return (DR 0020C)

Impact assistance credit

A credit against the severance tax was allowed for contributions to local government for use in the planning, construction, or expansion of public facilities that were deemed to be necessary because of a new severance operation or the increase in production at an existing operation. This credit was repealed by House Bill 23-1121.

Citation: §39-29-107.5, C.R.S.

Enacted: 1979

Tax Expenditure Revenue Impact

2016	2018	2020	2022
\$0	\$0	\$0	\$0

Source: Coal Severance Tax Return (DR 0020C), Metallic Minerals Severance Tax Return (DR 0020A), Molybdenum Ore Severance Tax Return (DR 0022), Oil and Gas Severance Tax Return (DR 0021D), Oil Shale Severance Tax Return (DR 0020E)

Metallic minerals credit for ad valorem tax

A credit is allowed equal to the total amount of ad valorem taxes assessed or paid on producing mines during the taxable year, not to exceed 50% of the gross severance tax liability.

Citation: §39-29-103(2), C.R.S.

Enacted: 1977

Tax Expenditure Revenue Impact

2016	2018	2020	2022
Data Not Releasable	\$0	\$0	Data Not Releasable

Source: Metallic Minerals Severance Tax Return (DR 0020A)

Metallic minerals exclusion for extraction or processing from waste or residue

Severance tax on metallic minerals is based upon the gross income from mining operations, excluding income from the extraction or processing of ores or minerals from mine waste or residue of previously processed ores.

Citation: §39-29-102(3)(b), C.R.S.

Enacted: 1977

Tax Expenditure Revenue Impact

2016	2018	2020	2022
Data Not Collected	Data Not Collected	Data Not Collected	Data Not Collected

Source: Not available - this data is not recorded on any form.

Metallic minerals exclusion for value added by treatment, transportation, or marketing [†]

Severance tax on metallic minerals is based upon the gross income from mining operations, excluding any value added subsequent to mining by any treatment processes, such as crushing, grinding, or concentration; by transportation from the mine; or by marketing of the ore or any products derived therefrom.

Citation: §39-29-102(3)(b), C.R.S.

Enacted: 1977

Tax Expenditure Revenue Impact

2016	2018	2020	2022
Data Not Collected	Data Not Collected	Data Not Collected	Data Not Collected

Source: Not available - this data is not recorded on any form.

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition. Although this expenditure is conceptually structural, the specific costs that are deductible are subject to legislative discretion.

Metallic minerals exemption for annual production under prescribed threshold

No tax is levied on the first \$19 million on gross income in the tax year from the severance of metallic minerals.

Citation: §39-29-103(1)(b), C.R.S.

Enacted: 1977

Tax Expenditure Revenue Impact

2016	2018	2020	2022
Data Not Releasable	\$0	\$0	Data Not Releasable

Source: Metallic Minerals Severance Tax Return (DR 0020A)

Molybdenum exemption for quarterly production under prescribed threshold

No tax is imposed on the first 625,000 tons of molybdenum ore produced each quarter of the taxable year.

Citation: §39-29-104(1), C.R.S.

Enacted: 1999

Tax Expenditure Revenue Impact

2016	2018	2020	2022
Data Not Releasable	Data Not Releasable	Data Not Releasable	Data Not Releasable

Source: Molybdenum Ore Severance Tax Return (DR 0022)

Oil and gas credit for ad valorem tax

A credit is allowed for ad valorem taxes assessed (in the case of accrual basis taxpayers) or paid (in the case of cash basis taxpayers) during the taxable year for oil and gas leaseholds and leasehold interests and oil and gas royalties and royalty interests. For tax years commencing prior to January 1, 2024, the credit is equal to 87.5% of the ad valorem tax paid or assessed for state, county, municipal, school district, and special district purposes. For tax years commencing on or after January 1, 2024, but prior to January 1, 2026, the credit is equal to 75% of the ad valorem tax paid or assessed. For tax years commencing on or after January 1, 2026, the ad valorem credit will be based on an estimated amount for the ad valorem taxes using the prior year's mill levy applied to the current year's gross income. No credit is allowed for ad valorem taxes assessed or paid for oil and gas production that is exempt from the state severance tax or for equipment and facilities used in the drilling for, production of, storage of, and pipeline transportation of oil and gas.

Citation: §39-29-105(2)(b), C.R.S.

Enacted: 1977

Tax Expenditure Revenue Impact

2016	2018	2020	2022
\$271,824,000	\$349,950,000	\$440,571,796	\$520,579,818

Source: Oil and Gas Severance Tax Return (DR 0021D)

Oil and gas deduction for transportation, manufacturing, and processing costs ^{†, 1}

In the calculation of severance tax on oil and gas, deductions are allowed for direct costs actually paid or accrued by the taxpayer for transportation, manufacturing, and processing of the product. Deductible costs include depreciation.

Citation: §39-29-102(3)(a), C.R.S.

Enacted: 1985

Tax Expenditure Revenue Impact

2016	2018	2020	2022
Data Not Retrievable	Data Not Retrievable	Data Not Retrievable	Data Not Retrievable

Source: Severance Tax Schedule Form – Detail Information for Producers (DR 0021PD)

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition. Although this expenditure is conceptually structural, the specific costs that are deductible are subject to legislative discretion.

¹ The data is not retrievable because this information on the tax form is only stored as a stand-alone document image. It is not captured and stored as electronic information.

Oil and gas exemption for stripper well production ¹

Oil produced from any well that produces 15 barrels per day or less of oil, and gas produced from any well that produces 90,000 cubic feet or less of gas per day, for the average of all producing days for such oil and gas production during the taxable year, is exempt from tax.

Citation: §39-29-105(1)(b), C.R.S.

Enacted: 1977

Tax Expenditure Revenue Impact

2016	2018	2020	2022
Data Not Retrievable	Data Not Retrievable	Data Not Retrievable	Data Not Retrievable

Source: Severance Tax Schedule Form – Detail Information for Producers (DR 0021PD)

¹ The data is not retrievable because this information on the tax form is only stored as a stand-alone document image. It is not captured and stored as electronic information.

Oil shale deduction for equipment and machinery [†]

In the calculation of severance tax on oil shale, deductions are allowed for all costs for equipment and machinery, including both direct and indirect expenditures.

Citation: §39-29-102(4)(a), C.R.S.

Enacted: 1977

Tax Expenditure Revenue Impact

2016	2018	2020	2022
\$0	\$0	\$0	\$0

Source: Oil Shale Severance Tax Return (DR 0020E)

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition. Although this expenditure is conceptually structural, the specific costs that are deductible are subject to legislative discretion.

Oil shale deduction for fragmenting, crushing, conveying, beneficiating, pyrolysis, retorting, refining, and transporting [†]

In the calculation of severance tax on oil shale, deductions are allowed for all costs for fragmenting, crushing, conveying, beneficiating, pyrolysis, retorting, refining, and transporting, including both direct and indirect expenditures.

Citation: §39-29-102(4)(b), C.R.S.

Enacted: 1977

Tax Expenditure Revenue Impact

2016	2018	2020	2022
\$0	\$0	\$0	\$0

Source: Oil Shale Severance Tax Return (DR 0020E)

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition. Although this expenditure is conceptually structural, the specific costs that are deductible are subject to legislative discretion.

Oil shale deduction for royalty payments [†]

In the calculation of severance tax on oil shale, deductions are allowed for royalty payments.

Citation: §39-29-102(4)(c), C.R.S.

Enacted: 1977

Tax Expenditure Revenue Impact

2016	2018	2020	2022
\$0	\$0	\$0	\$0

Source: Oil Shale Severance Tax Return (DR 0020E)

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

Oil shale exemption for daily production under prescribed threshold

Prior to January 1, 2024, the production of the first 15,000 tons per day of oil shale or 10,000 barrels per day of shale oil, whichever was greater, was exempt from tax. This exemption was repealed effective January 1, 2024, by House Bill 23-1121.

Citation: §39-29-107(3), C.R.S.

Enacted: 1977

Tax Expenditure Revenue Impact

2016	2018	2020	2022
\$0	\$0	\$0	\$0

Source: Oil Shale Severance Tax Return (DR 0020E)

Oil shale exemption prior to 180th day of commercial production

Prior to January 1, 2024, severance tax on oil shale applied beginning 180 days after daily production at an oil shale facility first surpassed 15,000 tons of oil shale or 10,000 barrels of shale oil, whichever was greater. Any oil shale production prior to the 180th day after exceeding these daily production thresholds was exempt from severance tax. This exemption was repealed effective January 1, 2024, by House Bill 23-1121.

Citation: §39-29-102(1.5), C.R.S.
§39-29-107(2), C.R.S.

Enacted: 1982

Tax Expenditure Revenue Impact

2016	2018	2020	2022
Data Not Collected	Data Not Collected	Data Not Collected	Data Not Collected

Source: Not available - this data is not recorded on any form.

Summary of Revenue Impacts

Severance Tax Expenditures

Tax Expenditure Description	2016	2018	2020	2022
Coal credit for lignitic production	\$0	\$0	\$0	\$0
Coal credit for underground production	\$1,819,000	Data Not Releasable	Data Not Releasable	\$2,029,341
Coal exemption for quarterly production under prescribed threshold	\$3,626,000	\$5,398,000	\$5,016,488	\$5,481,203
Impact assistance credit	\$0	\$0	\$0	\$0
Metallic minerals credit for ad valorem tax	Data Not Releasable	\$0	\$0	Data Not Releasable
Metallic minerals exclusion for extraction or processing from waste or residue	Data Not Collected	Data Not Collected	Data Not Collected	Data Not Collected
Metallic minerals exclusion for value added by treatment, transportation, or marketing [†]	Data Not Collected	Data Not Collected	Data Not Collected	Data Not Collected
Metallic minerals exemption for annual production under prescribed threshold	Data Not Releasable	\$0	\$0	Data Not Releasable
Molybdenum exemption for quarterly production under prescribed threshold	Data Not Releasable	Data Not Releasable	Data Not Releasable	Data Not Releasable
Oil and gas credit for ad valorem tax	\$271,824,000	\$349,950,000	\$440,571,796	\$520,579,818
Oil and gas deduction for transportation, manufacturing, and processing costs ^{†,1}	Data Not Retrievable	Data Not Retrievable	Data Not Retrievable	Data Not Retrievable
Oil and gas exemption for stripper well production ¹	Data Not Retrievable	Data Not Retrievable	Data Not Retrievable	Data Not Retrievable
Oil shale deduction for equipment and machinery [†]	\$0	\$0	\$0	\$0
Oil shale deduction for fragmenting, crushing, conveying, beneficiating, pyrolysis, retorting, refining, and transporting [†]	\$0	\$0	\$0	\$0
Oil shale deduction for royalty payments [†]	\$0	\$0	\$0	\$0
Oil shale exemption for daily production under prescribed threshold	\$0	\$0	\$0	\$0
Oil shale exemption prior to 180th day of commercial production	Data Not Collected	Data Not Collected	Data Not Collected	Data Not Collected
Total ^{2,3}	\$278,962,000	\$358,002,000	\$446,688,675	\$530,115,868

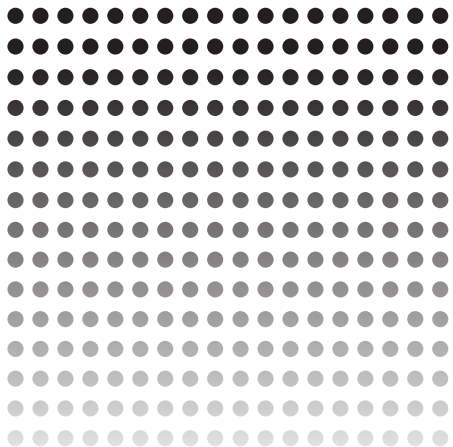
Source: Coal Severance Tax Return (DR 0020C), Metallic Minerals Severance Tax Return (DR 0020A), Molybdenum Ore Severance Tax Return (DR 0022), Oil and Gas Severance Tax Return (DR 0021D), and Oil Shale Severance Tax Return (DR 0020E)

[†] These expenditures are considered structural tax expenditures. See the Introduction for a definition.

¹ Data is not retrievable because the tax form that contains this information is only stored as a stand-alone document image. It is not captured and stored as electronic information.

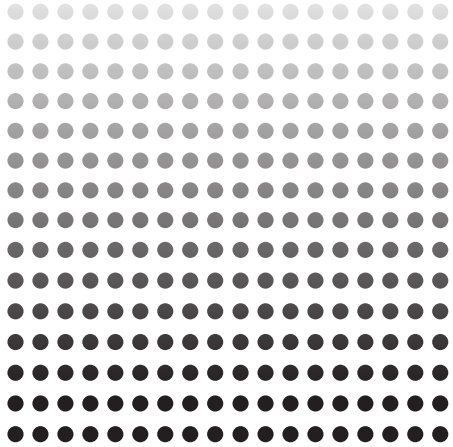
² "Data Not Releasable" values are included in the total.

³ Totals are understated because not all data are collected or retrievable.



Index

Tax Expenditures In Statute Order By Tax Type



Liquor Excise Tax Expenditures in Statute Order

Chapter 1

Statute Citation, C.R.S.	Tax Expenditure Description
§44-3-106(1)	Sacramental wines sold and used for religious purposes
§44-3-106(2)	Liquor produced by individuals for personal use
§44-3-106(4)	Limited amounts of liquor brought into the state by an individual age 21 or older
§44-3-106(5)	Vinous liquors manufactured by a state institution of higher education for the purpose of enology research and education
§44-3-106(6)	Malt liquors manufactured by a state institution of higher education for teaching or research purposes
§44-3-503(1)(a)	Exported liquor [†]
§44-3-503(9)	Credit for unsalable liquor [†]
§44-3-503(10)(b)	Liquor sales exempt by federal law [†]

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

Cigarette, Nicotine, and Tobacco Products Excise Tax Expenditures in Statute Order

Chapter 2

Statute Citation, C.R.S.	Tax Expenditure Description
§39-28-101(2.7) §39-28-103(1)(b), (1)(c)	Cigarette tax rate for modified risk tobacco products
§39-28-104(1)(a)	Cigarette tax vendor discount
§39-28-104(3)	Cigarette tax credit for returned stamps and unsalable merchandise [†]
§39-28-104(4)	Cigarette tax credit for bad debts [†]
§39-28-111	Cigarette tax exemption for sales to the United States government, interstate sales, and sales exempt under United States law [†]
§39-28.5-101(8) §39-28.5-102(1), (2)	Tobacco products tax rate for modified risk tobacco products
§39-28.5-103	Tobacco products tax exemption for sales exempt under United States law [†]
§39-28.5-106(2)	Tobacco products tax vendor discount
§39-28.5-107(1)	Tobacco products tax credit for products returned to manufacturer or destroyed by distributor [†]
§39-28.5-107(1)	Tobacco products tax credit for products shipped to out-of-state consumers [†]
§39-28.5-107(1)	Tobacco products tax credit for products shipped to out-of-state retailers [†]
§39-28.5-107(2)	Tobacco products tax credit for bad debts [†]
§39-28.6-102(6) §39-28.6-103(1), (2)	Nicotine products tax rate for modified risk tobacco products
§39-28.6-104	Nicotine products tax exemption for sales exempt under United States law [†]
§39-28.6-107(2)	Nicotine products tax vendor discount
§39-28.6-108	Nicotine products tax credit for products returned to manufacturer or destroyed by distributor [†]
§39-28.6-108	Nicotine products tax credit for products shipped to out-of-state consumers [†]
§39-28.6-108	Nicotine products tax credit for products shipped to out-of-state retailers [†]

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

Fuel Excise Tax Expenditures in Statute Order

Chapter 3

Statute Citation, C.R.S.	Tax Expenditure Description
§39-27-101(8) §39-27-102.5(1.5), (2)(a)	Dyed diesel fuel and dyed kerosene
§39-27-102(1)(b)(I) §39-27-105(2)(a)(I)	Allowance to cover losses in transit and unloading
§39-27-102.5(2)(b)(II) §39-27-103(2)	Governmental entities
§39-27-102.5(2.5)(a)(I), (II), (III) §39-27-103(2.5)(a), (b), (c)	Aviation fuel for certain air carriers
§39-27-102.5(7)	Nonprofit transit agencies
§39-27-102.5(9)	Compressed natural gas supplied to residential homes and used in highway vehicles
§39-27-102.5(10)	Exported gasoline and special fuel [†]
§39-27-103(1)	Credit for taxes paid on gasoline or special fuel that is lost or destroyed [†]
§39-27-103(2.7)	Refunds for the exempt use of gasoline or special fuel
§39-27-105(2)(b)	Deduction to cover bad debt losses and expenses for payment of the tax

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

Income Tax Expenditures in Statute Order

Chapter 4

Statute Citation, C.R.S.	Tax Expenditure Description
§24-46-104.3	Strategic capital tax credit
§39-22-104(4)(a) §39-22-304(3)(a), (3)(b)	United States government interest subtraction [†]
§39-22-104(4)(b) §39-22-304(3)(c)	Income from the disposition of assets that have a higher Colorado basis than federal basis subtraction [†]
§39-22-104(4)(c) §39-22-304(3)(e)	Previously taxed income or gain subtraction [†]
§39-22-104(4)(e) §39-22-304(3)(f)	State income tax refund subtraction [†]
§39-22-104(4)(f)	Pension and annuity subtraction
§39-22-104(4)(h) §39-22-304(3)(k) §39-22-504.7(2)(e)	Medical savings account employer contribution subtraction
§39-22-104(4)(i)	Tuition program contribution subtraction
§39-22-104(4)(m)	Qualifying charitable contribution subtraction
§39-22-104(4)(n.5)	Wildfire mitigation measures subtraction
§39-22-104(4)(o)	Employer matching contributions to an adult learner's individual trust account or savings account subtraction
§39-22-104(4)(p)	Military family relief fund grants subtraction
§39-22-104(4)(q)	Exonerated persons subtraction
§39-22-104(4)(r), (4)(s) §39-22-304(3)(m), (3)(n)	Colorado marijuana business subtraction
§39-22-104(4)(t)	Nonresident disaster relief worker subtraction

Continued on page 217

Income Tax Expenditures in Statute Order (Continued)

Chapter 4

Statute Citation, C.R.S.	Tax Expenditure Description
§39-22-104(4)(u) §39-22-110.5	Reacquisition of Colorado residency during active duty military service subtraction
§39-22-104(4)(v) §39-22-304(3)(o)	Agricultural asset lease subtraction
§39-22-104(4)(w)	First-time home buyer savings account interest subtraction
§39-22-104(4)(x)	Olympic medal income earnings subtraction
§39-22-104(4)(y)	Military retirement benefit subtraction
§39-22-104(4)(z) §39-22-304(3)(p)	HB 21-1002 subtraction [†]
§39-22-104.5	Catastrophic health insurance subtraction
§39-22-104.6	Medical savings account subtraction
§39-22-105(3)	Colorado minimum tax credit [†]
§39-22-108	Credit for tax paid to another state [†]
§39-22-108.5	Dual resident trust credit [†]
§39-22-112(1)	Insurance companies subject to a gross premiums levy exemption [†]
§39-22-112(1)	Tax-exempt organizations
§39-22-114.5	Plastic recycling investment credit
§39-22-119	Child and dependent care expenses credit
§39-22-119.5	Low-income child care expenses credit
§39-22-121	Child care contribution credit
§39-22-122	Long-term care insurance credit
§39-22-123 §39-22-123.5	Colorado earned income tax credit
§39-22-123.5(2.5)	Expanded Colorado earned income tax credit
§39-22-129	Child tax credit
§39-22-206	Foreign source income of export taxpayers subtraction
§39-22-301(3)	Crop and livestock contribution credit
§39-22-303(10)	Foreign source income exclusion
§39-22-304(3)(d)	Gain from a qualified sale under threat of condemnation subtraction
§39-22-304(3)(g) §39-22-504(1), (3)	Colorado corporate net operating loss deduction [†]
§39-22-304(3)(h)	Excess oil shale depletion subtraction
§39-22-304(3)(i)	Wages and salaries not deducted on federal return due to IRC Section 280C subtraction [†]
§39-22-304(3)(j)	Section 78 gross-up subtraction [†]
§39-22-304(3)(q)	Corporate subtraction relating to section 39-22-303(8)(b)(II), C.R.S. [†]
§39-22-507.5	Old investment tax credit
§39-22-507.6	New investment tax credit
§39-22-509	Ridesharing or mass transit expenses deduction
§39-22-510	State-employed chaplains subtraction
§39-22-514	Historic property preservation credit
§39-22-514.5	Preservation of historic structures credit

Continued on page 218

Income Tax Expenditures in Statute Order (Continued)

Chapter 4

Statute Citation, C.R.S.	Tax Expenditure Description
§39-22-516.7	Innovative motor vehicle credit
§39-22-516.8	Innovative truck credit
§39-22-517(1)	Child care center investment credit
§39-22-517(2)	Employer child care facility investment credit
§39-22-518	Colorado capital gain subtraction
§39-22-520	School-to-career investment credit
§39-22-521	Colorado works program credit
§39-22-522	Gross conservation easement credit
§39-22-526	Remediation of contaminated land credit
§39-22-531	Colorado job growth incentive credit
§39-22-532 §24-48.5-112	Advanced industry investment credit
§39-22-535	Certified Colorado disability funding committee license fee credit
§39-22-536	Food contributed to hunger relief charitable organizations credit
§39-22-537 §39-22-537.5	Business personal property credit
§39-22-538	Rural and frontier health care preceptor credit
§39-22-539	Employer contribution to employee 529 plan credit
§39-22-540	Employer paid leave of absence for live organ donation credit
§39-22-541	Retrofitting a residence to increase residence's visitability credit
§39-22-542	Credit for conversion costs to an employee-owned business model
§39-22-544	Senior housing income tax credit
§39-22-547	Early childhood educator income tax credit
§39-22-2102	Affordable housing credit
§39-30-103.5	Enterprise zone contribution credit
§39-30-104(1)(a)	Enterprise zone investment tax credit
§39-30-104(1)(a), (2)(c)(III) (B), (2.8)	Enterprise zone renewable energy investment tax credit - nonrefundable
§39-30-104(1)(a), (2.6), (2.8)	Enterprise zone renewable energy investment tax credit - refundable
§39-30-104(1)(b)	Enterprise zone commercial vehicle investment tax credit
§39-30-104(4)	Enterprise zone job training investment tax credit
§39-30-105(1)(a)(I) §39-30-105.1(1)(a)(I)	Enterprise zone business facility new employee credit
§39-30-105(1)(a)(III) §39-30-105.1(1)(a)(II)	Enterprise zone enhanced rural new employee credit
§39-30-105(1)(b) §39-30-105.1(1)(b)	Enterprise zone employee health insurance credit
§39-30-105(3)(a) §39-30-105.1(3)(a)	Enterprise zone agricultural processing new employee credit
§39-30-105(3)(b) §39-30-105.1(3)(b)	Enterprise zone enhanced rural agricultural processing new employee credit
§39-30-105.5	Enterprise zone research and experimental activities credit
§39-30-105.6	Enterprise zone vacant commercial building rehabilitation credit

Continued on page 219

Income Tax Expenditures in Statute Order (Continued)

Chapter 4

Statute Citation, C.R.S.	Tax Expenditure Description
§39-30.5-105(1)	Rural jump-start zone new business credit
§39-30.5-105(2)	Rural jump-start zone new hire credit
§39-35-104	Aircraft manufacturer new employee credit

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

Sales Tax Expenditures in Statute Order

Chapter 5

Statute Citation, C.R.S.	Tax Expenditure Description
§39-26-102(2.5) §39-26-713(2)(d) §39-26-718(1)(a)	Sales to charitable organizations
§39-26-102(4) §39-26-716(4)	Agricultural operations [†]
§39-26-102(4.5) §39-26-707(1)(e), (1.5), (2)(d)	Food for domestic home consumption
§39-26-102(4.5) §39-26-707(1)(f), (2)(e), (2.5)	Food for retirement community residents
§39-26-102(5)	Bad debt charged off [†]
§39-26-102(5)	Property returned for full refund
§39-26-102(5.5) §39-26-716(4)(a)	Livestock and fish for stocking [†]
§39-26-102(7)(a) §39-26-104(1)(b)	Exchanged property allowance
§39-26-102(13) §39-26-704(4)	Sales to schools
§39-26-102(15)(a)(i)	Newspapers and newspaper supplements
§39-26-102(15)(c)(i)	Sales of computer software that is not subject to sales and use taxes
§39-26-102(19)(a), (19)(b) §39-26-102(20) §39-26-707(1)(c), (1)(d), (2)(b), (2)(c) §39-26-713(1)(a), (2)(b), (2)(e)	Wholesale sales including ingredients and component parts [†]
§39-26-102(19)(c), (19)(d), (19)(e), (19)(f), (19)(g)	Wholesale sales (agricultural) [†]
§39-26-102(21)(a) §39-26-705(1)	Newsprint and printer's ink [†]
§39-26-102(21)(a) §39-26-715(2)(b)	Energy used for industrial, manufacturing, and similar purposes [†]
§39-26-104(1)(e) §39-26-707(2)(a)	Food service employer-provided meals
§39-26-105(1)(c), (1)(d)	Vendor fee
§39-26-105(1.3)	Food and beverage industry temporary sales tax deduction
§39-26-113(5)(a)	Sales of motor vehicles for use by nonresidents outside Colorado

Sales Tax Expenditures in Statute Order (Continued)

Chapter 5

Statute Citation, C.R.S.	Tax Expenditure Description
§39-26-113.5	Commercial vehicles used in interstate commerce refund
§39-26-129	Rural broadband equipment refund
§39-26-402(1)	Biotechnology equipment refund
§39-26-403	Clean technology and medical devices
§39-26-704(1) §39-26-713(2)(d)	Sales to governmental entities [†]
§39-26-704(1.5)	Sales to housing authorities and projects owned by housing authorities [†]
§39-26-704(2)	Sales to residents of bordering states that do not impose sales tax
§39-26-704(3)	Lodging for permanent residents
§39-26-705(2) §39-26-713(1)(d)	Donations by manufacturers to government and tax-exempt organizations
§39-26-706(3)	Certain materials used in the manufacturing or processing of iron, steel, and uranium-vanadium ores
§39-26-706(4)	Coins and precious metal bullion
§39-26-706(5)	Waste tire fee
§39-26-707(1)(a), (2)(f)	Food purchased with Supplemental Nutrition Assistance Program (SNAP) benefits [†]
§39-26-707(1)(b), (2)(g)	Food purchased with funds from the Special Supplemental Nutrition Program for Women, Infants, and Children (WIC) [†]
§39-26-708(1), (2)	Construction and building materials for tax-exempt projects
§39-26-709(1)(a)(II), (1)(a)(IV), (2) §39-30-106	Machinery or machine tools used in manufacturing
§39-26-710	Railroad construction and building materials, equipment, and rolling stock
§39-26-711	Aircraft used in interstate commerce by commercial airlines and aircraft component parts
§39-26-711.5(1)	Aircraft sold (new or used) to a nonresident
§39-26-711.8(1)	Aircraft used outside the state by on-demand air carriers
§39-26-711.9	Historic aircraft on loan for public display
§39-26-712	Commercial trucks or trailers licensed out-of-state
§39-26-712(2)(c)	Commercial trucks or trailers previously registered in another state
§39-26-713(1)(a), (1)(b), (1)(c), (2)(i), (2)(j)	Tangible personal property that is leased, complimentary, or for testing [†]
§39-26-714(2), (3)	Food sold through vending machines
§39-26-715(1)(a)(I), (1)(a)(III), (2)(a)(I), (2)(d)	Gasoline, special fuel, and aviation gasoline [†]
§39-26-715(1)(a)(II), (2)(c)	Fuel and electricity for residential heat, light, and power
§39-26-716(1), (4)(e), (4)(f)	Farm equipment and parts
§39-26-716(4)(d)	Special fuel for farm vehicles
§39-26-717(2), (3)	Prescription drugs, medical equipment, and medical devices
§39-26-717(2)(m), (3)	Period products
§39-26-717(2)(n), (3)	Incontinence products and diapers

Continued on page 221

Sales Tax Expenditures in Statute Order (Continued)

Chapter 5

Statute Citation, C.R.S.	Tax Expenditure Description
§39-26-718(1)(b), (2)	Sales by charitable organizations
§39-26-718(1)(c), (2) §39-26-725(2), (4)	Sales made by schools and school organizations
§39-26-719(1), (2)(b)	Low-emitting and alternative fuel trucks
§39-26-720	Bingo and raffle equipment
§39-26-721	Manufactured homes [†]
§39-26-722	Machinery that comprises a cleanroom
§39-26-723(1)	Wood from salvaged trees killed or infested in Colorado by certain beetles
§39-26-724(1)(a), (1)(b), (1)(c)	Components used in the production of electricity from a renewable energy source
§39-26-726	Medical marijuana sold to indigent patients
§39-26-727	Tribal exemption [†]
§39-26-728	Property for use in space flight
§39-26-729	Retail marijuana, retail marijuana products, and retail marijuana concentrates [†]
§39-26-732	Heat pump systems and heat pump water heaters
§39-26-733	Residential energy storage systems
§39-26-734	Wildfire disaster rebuilding refund
§39-30.5-105(3)	Rural Jump-Start Zone Program sales and use tax refund

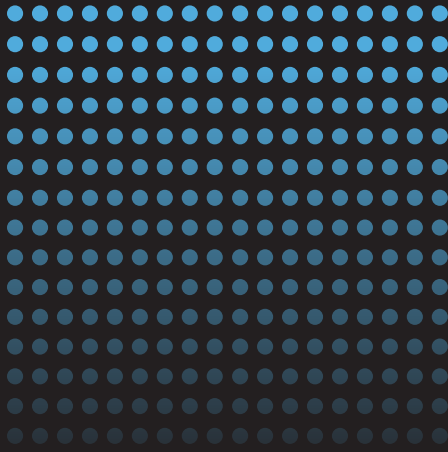
[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition.

Severance Tax Expenditures in Statute Order

Chapter 6

Statute Citation, C.R.S.	Tax Expenditure Description
§39-29-102(1.5) §39-29-107(2)	Oil shale exemption prior to 180th day of commercial production
§39-29-102(3)(a)	Oil and gas deduction for transportation, manufacturing, and processing costs [†]
§39-29-102(3)(b)	Metallic minerals exclusion for extraction or processing from waste or residue
§39-29-102(3)(b)	Metallic minerals exclusion for value added by treatment, transportation, or marketing [†]
§39-29-102(4)(a)	Oil shale deduction for equipment and machinery [†]
§39-29-102(4)(b)	Oil shale deduction for fragmenting, crushing, conveying, beneficiating, pyrolysis, retorting, refining, and transporting [†]
§39-29-102(4)(c)	Oil shale deduction for royalty payments [†]
§39-29-103(1)(b)	Metallic minerals exemption for annual production under prescribed threshold
§39-29-103(2)	Metallic minerals credit for ad valorem tax
§39-29-104(1)	Molybdenum exemption for quarterly production under prescribed threshold
§39-29-105(1)(b)	Oil and gas exemption for stripper well production
§39-29-105(2)(b), (c)	Oil and gas credit for ad valorem tax
§39-29-106(2)(b)	Coal exemption for quarterly production under prescribed threshold
§39-29-106(3), (3.5)	Coal credit for underground production
§39-29-106(3.5), (4)	Coal credit for lignitic production
§39-29-107(3)	Oil shale exemption for daily production under prescribed threshold
§39-29-107.5	Impact assistance credit

[†] This expenditure is considered a structural tax expenditure. See the Introduction for a definition.



COLORADO
Department of Revenue

Colorado Tax Profile Study

2020

Prepared by Colorado Department of Revenue

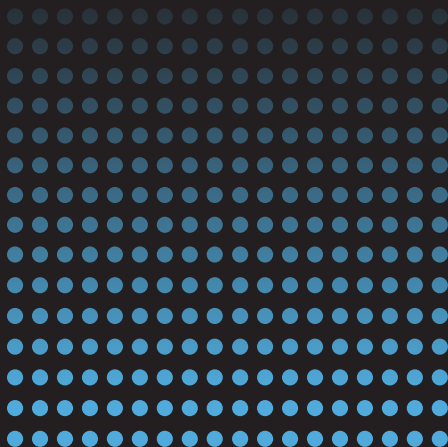
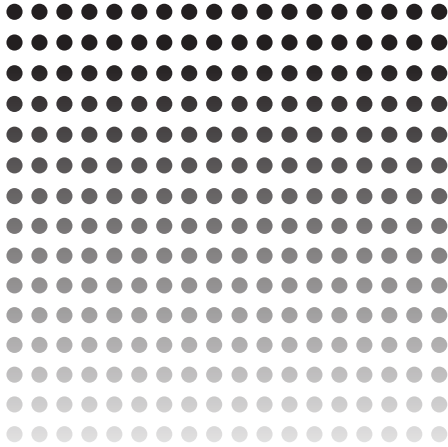


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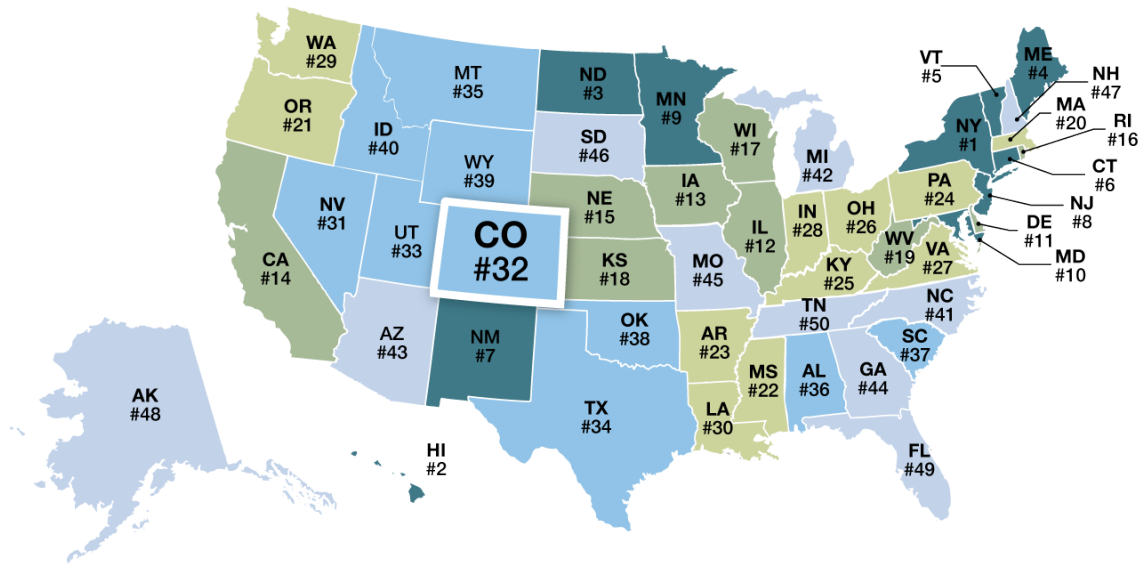
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Executive Summary

The Colorado Tax Profile Study is an in depth analysis of Colorado's taxes in three parts. The first part looks at how Colorado compares to other states in terms of personal income, tax revenue, and expenditures. The second part analyzes the distribution of income and taxes paid by households. The third part discusses considerations for tax equity.

Total Tax Revenue Per \$1,000 Personal Income, 2020



Rank 1-10 Rank 11-20 Rank 21-30 Rank 31-40 Rank 41-50
1 = Highest Taxes 50 = Lowest Taxes

Source: United States Census Bureau's Annual Survey of State and Local Government Finances; United States Department of Commerce's Bureau of Economic Analysis (BEA) Regional GDP and Personal Income Data

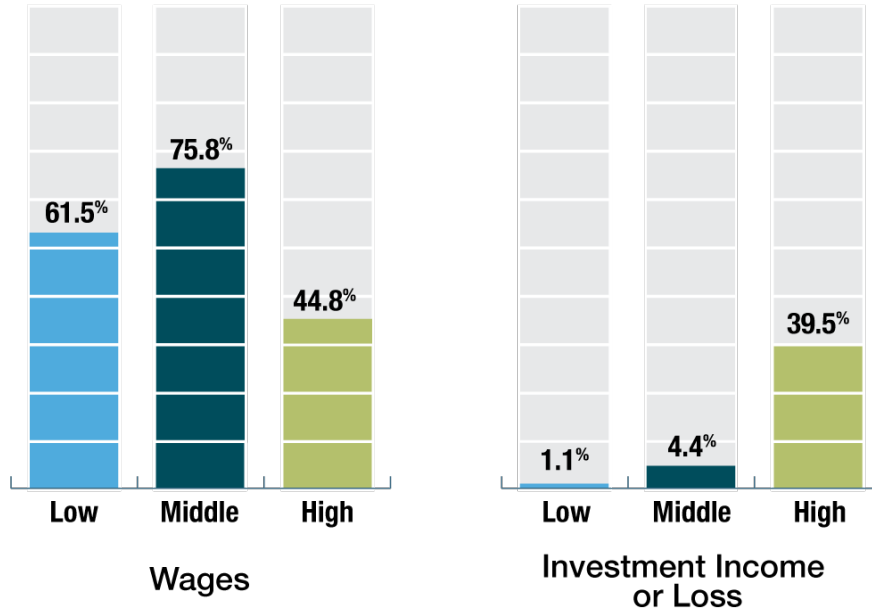
Note: The Census data covers individual government fiscal years that ended between July 1, 2019, and June 30, 2020, and the BEA data is for calendar year 2020.

Using data from the United States Census Bureau's Annual Survey of State and Local Government Finances and from the United States Department of Commerce's Bureau of Economic Analysis (BEA) Regional GDP and Personal Income Data, this study ranks Colorado among other states. Colorado had relatively low tax revenue overall relative to personal income, ranking 32nd among states in 2020, with \$87 in total state and local tax revenue per \$1,000 of personal income. Of these taxes, 54% went to local governments, which placed Colorado local tax revenue as a percentage of total tax revenue the fifth highest among states.

Colorado's per capita expenditures ranked at 20th in the nation in 2020. Fire protection ranked first in the nation while parks and recreation ranked second in the nation. Colorado was ranked in the bottom ten states for per capita expenditures on solid waste and health.

Comparison of Selected Income Sources for Low, Middle, and High Income Groups, 2020

Proportion of Income (%)

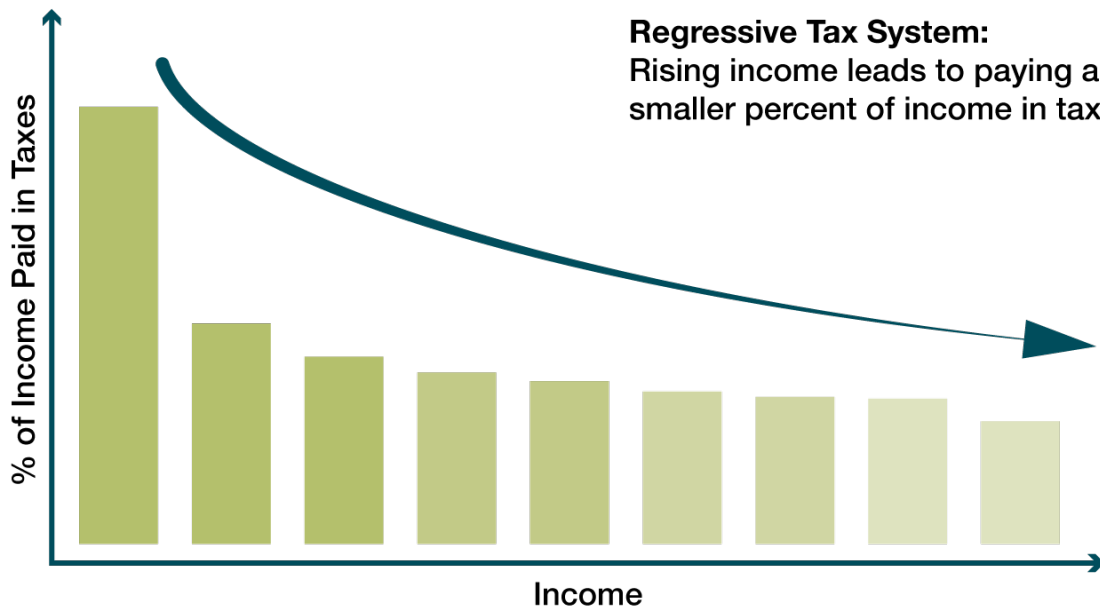


Source: Colorado and Federal income tax return data and the United States Department of Labor's Bureau of Labor Statistics Consumer Expenditure Survey

Note: The values presented in this exhibit are estimates because actual values are not known.

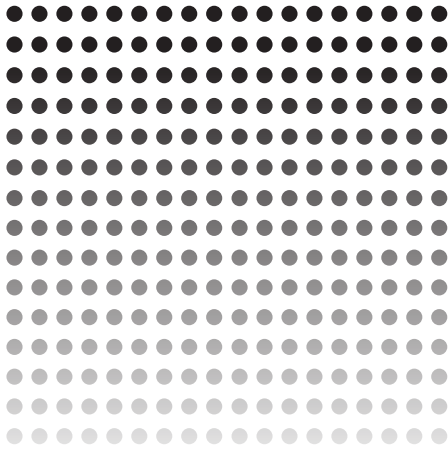
The estimated average family money income of all households in Colorado was \$96,925, and households paid an average of \$8,047 in state and local taxes in 2020. The estimated median family money income was \$51,246, which is lower than the average because extreme high income values increase the average. The median income is a better measure of the midpoint. Sources of income varied widely by family money income groups. The highest earners earned about 45% of their family money income from wages and about 40% of their income from investments. In contrast, the lowest and middle income groups earned the large majority of their income from wages, about 62% and 76%, respectively, with less than 5% of income coming from investments.

Colorado's Effective Combined State and Local Tax Rates, 2020



Furthermore, lower income households paid a higher share of taxes than their share of family money income in Colorado. Notably, the highest income group paid less state and local taxes than its share of income. This means that, in effect, Colorado's overall taxing structure is regressive. A regressive tax structure is one in which the effective tax rate decreases as income increases.

The lowest income group had the highest overall effective rate, paying nearly 29% of their income in state and local taxes. However, the highest income group had the lowest overall effective tax rate, paying nearly 7% of their income in state and local taxes. The effective tax rates for local taxes were substantially more regressive than the effective tax rates for state taxes, largely due to local residential real property taxes and local sales and use taxes. For all tax types except state income and occupational privilege, the lowest income households paid a higher percentage of their earnings to Colorado than the highest earning groups.

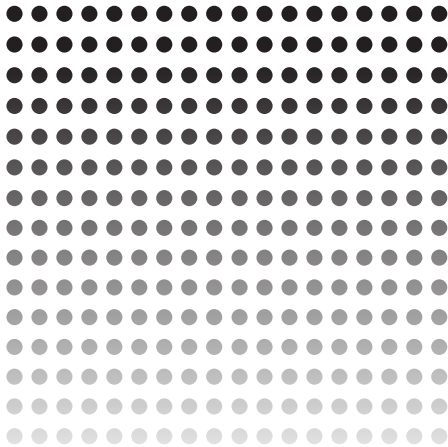


Introduction

The Colorado Tax Profile Study is a multi-faceted look at Colorado taxes prepared by the Colorado Department of Revenue (the Department). This is the 16th in the series of Colorado Tax Profile Studies, first published in 1973. The current study is broken into three parts, where each part discusses aspects of the overall tax structure and distribution of tax burden in 2020. Part 1 compares Colorado tax revenue and selected expenditures to those of other states and briefly summarizes state and local tax revenue collections for reference. The biggest section is Part 2, which is an in-depth examination of the distribution of income and tax burden in Colorado. The study concludes with Part 3, which discusses tax equity considerations for policy making.

This study does not examine how Colorado's state and local tax structure affects households' economic status. Nor does it attempt to assess the impact of taxes or tax expenditures on work incentives, economic growth, or their effects on industries in the state.

For contextual information on the Colorado economy in 2020, the Department recommends looking at the quarterly economic forecasts from Colorado's Legislative Council Staff (<https://leg.colorado.gov/EconomicForecasts>) and Office of State Planning and Budgeting (Go to the "Older Forecasts" link on this page: <https://www.colorado.gov/governor/economics>).



Part 1

Colorado Income, Tax Revenue, and Expenditures Compared to Other States

This section describes how personal income, state and local tax revenue, and government expenditures in Colorado compare with other states. This section's data is from the United States Census Bureau's Annual Survey of State and Local Government Finances and the United States Department of Commerce's Bureau of Economic Analysis (BEA) Regional GDP and Personal Income Data. Note the Census data covers individual government fiscal years that ended between July 1, 2019, and June 30, 2020, and the BEA data is for calendar year 2020. All data is referred to as 2020 data throughout the study.

Exhibit 1 compares the state, local, and total tax revenue per \$1,000 of personal income across all states. Coloradans paid lower taxes relative to their income than residents of 31 other states, ranking 32nd in the nation for combined state and local tax revenue per \$1,000 of personal income. Colorado has a long tradition of having a decentralized local government tax system. Local taxes relative to personal income were among the highest in the country (7th), whereas state taxes relative to personal income were among the lowest (44th). Looking at local government tax revenue as a percentage of total tax revenue collected by both state and local governments placed Colorado among the top 10 states, ranking fifth highest.

Exhibit 1. State and Local Tax Revenue Per \$1,000 Personal Income, 2020

State	State Tax Revenue (Per \$1,000 Personal Income)		Local Tax Revenue (Per \$1,000 Personal Income)		Total Tax Revenue (Per \$1,000 Personal Income)		Local Tax Revenue as a % of Total Tax Revenue	
	Amount	Rank	Amount	Rank	Amount	Rank	Percent	Rank
Alabama	\$54	29	\$30	37	\$83	36	35%	34
Alaska	\$29	50	\$44	10	\$74	48	60%	1
Arizona	\$47	40	\$32	33	\$80	43	41%	22
Arkansas	\$72	7	\$20	49	\$92	23	22%	48
California	\$63	16	\$38	20	\$100	14	38%	29
Colorado	\$40	44	\$47	7	\$87	32	54%	5
Connecticut	\$66	9	\$43	11	\$109	6	39%	24
Delaware	\$82	4	\$23	48	\$105	11	22%	49
Florida	\$35	48	\$36	24	\$72	49	50%	6
Georgia	\$43	43	\$36	23	\$79	44	46%	12
Hawaii	\$93	1	\$38	18	\$132	2	29%	44
Idaho	\$58	21	\$24	47	\$82	40	29%	43
Illinois	\$58	23	\$47	6	\$105	12	45%	13
Indiana	\$64	13	\$27	44	\$91	28	30%	42
Iowa	\$64	14	\$40	15	\$103	13	39%	26
Kansas	\$60	18	\$35	29	\$95	18	37%	30
Kentucky	\$63	15	\$29	40	\$92	25	31%	40
Louisiana	\$49	38	\$40	16	\$89	30	45%	14
Maine	\$66	11	\$51	2	\$117	4	44%	15
Maryland	\$60	19	\$45	8	\$105	10	43%	19
Massachusetts	\$58	20	\$36	26	\$94	20	38%	27
Michigan	\$53	31	\$28	43	\$81	42	35%	37
Minnesota	\$77	5	\$29	38	\$106	9	28%	46
Mississippi	\$64	12	\$29	42	\$93	22	31%	41
Missouri	\$39	45	\$37	21	\$76	45	49%	7
Montana	\$54	28	\$29	41	\$83	35	35%	38
Nebraska	\$53	32	\$48	5	\$100	15	47%	9
Nevada	\$56	24	\$32	34	\$88	31	37%	32
New Hampshire	\$30	49	\$45	9	\$75	47	60%	2

Exhibit 1 (continued). State and Local Tax Revenue Per \$1,000 Personal Income, 2020

State	State Tax Revenue (Per \$1,000 Personal Income)		Local Tax Revenue (Per \$1,000 Personal Income)		Total Tax Revenue (Per \$1,000 Personal Income)		Local Tax Revenue as a % of Total Tax Revenue	
	Amount	Rank	Amount	Rank	Amount	Rank	Percent	Rank
New Jersey	\$58	22	\$49	3	\$107	8	46%	11
New Mexico	\$72	6	\$35	30	\$107	7	32%	39
New York	\$66	10	\$77	1	\$143	1	54%	4
North Carolina	\$52	33	\$29	39	\$82	41	36%	33
North Dakota	\$91	3	\$33	32	\$124	3	26%	47
Ohio	\$49	39	\$43	13	\$92	26	46%	10
Oklahoma	\$51	37	\$31	35	\$82	38	38%	28
Oregon	\$55	26	\$39	17	\$94	21	41%	21
Pennsylvania	\$52	34	\$40	14	\$92	24	44%	17
Rhode Island	\$55	27	\$43	12	\$97	16	44%	16
South Carolina	\$47	41	\$36	25	\$83	37	43%	18
South Dakota	\$38	46	\$37	22	\$75	46	49%	8
Tennessee	\$47	42	\$25	46	\$72	50	35%	36
Texas	\$38	47	\$48	4	\$86	34	56%	3
Utah	\$51	36	\$35	28	\$86	33	41%	23
Vermont	\$92	2	\$19	50	\$112	5	17%	50
Virginia	\$53	30	\$38	19	\$91	27	42%	20
Washington	\$56	25	\$35	27	\$91	29	39%	25
West Virginia	\$67	8	\$27	45	\$94	19	29%	45
Wisconsin	\$62	17	\$33	31	\$95	17	35%	35
Wyoming	\$52	35	\$30	36	\$82	39	37%	31

Source: United States Census Bureau's Annual Survey of State and Local Government Finances; United States Department of Commerce's Bureau of Economic Analysis (BEA) Regional GDP and Personal Income Data

Note: The Census data covers individual government fiscal years that ended between July 1, 2019, and June 30, 2020, and the BEA data is for calendar year 2020.

Exhibit 2 displays Colorado’s national ranking for state, local, and total tax revenue per \$1,000 of personal income since 1990. The rankings have remained similar over the years.

Exhibit 2. Colorado Tax Revenue Per \$1,000 Personal Income State, Local, and Total Tax Revenue, 1990 - 2020

Year	State Tax Revenue (Per \$1,000 Personal Income)		Local Tax Revenue (Per \$1,000 Personal Income)		Total Tax Revenue (Per \$1,000 Personal Income)		Local Tax Revenue as a % of Total Tax Revenue	
	Amount	Rank	Amount	Rank	Amount	Rank	Percent	Rank
2020	\$40	44	\$47	7	\$87	32	54%	5
2019	\$45	43	\$47	8	\$92	31	51%	5
2018	\$45	44	\$45	10	\$90	32	50%	5
2017	\$43	45	\$46	9	\$89	33	52%	5
2016	\$45	45	\$44	12	\$89	35	50%	5
2015	\$45	44	\$43	12	\$88	37	49%	6
2014	\$43	47	\$43	11	\$86	40	50%	3
2013	\$46	46	\$47	6	\$93	37	51%	3
2012	\$44	46	\$46	5	\$90	37	51%	3
2011	\$42	47	\$55	3	\$96	31	57%	1
2010	\$40	49	\$56	3	\$96	31	58%	1
2009	\$42	49	\$55	3	\$98	36	57%	2
2008	\$45	48	\$46	9	\$91	42	51%	4
2007	\$45	48	\$46	10	\$91	46	50%	4
2006	\$44	49	\$45	10	\$89	46	51%	4
2005	\$43	49	\$45	12	\$87	46	51%	4
2004	\$42	49	\$45	10	\$86	46	52%	3
2003	*	*	*	*	*	*	*	*
2002	\$44	49	\$44	11	\$88	45	50%	3
2001	*	*	*	*	*	*	*	*
2000	\$55	46	\$48	7	\$103	43	47%	5
1999	\$55	45	\$47	8	\$102	40	46%	7
1998	\$54	47	\$47	11	\$101	42	46%	6
1997	\$53	48	\$48	10	\$101	44	48%	3
1996	\$52	48	\$48	13	\$100	45	48%	4
1995	\$53	48	\$49	12	\$102	42	48%	4
1994	\$52	48	\$50	6	\$102	41	49%	4
1993	\$51	48	\$51	6	\$102	39	50%	4
1992	\$51	48	\$51	8	\$102	37	50%	3
1991	\$49	48	\$52	5	\$101	33	51%	3
1990	\$51	48	\$54	5	\$105	31	52%	2

* Information not available

Source: United States Census Bureau’s Annual Survey of State and Local Government Finances; United States Department of Commerce’s Bureau of Economic Analysis (BEA) Regional GDP and Personal Income Data

Note: The Census data covers individual government fiscal years that ended between July 1st and June 30th, and the BEA data is for the calendar year.

Exhibit 3 shows the ranking of selected tax revenue sources for Colorado compared to other states. The main sources of tax revenue for Colorado are state individual income tax, state and local sales taxes, and local property taxes. Colorado's individual income tax revenue relative to the state's total personal income ranked near the bottom, being 31st out of 42 states that have an income tax. On the other hand, Colorado's state and local sales and other gross receipts ranked 28th in the nation, and Colorado's local property tax revenue ranked 21st in the nation.

Exhibit 3. Ranking of Colorado State and Local Government Selected Tax Revenue Per \$1,000 Personal Income, 2020

Tax Revenue Category	National Rank
Total Tax Revenue	32
Individual income tax revenue	31
Property tax revenue	21
Sales and gross receipts	28

Source: United States Census Bureau's Annual Survey of State and Local Government Finances; United States Department of Commerce's Bureau of Economic Analysis (BEA) Regional GDP and Personal Income Data

Note: The Census data covers individual government fiscal years that ended between July 1, 2019, and June 30, 2020, and the BEA data is for calendar year 2020.

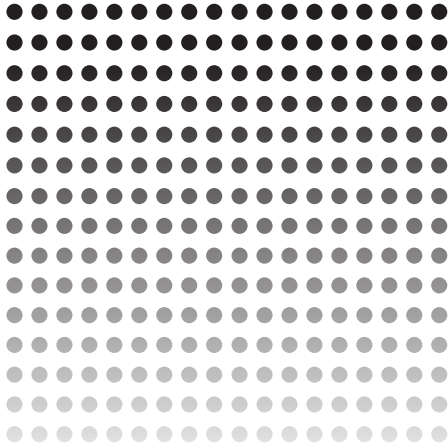
Exhibit 4 demonstrates Colorado’s expenditures on various programs relative to other states. In this case, the term “expenditure” means money spent by governments. This term does not include “tax expenditures,” which are base deviations, deductions, credits, or special rates that apply to only certain taxpayers, transactions, property, or income sources. Compared to other states, Colorado tends to have higher expenditures per capita and lower total tax revenue relative to personal income. Colorado ranked first in the nation for per capita spending on fire protection and second in the nation for parks and recreation expenditures. Other per capita expenditures in the top ten in the nation were sewerage, housing and community development, and utilities. Per capita funding for higher education was 16th in the nation, while spending on elementary and secondary education per capita was 26th. Colorado’s per capita expenditures on solid waste and health were in the bottom 10 states, ranking 49th and 42nd respectively.

Exhibit 4. Ranking of Colorado State and Local Government Selected Expenditures Per Capita, 2020

Expenditure Category	National Rank
Total Expenditures	20
Corrections	17
Elementary and secondary education	26
Fire protection	1
Health	42
Higher education	16
Highways	26
Hospitals	23
Housing and community development	9
Natural resources	25
Parks and recreation	2
Police protection	13
Public welfare	32
Sewerage	8
Solid waste	49
Utilities	10

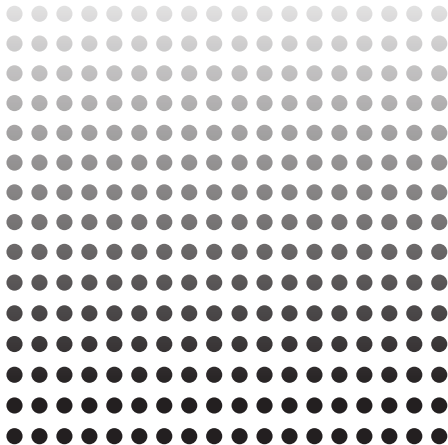
Source: United States Census Bureau’s Annual Survey of State and Local Government Finances; United States Department of Commerce’s Bureau of Economic Analysis (BEA) Regional GDP and Personal Income Data

Note: The Census data covers individual government fiscal years that ended between July 1, 2019, and June 30, 2020, and the BEA data is for calendar year 2020.



Part 2

Distribution of Income and Taxes Paid In Colorado



Overview

This part of the study analyzes the distribution of income and tax burden in Colorado using estimates of state and local taxes paid by households at different income levels in the 2020 calendar year. Distribution refers to how income and taxes paid are spread out across nine income groups. To understand the distribution of income and tax burden, the Department examined how sources of income (e.g., wages; investment income or losses), average taxes paid by tax type (e.g., income; sales and use), and effective tax rates (i.e., taxes paid as a percentage of income) varied across and within income groups. The Department also compared the distribution of income versus the distribution of taxes paid to illustrate who bears the tax burden. In the sections that follow, estimates of income, taxes paid, and the distribution of taxes paid across households with different income levels is illustrated using tables and charts (exhibits).

The methodology used to produce these estimates is described in detail in the Methodology section below. It is crucial to note that income level is not associated with most Colorado taxes. For example, most vendors who collect and remit sales tax do not collect data on their customers' income levels. With the exception of state income tax data, the Department does not have state data on taxes paid by income level. Therefore, the Department developed a model using federal and state data sources to estimate taxes paid by income level. The primary source was the United States Department of Labor's Bureau of Labor Statistics Consumer Expenditure Survey (CES). The CES is a nationwide household survey on consumers' demographics, incomes, and expenditures. Expenditures in this case refers to the dollar amounts that households report spending on various items.

Methodology

For this study, the Department estimated family money income (defined below) and taxes paid by Colorado households categorized into nine income groups. The Department does not have access to data on the actual taxes paid by each income group, except for state income taxes. The values presented in the following sections are estimates, which may differ from the actual amount of tax paid.

Estimating Income

This report defines income as family money income, which aims to capture all income available to Colorado households. Family money income includes some income that is not subject to income tax. The conceptualization of income in this report is based on the definition of income used by the CES.

The Department estimated family money income for Colorado households using Colorado and federal income tax return data and CES data. Family money income is composed of seven sources, which are listed and described in the table below.

Income Source	Definition	Data Source(s)
Wages	Wages, salaries, and tips	Federal income tax returns
Retirement	IRA distributions, pensions, annuities, social security benefits	Federal income tax returns
Self-Employment Income or Loss	Profit or loss from sole proprietorships or farming; sales of business properties	Federal income tax returns
Investment Income or Loss	Capital gains or losses; interest; dividends; income or losses from rental real estate, royalties, partnerships, S corporations, trusts, etc.	Federal income tax returns
Public Assistance	Public assistance, Supplemental Security Income, Supplementary Nutrition Assistance Program (SNAP)	Consumer Expenditure Survey
Unemployment and Other Compensation	Unemployment and workers' compensation, veterans' benefits, and regular contributions for support	Consumer Expenditure Survey
Other Income or Loss	Combination of "Other Income" from the Consumer Expenditure Survey and the "Other Income" line on federal income tax returns	Consumer Expenditure Survey; federal income tax returns

Average family money income is calculated by dividing the total amount of family money income by the number of full-year resident, non-dependent, individual Colorado income tax returns per income group. This methodology is limited in that it does not include Colorado residents that do not file income tax returns (e.g., very low-income taxpayers that are not required to file), nor part-year residents and nonresidents that may have Colorado income and influence on the economy. It also is only accurate to the extent that income tax filers report all of their income on their tax returns. Furthermore, households estimated to have net negative income associated with self-employment, investment, and other losses are excluded from the dataset.

Defining the Income Groups

This report uses nine income groups based on the CES Income categories:

- \$0 under \$15K
- \$15K under \$30K
- \$30K under \$40K
- \$40K under \$50K
- \$50K under \$70K
- \$70K under \$100K
- \$100K under \$150K
- \$150K under \$200K
- \$200K and over

Estimating Taxes Paid by Income Group

The Department estimated the amount of state and local taxes paid by each income group. The state taxes estimated are individual income, sales and use, gasoline, driver license and vehicle registration fees, alcoholic beverages, and cigarettes and tobacco. Taxes on alcohol, cigarettes and tobacco, and gasoline are indirect taxes in that they are passed to the consumer by being included in purchase prices. The local taxes estimated are residential real property, sales and use, specific ownership, and occupational privilege. Specific ownership taxes are local property taxes on motor vehicles. State income taxes paid were estimated using data from state income tax returns. Other types of taxes paid were primarily estimated using data from the CES, but when the CES data were insufficient to make an estimate, actual Colorado tax revenue data and industry data were incorporated.

The CES groups households into income groups, and average annual family money income and expenses are reported for each group. While the CES does report values for some taxes paid, in general, the taxes summarized here were not available in the CES. Instead, the CES includes how much money consumers spent on a variety of items like food, gasoline, and alcohol.

To estimate sales and use, gasoline, alcohol, and cigarette and tobacco taxes, the Department aggregated the CES amounts spent on items subject to particular tax types and then multiplied those values by the applicable tax rates. When needed, the Department also used third party or industry data to estimate costs and quantities consumed in order to apply the tax rates. From there, taxes were calculated as a percentage of CES income for each income group. For every tax type, the percentages were applied to the average Colorado family money income values (see methodology on estimating income above) to estimate the average Colorado taxes paid by each income group.

Here is an example of how an estimate of tax paid was made using gasoline tax: If a given income group has on average \$45,000 in income, spent \$2,000 on gasoline (per the CES), and the average price of gasoline was \$2.50 (per industry data), then it was estimated that they bought 800 gallons of gasoline. The state tax on gasoline is \$.022 per gallon, which comes to \$176 in gasoline tax paid. Then \$176 was divided by \$45,000 (the CES income amount) to determine what percentage of CES income was spent on gasoline tax (0.4%). Then that percentage (0.4%) was multiplied by the average Colorado family money income value for that group to get the estimate of average gasoline taxes paid.

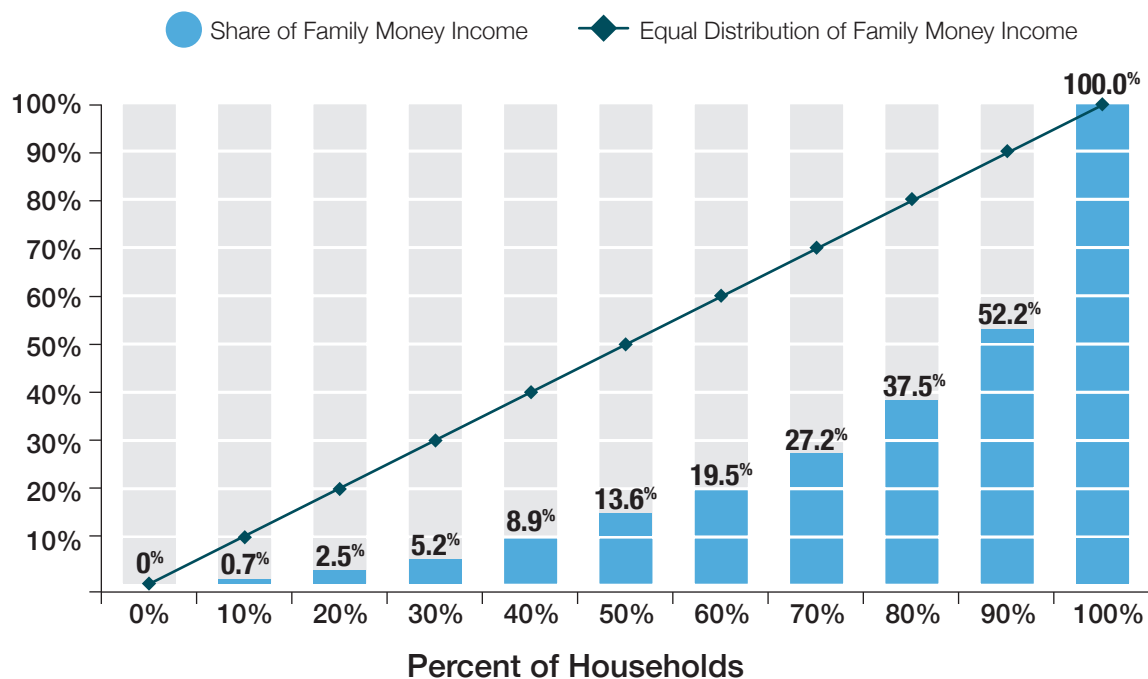
All of the following sections, which discuss distributions of income and taxes paid, are only accurate insofar as the model accurately describes the actual tax situation of taxpayers in Colorado.

Data Describing the Distribution of Income and Taxes Paid in Colorado

Distribution of Income

Exhibit 5 shows the estimated cumulative distribution of family money income and households in Colorado. The graph depicts the percentage of Colorado households ordered by family money income (the horizontal axis) and their estimated share of family money income (the vertical axis). For example, the chart shows that the bottom 50% of Colorado households received 13.6% of all income. The diagonal line connecting the corners of the chart represents an equal distribution of income. The space between the bars and the diagonal line shows the gap in equality. The greater the space between the bars and the diagonal line, the greater the inequality of income.

Exhibit 5. Cumulative Distribution of Family Money Income, 2020

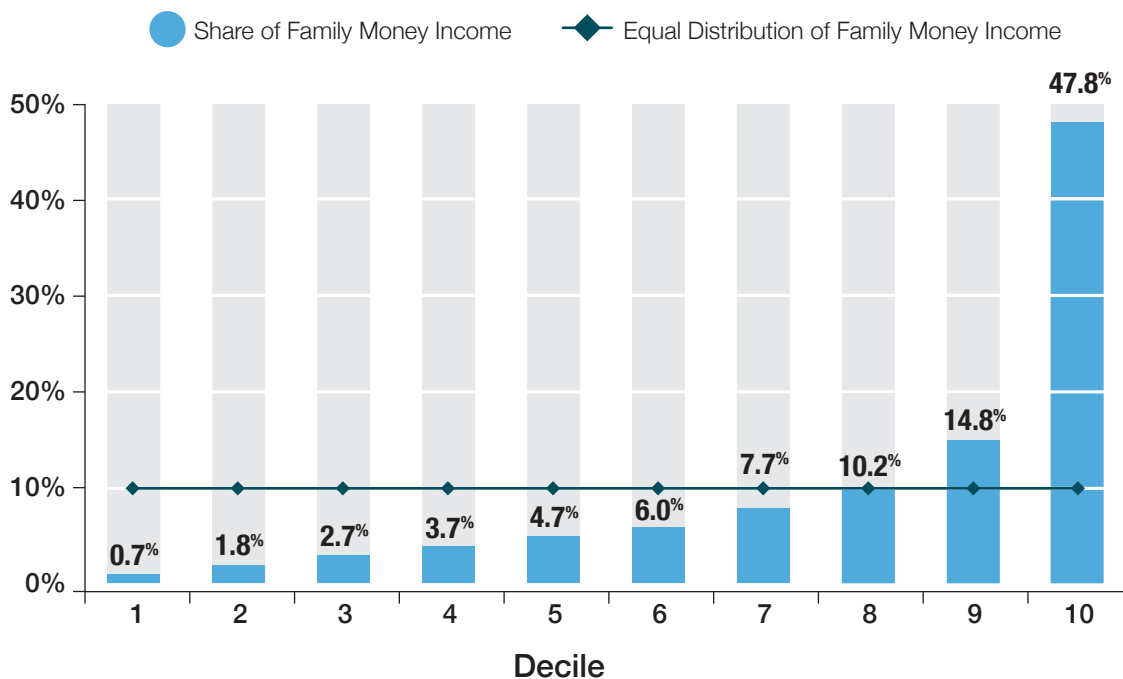


Source: Colorado and Federal income tax return data and the United States Department of Labor's Bureau of Labor Statistics Consumer Expenditure Survey

Exhibit 6 shows the share of family money income across deciles (10 equally sized groups ordered by family money income). The horizontal line shows an equal distribution of income. Notably, nearly half of all income is attributed to the top 10% (the tenth decile) of households.

The estimated average family money income of all households in Colorado was \$96,925. The estimated median family money income was \$51,246, which is lower than the average because extreme high income values increase the average. The median income is a better measure of the midpoint.

Exhibit 6. Distribution of Family Money Income Across Deciles, 2020



Source: Colorado and Federal income tax return data and the United States Department of Labor's Bureau of Labor Statistics Consumer Expenditure Survey

Sources of Income

Exhibit 7 lists the seven sources of family money income and the average amount of income obtained from each source per income group. **Exhibit 8** illustrates the proportions of income sources within the lowest, middle, and highest income groups. Households in the lowest and middle income groups obtain most of their income from wages, 61.5% and 75.8% respectively. In contrast, households in the highest income group receive nearly 45% of their income from wages, and just under 40% from investments.

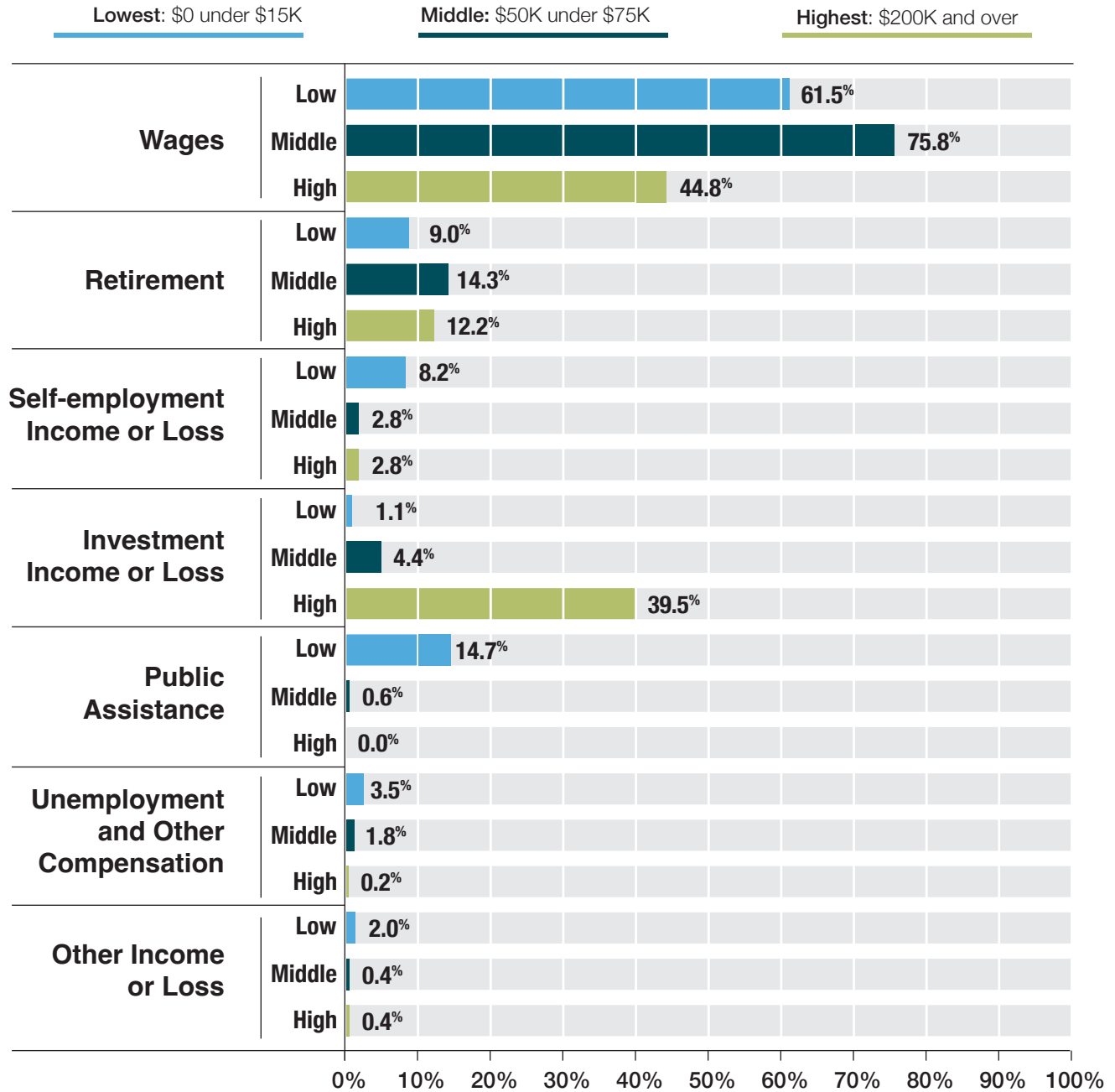
Exhibit 7. Average Sources of Income by Income Group, 2020

Income Source	\$0 under \$15K	\$15K under \$30K	\$30K under \$40K	\$40K under \$50K	\$50K under \$70K	\$70K under \$100K	\$100K under \$150K	\$150K under \$200K	\$200K and over
Wages	\$4,940	\$15,156	\$25,571	\$33,500	\$44,848	\$62,837	\$90,986	\$125,482	\$231,867
Retirement	\$726	\$3,957	\$5,538	\$6,795	\$8,458	\$11,890	\$16,054	\$20,335	\$63,260
Self-Employment Income or Loss	\$656	\$1,332	\$1,246	\$1,389	\$1,685	\$2,357	\$3,366	\$5,118	\$14,301
Investment Income or Loss	\$90	\$575	\$1,091	\$1,584	\$2,602	\$4,843	\$9,619	\$19,124	\$204,543
Public Assistance	\$1,178	\$865	\$468	\$569	\$336	\$319	\$150	\$102	\$99
Unemployment and Other Compensation	\$278	\$524	\$772	\$899	\$1,049	\$1,163	\$1,161	\$1,269	\$947
Other Income or Loss	\$161	\$161	\$173	\$229	\$215	\$247	\$410	\$579	\$2,169
Average Family Money Income	\$8,028	\$22,569	\$34,859	\$44,966	\$59,193	\$83,656	\$121,746	\$172,008	\$517,185

Source: Colorado and Federal income tax return data and the United States Department of Labor's Bureau of Labor Statistics Consumer Expenditure Survey

Note: The values presented in this exhibit are estimates because actual values are not known. Family money income and taxes paid were estimated using Colorado, federal, and third party data sources. Please see the "Methodology" section of the Tax Profile narrative.

Exhibit 8. Proportions of Income Sources Within the Lowest, Middle, and Highest Income Groups, 2020



Source: Colorado and Federal income tax return data and the United States Department of Labor's Bureau of Labor Statistics Consumer Expenditure Survey

Note: The values presented in this exhibit are estimates because actual values are not known.

Distribution of Taxes Paid

Average Taxes Paid for Each Tax Type by Each Income Group

Exhibit 9 estimates the average amount of state and local taxes paid by Colorado households. The average total state and local taxes paid was \$8,047. The average state taxes paid was \$4,051, and the average amount of local taxes paid by Colorado households was \$3,995. However, when households in the two highest income groups are removed, the average amount of state taxes paid drops to \$2,282 and the average amount of local taxes paid lowers to \$2,732. Generally, as income increased so did the average taxes paid.

Exhibit 9. Average Taxes Paid by Income Group, 2020

Type of Taxes Paid	Category	\$0 under \$15K	\$15K under \$30K	\$30K under \$40K	\$40K under \$50K	\$50K under \$70K	\$70K under \$100K	\$100K under \$150K	\$150K under \$200K	\$200K and over	Average
State	Individual Income	\$158	\$404	\$796	\$1,132	\$1,655	\$2,520	\$3,959	\$5,888	\$17,255	\$3,007
State	Sales and Use	\$308	\$318	\$407	\$445	\$517	\$625	\$869	\$987	\$2,272	\$663
State	Gasoline	\$82	\$88	\$121	\$135	\$156	\$175	\$195	\$206	\$346	\$155
State	Driver License and Vehicle Registration Fees	\$96	\$108	\$138	\$146	\$161	\$184	\$208	\$223	\$353	\$168
State	Alcoholic Beverages	\$2	\$3	\$4	\$6	\$6	\$8	\$11	\$22	\$37	\$9
State	Cigarettes and Tobacco	\$48	\$44	\$55	\$53	\$55	\$53	\$46	\$38	\$46	\$49
State	Total State Taxes Paid by Taxpayers	\$696	\$966	\$1,521	\$1,916	\$2,550	\$3,565	\$5,288	\$7,365	\$20,310	\$4,051
Local	Residential Real Property	\$958	\$1,234	\$1,404	\$1,531	\$1,694	\$2,224	\$3,121	\$4,364	\$11,332	\$2,648
Local	Sales and Use	\$505	\$522	\$667	\$729	\$846	\$1,024	\$1,423	\$1,617	\$3,722	\$1,086
Local	Specific Ownership	\$133	\$152	\$199	\$212	\$236	\$274	\$313	\$337	\$545	\$248
Local	Occupational Privilege	\$11	\$13	\$14	\$14	\$14	\$15	\$15	\$15	\$15	\$14
Local	Total Local Taxes Paid by Taxpayers	\$1,607	\$1,921	\$2,284	\$2,487	\$2,791	\$3,536	\$4,872	\$6,334	\$15,614	\$3,995
State and Local	Total Taxes Paid by Taxpayers	\$2,304	\$2,887	\$3,805	\$4,403	\$5,341	\$7,101	\$10,160	\$13,699	\$35,924	\$8,047

Source: Colorado and Federal income tax return data and the United States Department of Labor's Bureau of Labor Statistics Consumer Expenditure Survey

Note: The values presented in this exhibit are estimates because actual values are not known. Family money income and taxes paid were estimated using Colorado, federal, and third party data sources. Please see the "Methodology" section of the Tax Profile narrative.

Proportion of Taxes Paid Within Income Groups

Exhibit 10 shows the proportion of taxes paid for each tax type within each income group. For orientation, the percentages sum to 100% within each income group (each column).

Exhibit 11 illustrates the proportions of taxes paid for each tax type by income group. Households in the lowest income group paid the largest proportion of their taxes on residential real property (41.6%) and state and local sales tax (35.3%). Households in the middle income group paid about equal proportions of their taxes on individual income tax (31.0%) and residential real property tax (31.7%). Households in the highest income group paid 48.0% of their taxes on income and 31.5% of their taxes on residential real property.

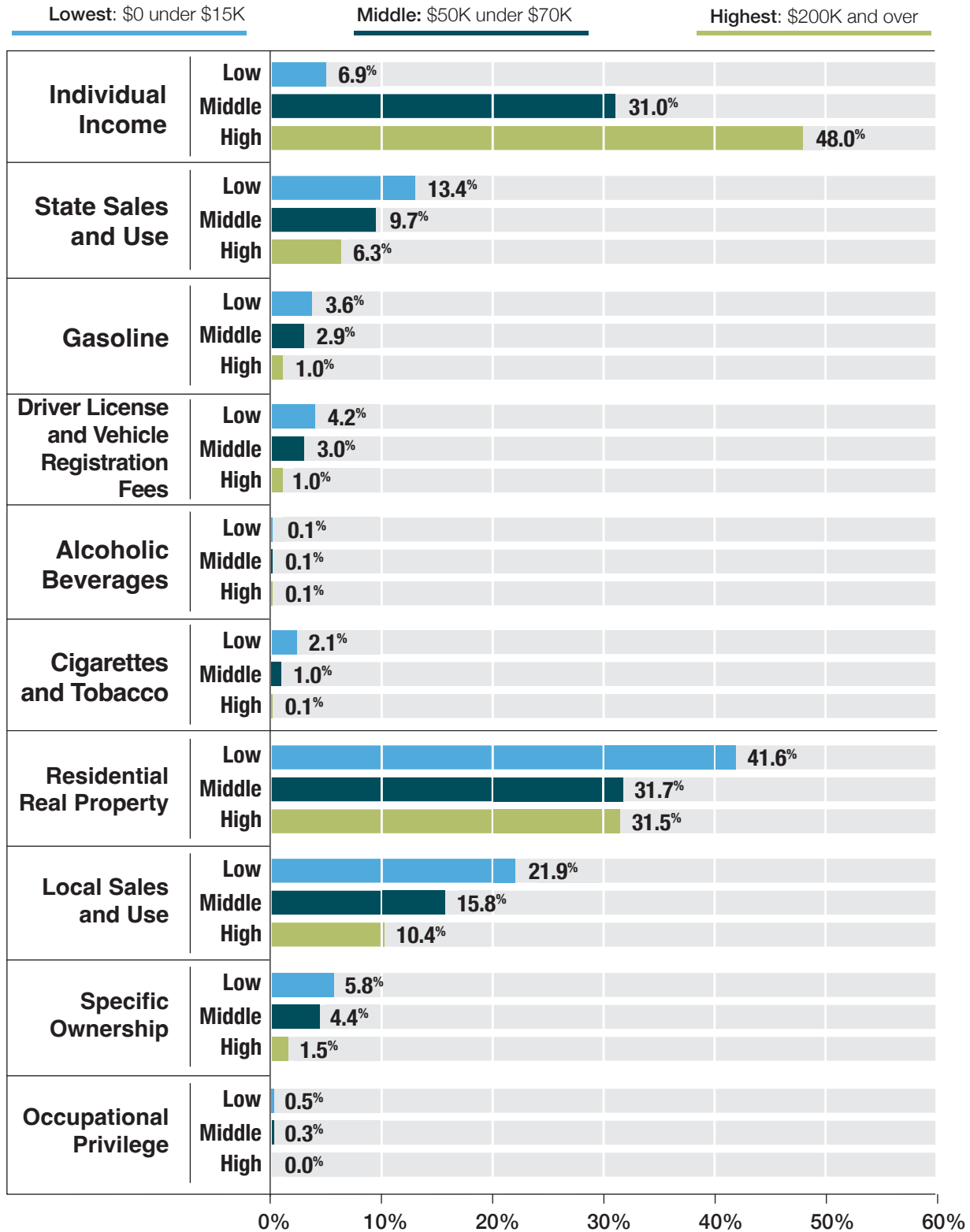
Exhibit 10. Proportion of Taxes Paid Within Each Income Group, 2020

Type of Taxes Paid	Category	\$0 under \$15K	\$15K under \$30K	\$30K under \$40K	\$40K under \$50K	\$50K under \$70K	\$70K under \$100K	\$100K under \$150K	\$150K under \$200K	\$200K and over
State	Individual Income	6.9%	14.0%	20.9%	25.7%	31.0%	35.5%	39.0%	43.0%	48.0%
State	Sales and Use	13.4%	11.0%	10.7%	10.1%	9.7%	8.8%	8.6%	7.2%	6.3%
State	Gasoline	3.6%	3.0%	3.2%	3.1%	2.9%	2.5%	1.9%	1.5%	1.0%
State	Driver License and Vehicle Registration Fees	4.2%	3.7%	3.6%	3.3%	3.0%	2.6%	2.0%	1.6%	1.0%
State	Alcoholic Beverages	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.2%	0.1%
State	Cigarettes and Tobacco	2.1%	1.5%	1.5%	1.2%	1.0%	0.7%	0.5%	0.3%	0.1%
State	Total State Taxes Paid by Taxpayers	30.2%	33.5%	40.0%	43.5%	47.7%	50.2%	52.0%	53.8%	56.5%
Local	Residential Real Property	41.6%	42.7%	36.9%	34.8%	31.7%	31.3%	30.7%	31.9%	31.5%
Local	Sales and Use	21.9%	18.1%	17.5%	16.5%	15.8%	14.4%	14.0%	11.8%	10.4%
Local	Specific Ownership	5.8%	5.3%	5.2%	4.8%	4.4%	3.9%	3.1%	2.5%	1.5%
Local	Occupational Privilege	0.5%	0.5%	0.4%	0.3%	0.3%	0.2%	0.1%	0.1%	0.0%
Local	Total Local Taxes Paid by Taxpayers	69.8%	66.5%	60.0%	56.5%	52.3%	49.8%	48.0%	46.2%	43.5%
State and Local	Total Taxes Paid by Taxpayers	100%	100%	100%	100%	100%	100%	100%	100%	100%

Source: Colorado and Federal income tax return data and the United States Department of Labor's Bureau of Labor Statistics Consumer Expenditure Survey

Note: The values presented in this exhibit are estimates because actual values are not known. Family money income and taxes paid were estimated using Colorado, federal, and third party data sources. Please see the "Methodology" section of the Tax Profile narrative.

Exhibit 11. Proportion of Taxes Within the Lowest, Middle, and Highest Income Groups, 2020



Source: Colorado and Federal income tax return data and the United States Department of Labor's Bureau of Labor Statistics Consumer Expenditure Survey

Note: The values presented in this exhibit are estimates because actual values are not known.

Distribution of Households, Family Money Income, and Taxes Paid Across Income Groups

Exhibit 12 shows the share of households and share of family money income per income group. Of note, 8.4% of households were in the highest income group, yet these households made up 44.6% of the total family money income. **Exhibit 13** shows the share of tax paid by each income group for each tax type. For orientation, the percentages sum to 100% across income groups (each row). Generally, as income increased, so did the proportion of tax paid. The highest income group paid the largest share of state and local taxes (37.3%).

Exhibit 12. Distribution of Households and Family Money Income Across Income Groups, 2020

Households and Family Money Income	\$0 under \$15K	\$15K under \$30K	\$30K under \$40K	\$40K under \$50K	\$50K under \$70K	\$70K under \$100K	\$100K under \$150K	\$150K under \$200K	\$200K and over	Total
Households	12.4%	16.4%	11.1%	9.1%	13.9%	12.6%	11.0%	5.2%	8.4%	100.0%
Family Money Income	1.0%	3.8%	4.0%	4.2%	8.5%	10.8%	13.8%	9.2%	44.6%	100.0%

Source: Colorado and Federal income tax return data and the United States Department of Labor's Bureau of Labor Statistics Consumer Expenditure Survey

Note: The values presented in this exhibit are estimates because actual values are not known. Family money income and taxes paid were estimated using Colorado, federal, and third party data sources. Please see the "Methodology" section of the Tax Profile narrative.

Exhibit 13. Distribution of Taxes Paid Across Income Groups, 2020

Type of Taxes Paid	Category	\$0 under \$15K	\$15K under \$30K	\$30K under \$40K	\$40K under \$50K	\$50K under \$70K	\$70K under \$100K	\$100K under \$150K	\$150K under \$200K	\$200K and over	Total
State	Individual Income	0.7%	2.2%	2.9%	3.4%	7.7%	10.5%	14.5%	10.2%	47.9%	100%
State	Sales and Use	5.8%	7.9%	6.8%	6.1%	10.8%	11.8%	14.4%	7.7%	28.6%	100%
State	Gasoline	6.6%	9.3%	8.7%	7.9%	14.0%	14.2%	13.8%	6.9%	18.6%	100%
State	Driver License and Vehicle Registration Fees	7.2%	10.6%	9.1%	7.9%	13.3%	13.8%	13.7%	6.9%	17.6%	100%
State	Alcoholic Beverages	3.3%	6.0%	4.7%	5.7%	9.6%	11.0%	13.3%	12.6%	33.7%	100%
State	Cigarettes and Tobacco	12.1%	14.7%	12.4%	9.8%	15.5%	13.4%	10.3%	4.0%	7.8%	100%
State	Total State Taxes Paid by Taxpayers	2.1%	3.9%	4.2%	4.3%	8.8%	11.1%	14.4%	9.5%	41.9%	100%
Local	Residential Real Property	4.5%	7.6%	5.9%	5.2%	8.9%	10.5%	13.0%	8.6%	35.7%	100%
Local	Sales and Use	5.8%	7.9%	6.8%	6.1%	10.8%	11.8%	14.4%	7.7%	28.6%	100%
Local	Specific Ownership	6.7%	10.1%	8.9%	7.8%	13.3%	13.9%	13.9%	7.1%	18.4%	100%
Local	Occupational Privilege	10.0%	15.4%	11.1%	9.3%	14.5%	13.2%	11.8%	5.7%	8.9%	100%
Local	Total Local Taxes Paid by Taxpayers	5.0%	7.9%	6.3%	5.6%	9.7%	11.1%	13.4%	8.2%	32.6%	100%
State and Local	Total Taxes Paid by Taxpayers	3.6%	5.9%	5.2%	5.0%	9.2%	11.1%	13.9%	8.9%	37.3%	100%

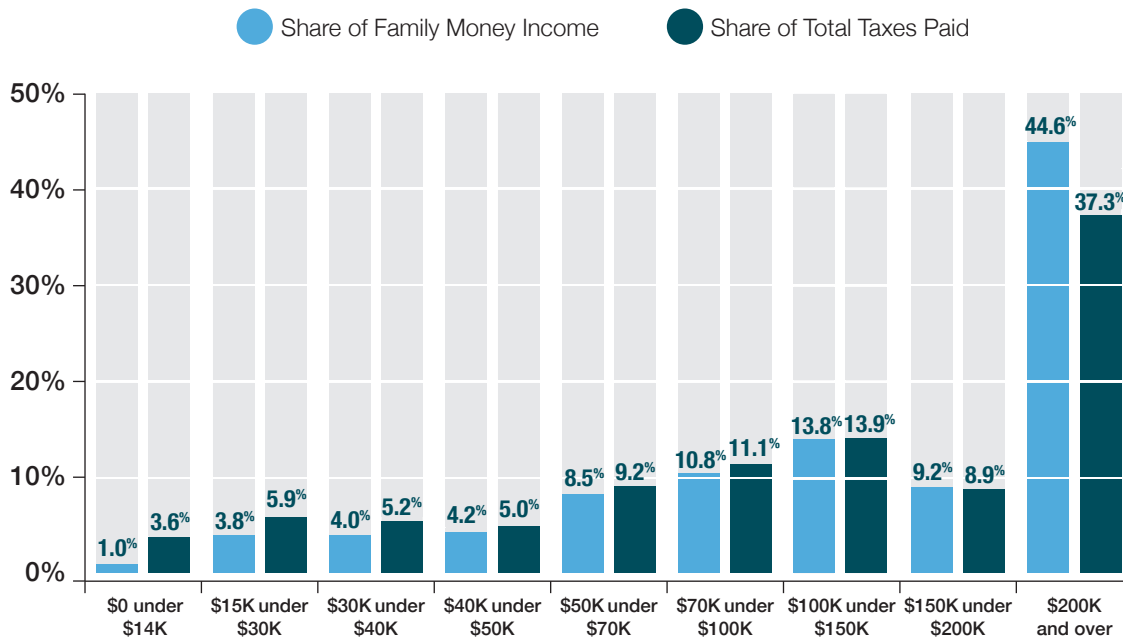
Source: Colorado and Federal income tax return data and the United States Department of Labor's Bureau of Labor Statistics Consumer Expenditure Survey

Note: The values presented in this exhibit are estimates because actual values are not known. Family money income and taxes paid were estimated using Colorado, federal, and third party data sources. Please see the "Methodology" section of the Tax Profile narrative.

Comparing the Distribution of Taxes Paid to the Distribution of Income

Exhibit 14 looks at the distribution of family money income relative to the distribution of taxes paid across income groups. The left columns show the share of family money income within each income group, and the right columns show the share of state and local taxes paid. When these two columns are the same height for an income group, that group's share of total taxes paid is in proportion to their share of total income. The share of taxes paid is similar to the share of income for all groups, except the highest income group, whose share of taxes paid is lower than their share of income. This indicates that a larger tax burden is placed on the income groups with less than \$200,000 in income.

Exhibit 14. Distribution of Family Money Income and Taxes Paid Across Income Groups, 2020



Source: Colorado and Federal income tax return data and the United States Department of Labor's Bureau of Labor Statistics Consumer Expenditure Survey

Note: The values presented in this exhibit are estimates because actual values are not known.

Effective Tax Rates

Effective tax rates measure how much people pay in taxes as a percentage of their income. This section looks at the distribution of effective tax rates by tax type and income group. Looking at the distribution of effective tax rates across income groups reveals the nature of the tax – whether the effective tax rates are proportional, regressive, or progressive. For this model, the Department considered the tax base to be family money income. Thus, a proportional tax is one in which the effective tax rate is fixed, with no change in rate as income increases or decreases. A regressive tax is one in which the effective tax rate decreases as income increases. A progressive tax is one in which the effective tax rate increases as income increases. For more on proportional, regressive, or progressive taxes see Part 3: Tax Equity Considerations for Policy Making.

Exhibit 15 shows the effective tax rate by tax type within each income group. Some of the tax types were progressive, such as individual income taxes, and some of the tax types were regressive, such as state and local sales and use taxes.

Exhibit 16 illustrates the overall state and local effective tax rates for each income group. Local effective tax rates are shown in the top part of the columns and state effective tax rates are shown in the bottom part of the columns. The state and local effective tax rates were regressive because the rates decreased as income increased. The lowest income group had the highest effective tax rates and the highest income group had the lowest effective tax rate. The distribution of local effective tax rates was substantially more regressive than that of state effective tax rates across the income groups. Local effective tax rates declined from 20.0% for the lowest income group to 3.0% for the highest income group. The state effective tax rate was 8.7% for the lowest income group and for the remaining income groups the state effective tax rates were around 4%.

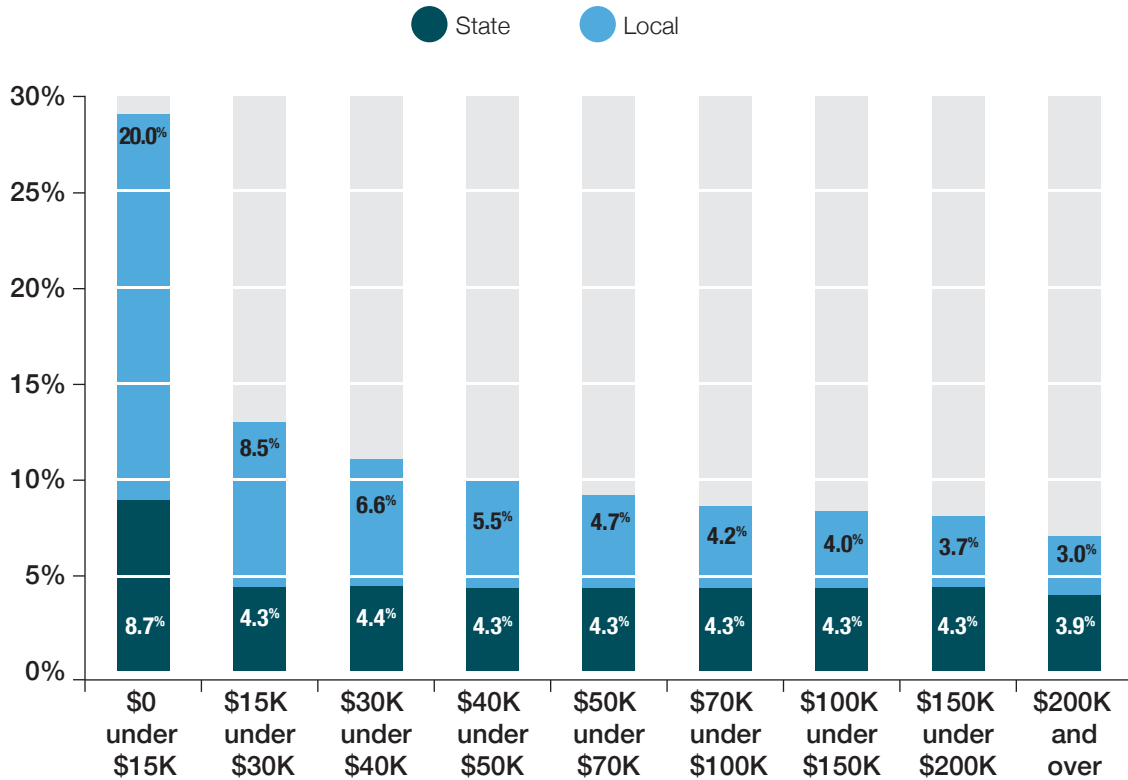
Exhibit 15. Effective Tax Rates Within Each Income Group, 2020

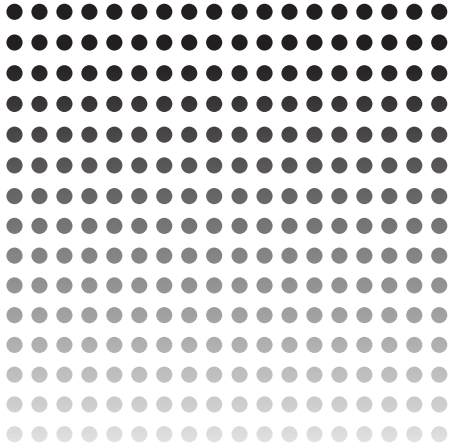
Type of Taxes Paid	Category	\$0 under \$15K	\$15K under \$30K	\$30K under \$40K	\$40K under \$50K	\$50K under \$70K	\$70K under \$100K	\$100K under \$150K	\$150K under \$200K	\$200K and over	Average
State	Individual Income	2.0%	1.8%	2.3%	2.5%	2.8%	3.0%	3.3%	3.4%	3.3%	3.1%
State	Sales and Use	3.8%	1.4%	1.2%	1.0%	0.9%	0.7%	0.7%	0.6%	0.4%	0.7%
State	Gasoline	1.0%	0.4%	0.3%	0.3%	0.3%	0.2%	0.2%	0.1%	0.1%	0.2%
State	Driver License and Vehicle Registration Fees	1.2%	0.5%	0.4%	0.3%	0.3%	0.2%	0.2%	0.1%	0.1%	0.2%
State	Alcoholic Beverages	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
State	Cigarettes and Tobacco	0.6%	0.2%	0.2%	0.1%	0.1%	0.1%	0.0%	0.0%	0.0%	0.1%
State	Total State Taxes Paid by Taxpayers	8.7%	4.3%	4.4%	4.3%	4.3%	4.3%	4.3%	4.3%	3.9%	4.2%
Local	Residential Real Property	11.9%	5.5%	4.0%	3.4%	2.9%	2.7%	2.6%	2.5%	2.2%	2.7%
Local	Sales and Use	6.3%	2.3%	1.9%	1.6%	1.4%	1.2%	1.2%	0.9%	0.7%	1.1%
Local	Specific Ownership	1.7%	0.7%	0.6%	0.5%	0.4%	0.3%	0.3%	0.2%	0.1%	0.3%
Local	Occupational Privilege	0.1%	0.1%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Local	Total Local Taxes Paid by Taxpayers	20.0%	8.5%	6.6%	5.5%	4.7%	4.2%	4.0%	3.7%	3.0%	4.1%
State and Local	Total Taxes Paid by Taxpayers	28.7%	12.8%	10.9%	9.8%	9.0%	8.5%	8.3%	8.0%	6.9%	8.3%

Source: Colorado and Federal income tax return data and the United States Department of Labor's Bureau of Labor Statistics Consumer Expenditure Survey

Note: The values presented in this exhibit are estimates because actual values are not known. Family money income and taxes paid were estimated using Colorado, federal, and third party data sources. Please see the "Methodology" section of the Tax Profile narrative.

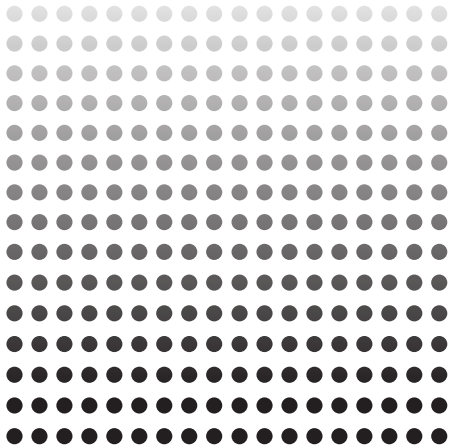
Exhibit 16. Effective State and Local Tax Rates Within Each Income Group, 2020





Part 3

Tax Equity Considerations for Policy Making



Purposes of Taxation

To better understand the impacts and equity of taxation, it is helpful to first discuss the various purposes of taxation. Governments impose taxes for many reasons, including funding of public goods and services, addressing externalities, and incentivizing public behavior.

In some cases, taxes are imposed directly on users of particular goods and services. It can be difficult for governments to determine how much to charge in user fees, yet it is requisite for governments to know the monetary value of the services they are offering and how to measure and assess the charges for those services. For example, the Environmental Protection Agency has the responsibility of safeguarding the environment, and they have to answer questions like, "What is the price of clean air?" and "Who should be charged and how should they be charged?"

Some taxes, such as excise taxes, are charged based on consumption. For instance, excise tax is applied to gallons of gasoline, the number of cigarettes in a package, and gallons/liters of spirits, wine, and beer. The types of products that are customarily subject to excise taxes are items for which the amounts consumed do not vary widely among income groups. Therefore, excise taxes typically result in people with lower incomes paying a larger share of their income than people with higher incomes.

Governments may use taxes as a tool to rectify market failures such as negative or positive externalities. Externalities occur when the purchase price of a good does not fully reflect the costs or benefits of that good's consumption to society. Cigarette use, which has been proven to increase the chance of cancer in individuals, is an example of a negative externality. Some states impose a steep excise tax on cigarettes in an effort to pay for the higher costs of medical care that result from the use of cigarettes and to curtail cigarette smoking in order to avoid future additional medical care costs.

Just as taxes can be used to curtail certain types of consumption, tax credits or deductions can be used to induce or subsidize certain types of behavior. For example, in the early 2000s, Colorado provided a tax incentive for those who purchased long-term care insurance policies. This incentive was aimed at people taking an interest in the expense of their health care needs later in life, thus incentivizing persons to take an interest in providing for their own health care.

Tax Equity

Given the subjective quality of determining tax equity, it is the goal of this study only to provide the tools for policy makers and citizens to make informed decisions regarding the structure of major state and local taxes. The model presented in Part 2 of this study provides a foundation for an informed discussion on the distributive effects of tax policy in law and the equity of the distribution of state and local taxes on the residents in Colorado.

The issue of tax equity—or tax fairness in terms of who should pay and how much taxes should be paid—is a challenging policy issue that lawmakers deal with in all levels of government. The decision ultimately depends on the values of society.

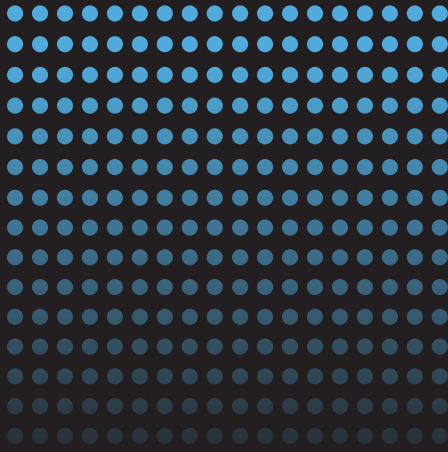
A fair system of taxation to some could be one in which every person would spend the same percentage of their income on taxes, regardless of income; thus, the tax burden would be equally proportional. This equity is thought to be achieved through “flat tax” rates. However, in practice a flat tax rate on income can become disproportionate due to various tax reductions allowed to different income groups. Additionally, flat tax rates on tangible goods can also become inequitable because the prices and quantities of purchased goods will influence the amount of taxes paid relative to a person’s income.

Another version of a fair tax system might focus on a taxpayer’s “ability to pay.” Proponents of this concept argue the wealthiest, who have the greatest accumulation of income/wealth and therefore have the greatest “ability to pay” for the goods and services provided by state and local governments, should pay more taxes than those of lesser income. Taxes in this case would function as a tool to reduce household income differences. Federal and many state’s income taxes fall under this progressive tax structure.

To others, tax fairness is a tax based on use, where people are taxed according to the benefits received from government services. For example, Colorado’s 2004 additional excise taxes on cigarettes and tobacco products addressed tax “fairness” based on use. In 2004, voters imposed a constitutional levy of an additional 64¢ per pack of 20 cigarettes and an additional 20% of the manufacturer’s list price on other tobacco products. The revenue from these taxes is distributed to designated health-related programs administered by the state with several goals, including mitigating health-related problems associated with smoking and providing smoking prevention and cessation programs for Colorado residents. Generally, those who do not use cigarettes or tobacco products would have less use for these programs. Therefore, those who do use cigarettes or tobacco products provide more financial support for these programs through the tax.

Other concepts of tax equity include horizontal and vertical equity. Horizontal equity indicates that households of similar income pay an equal amount of taxes. Horizontal equity can be difficult to achieve because of tax credits, deductions, and any other type of tax reduction. Vertical equity pertains to the manner in which taxes paid vary among households of different income groups. Discussions of vertical equity often involve the concepts of proportional vs. progressive or regressive taxation.

Because of the various strategies involving taxation/non-taxation, assessing the equity of the distribution of the burden of taxes is very complex. Taxes must first be examined individually regarding the intention or objective of the tax and whether the objectives are being met. Then the burden of combined taxes needs to be examined to determine whether a group of taxpayers is being inadvertently and/or unjustifiably burdened by taxes.

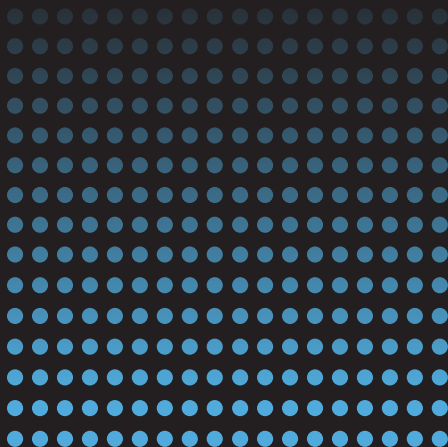


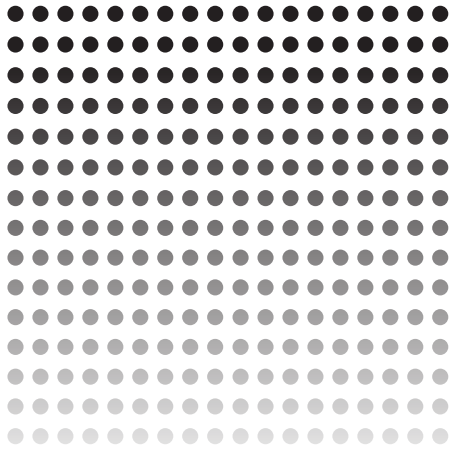
COLORADO
Department of Revenue

Colorado Statistics of Income

Individual • Corporate
Income Tax Year 2020 • Income Tax Year 2021

Prepared by Colorado Department of Revenue





Colorado Individual Statistics of Income: Highlights and Selected Tables Income Tax Year 2020

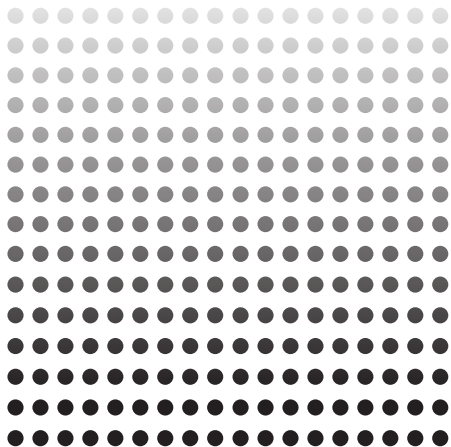


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Introduction

The Colorado Individual Statistics of Income (SOI) is a collection of data describing federal and state individual income tax returns filed by full-year Colorado residents. Colorado's Individual SOI report complements the Individual SOI report published by the Internal Revenue Service and serves as a useful tool for researchers and policy makers. The Colorado Individual SOI is an annual report available on the Department's website. Highlights and selected data tables from the complete report are provided in this biennial Tax Profile and Expenditure Report. The complete SOI report with additional data tables and links to downloadable spreadsheets is available on the Department's Data and Reports website: CDOR.Colorado.gov/data-and-reports/income-tax-data/individual-statistics-of-income-reports

The Individual SOI report includes various income and tax data that is generally bucketed by income group. The key SOI statistics summarized here focus on basic elements of income and tax data such as size of income, filing status, age distribution, and federal deductions. The complete SOI report includes additional data on these basic elements, as well as further data from federal returns on sources of income, adjustments, itemized deductions, and federal credits, and Colorado specific data on location, additions, subtractions, prepayments, and credits.

This Individual SOI report summarizes income tax year 2020 data, which generally represents individuals' income tax returns for calendar year 2020. A few charts and several data tables are provided in this abbreviated version of the SOI report. There are additional tables available on the CDOR Data and Reports website. The charts visualize key observations from the dataset, whereas the tables summarize the dataset in depth. The Highlights section analyzes the charts, and the Selected Data Tables section presents the key tables. Further information about the methodology and data source is available on the website.

Highlights

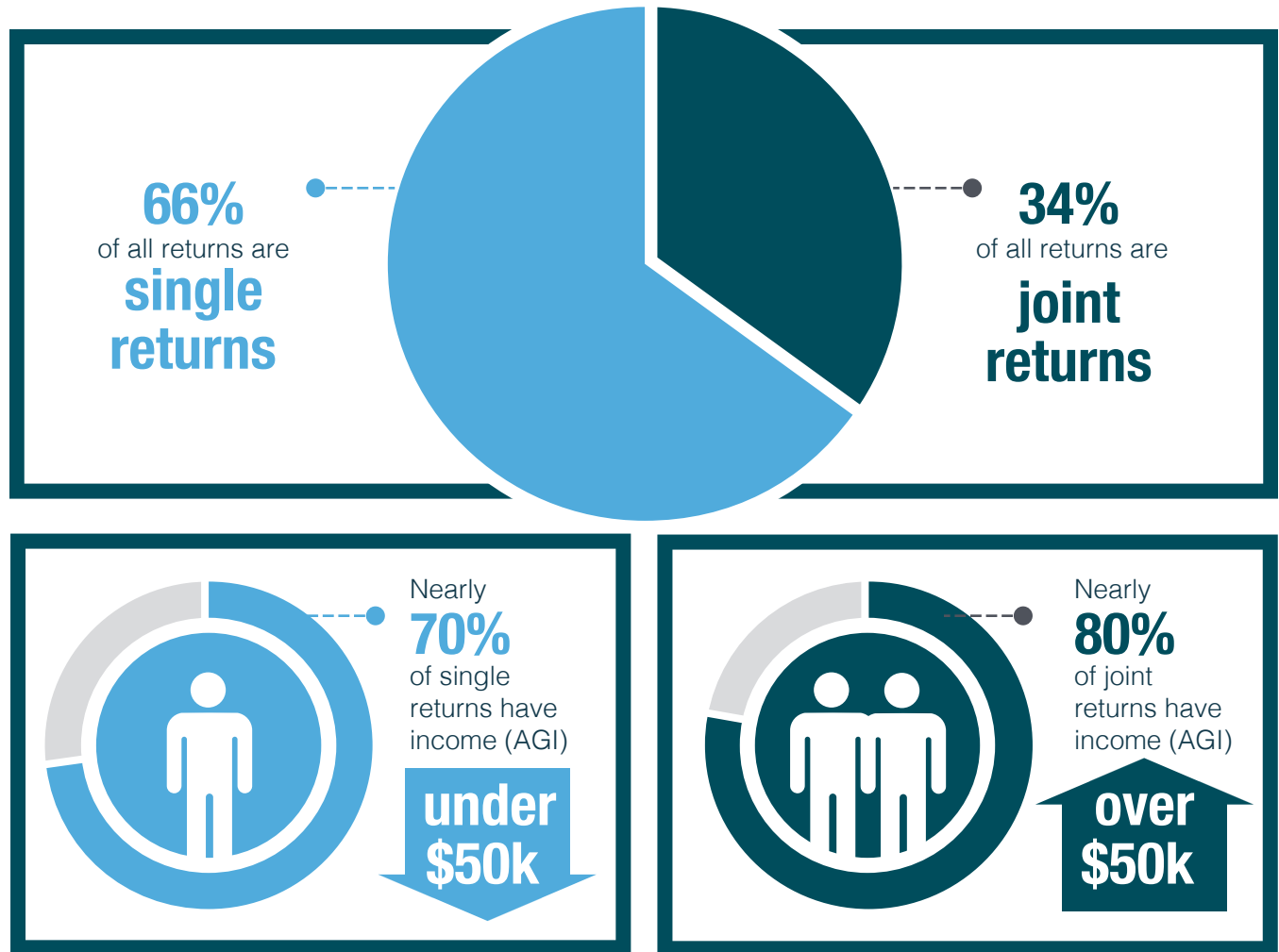
This section showcases differences between single and joint returns in age, income, and standard versus itemized federal deductions.

Single and Joint Returns

Single returns are cases where a spouse is not listed on the Colorado tax return, and joint returns are cases where a spouse is listed on the Colorado tax return. It is worth noting that each joint return is counted once, even though it represents two people in one household. In general, single returns represent Coloradans that use federal filing statuses of single, head of household, married filing separate, or qualifying widow(er). Joint returns generally represent Coloradans that are using the federal filing status of married filing jointly. However, the Colorado return categorization of single and joint does not always match up with the federal return's associated filing status.

The **2020 Single and Joint Returns** infographic below shows single returns accounted for 66% of full-year resident 2020 income tax returns. Federal adjusted gross income (AGI) tended to be lower for single returns than joint returns. Nearly 70% of single returns had AGI under \$50,000, whereas 80% of joint returns had AGI over \$50,000.

2020 Single and Joint Returns



Age of Taxpayers

Chart 1 presents the number of single and joint returns by age of the primary filer. Notably, the distribution of single returns skews younger, meaning there were more single returns for younger ages than older ages. The number of single returns peaks at age 27, and then declines as the population ages. This declining number of single returns after age 27 corresponds with the increasing number of joint returns between the ages of 18 and 40, demonstrating the pattern of single individuals becoming married as they age.

Chart 1. Number of Single and Joint Returns by Age (18 - 100), Tax Year 2020

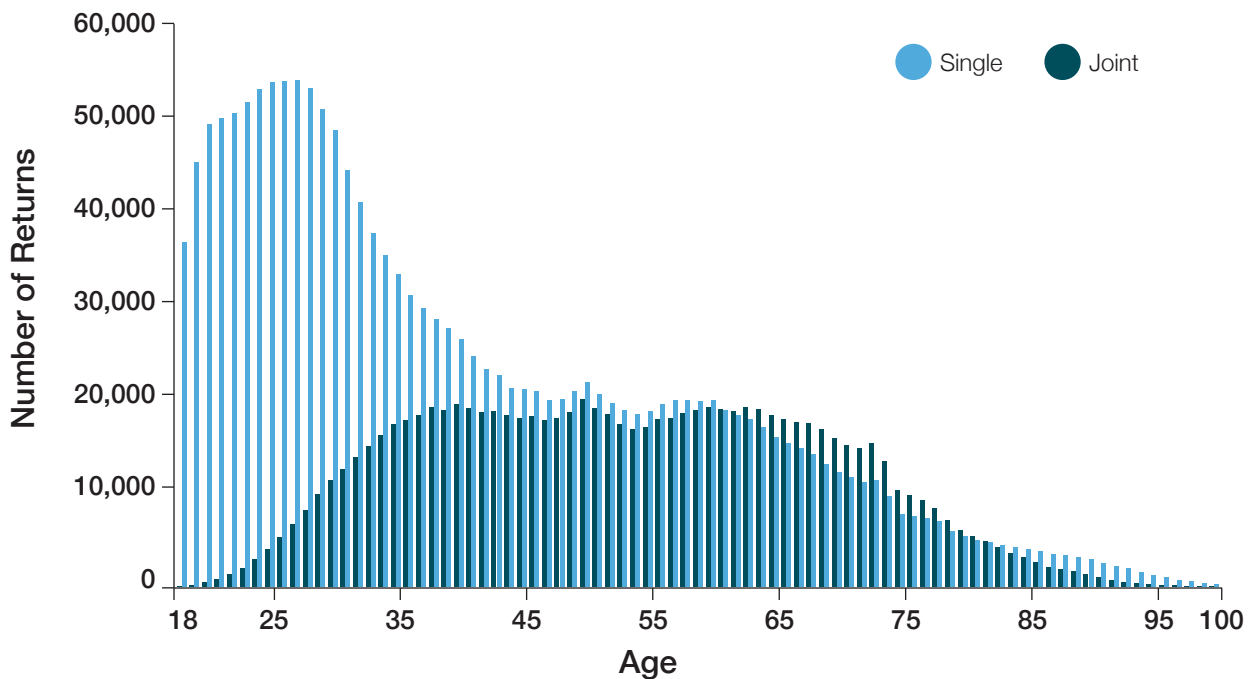
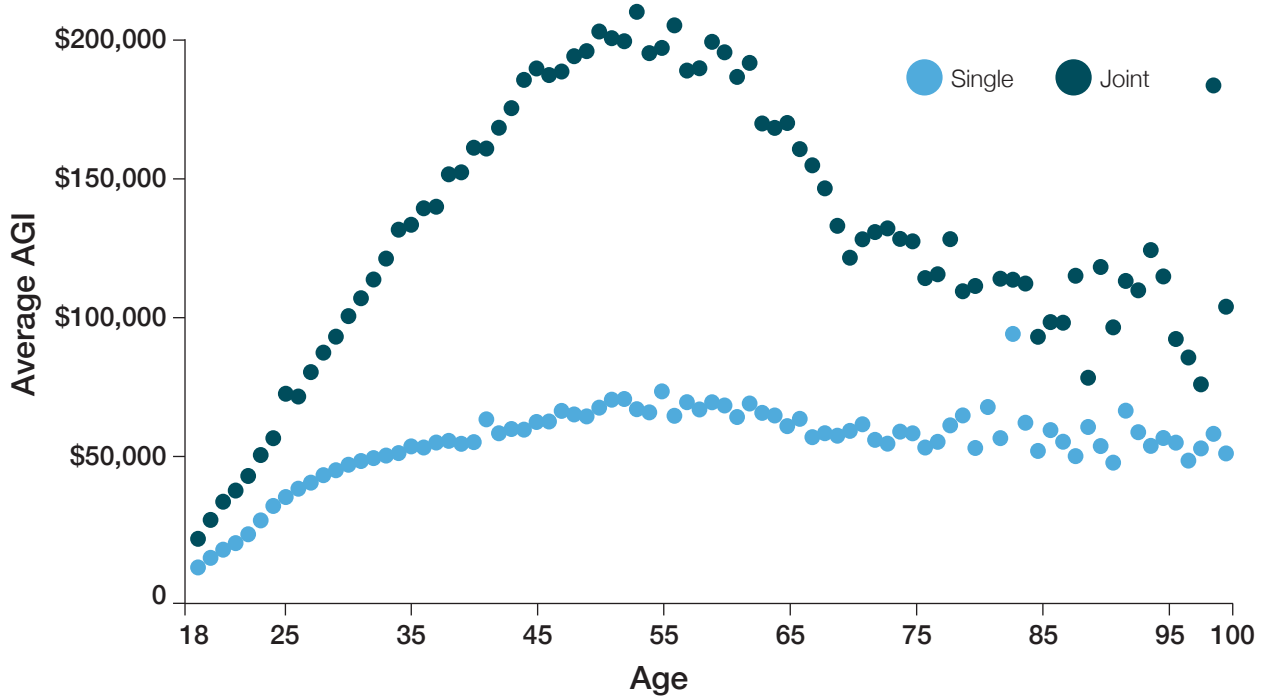


Chart 2 looks at the average AGI of single and joint returns by the age of the primary filer. This chart shows that single returns of all ages had lower AGI on average than joint returns. It is important to remember that the average AGI for joint returns represents the average income for a household with at least two individuals, in which one or both of those individuals are earning income. Interestingly, between the ages 38 and 67, joint households earned about three times as much as single households.

Chart 2. Average Adjusted Gross Income (AGI) on Single and Joint Returns by Age (18 - 100), Tax Year 2020

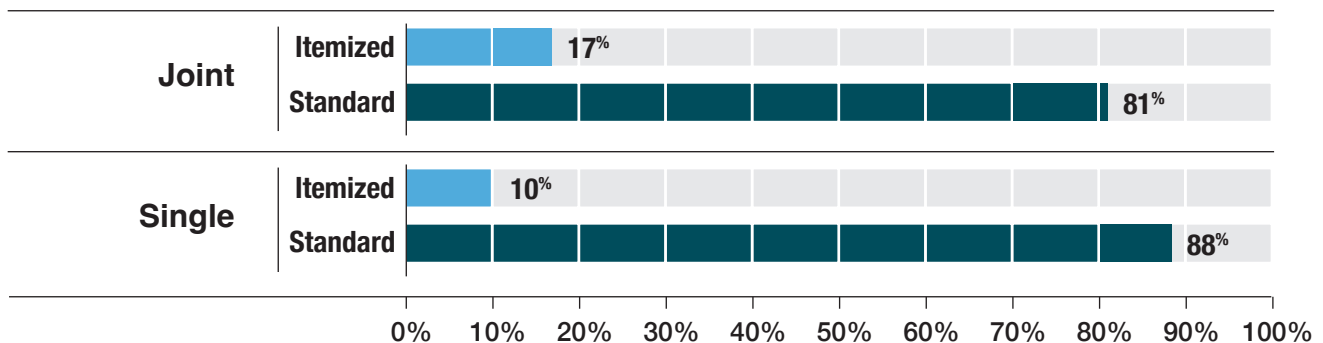


Standard or Itemized Deductions

Individuals subtract standard or itemized deductions from their federal AGI to reduce their federal taxable income. The standard deduction, which is the default deduction for all taxpayers, is a fixed amount based on federal filing status. In 2020, the standard deduction amounts were \$12,400 for single or married filing separately, \$18,650 for heads of households, and \$24,800 for married filing jointly or qualifying widow(er)s. Taxpayers may subtract itemized deductions instead of the standard deduction and generally will if the sum of their itemized deductions is greater than the standard deduction. Itemized deductions consist of various subtractions, including medical expenses, state and local taxes, home mortgage interest, charitable contributions, and others.

The prevalence of standard and itemized deductions is fairly similar on single and joint returns. Chart 3 shows that the majority of single (88%) and joint returns (81%) used standard deductions. Itemized deductions were used in about 10% of single returns and about 17% of joint returns in 2020.

Chart 3. Percentage of Single and Joint Returns by Type of Deductions, Tax Year 2020



Selected Data Tables

A selection of key data tables from the complete Individual SOI report are included in this publication, and the full set of SOI tables is published in Excel format on the website here: CDOR.Colorado.gov/data-and-reports/income-tax-data/individual-statistics-of-income-reports

Here is a full list of the data tables available online:

- Table 1. Income and Tax Data by Size of Federal AGI
- Table 2. Income and Tax Data by Size of Federal AGI in \$10,000 Increments
- Table 3. Income and Tax Data for Single Colorado Returns by Size of Federal AGI
- Table 4. Income and Tax Data for Joint Colorado Returns by Size of Federal AGI
- Table 5. Income and Tax Data for Taxable Returns by Size of Federal AGI
- Table 6. Income and Tax Data for Nontaxable Returns by Size of Federal AGI
- Table 7. Income and Tax Data for Filers Under 65 by Size of Federal AGI
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- Table 9. Federal AGI by Size of Federal AGI and Filing Status
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- Table 23E. Income and Tax Data for Douglas County by Size of Federal AGI
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- Table 23H. Income and Tax Data for Larimer County by Size of Federal AGI
- Table 23I. Income and Tax Data for Mesa County by Size of Federal AGI
- Table 23J. Income and Tax Data for Pueblo County by Size of Federal AGI
- Table 23K. Income and Tax Data for Weld County by Size of Federal AGI
- Table 24. Colorado Income and Tax Data by Size of Colorado Taxable Income in \$10,000 Increments
- Table 25. Colorado Additions and Subtractions by Size of Federal AGI
- Table 26. Colorado Income Tax Prepayments by Size of Federal AGI
- Table 27. Colorado Tax Credits by Size of Federal AGI

Table 1. Income and Tax Data by Size of Federal AGI

This table shows aggregate income and tax data for full-year residents by AGI group.

I. Number of Returns and Aggregate Dollar Amounts

Size of Federal AGI	Number of Returns	Federal AGI	Federal Taxable Income
Negative Income	35,624	(\$5,431,712,857)	\$0
\$0 under \$10K	299,656	\$1,381,464,230	\$20,684,651
\$10K under \$20K	275,762	\$4,106,818,417	\$555,778,771
\$20K under \$30K	271,682	\$6,803,699,985	\$2,645,425,059
\$30K under \$40K	264,289	\$9,227,147,015	\$4,999,192,903
\$40K under \$50K	224,653	\$10,070,188,213	\$6,329,319,054
\$50K under \$60K	183,332	\$10,050,828,476	\$6,818,495,852
\$60K under \$75K	215,285	\$14,455,017,556	\$10,301,378,470
\$75K under \$100K	253,082	\$21,927,612,856	\$16,378,222,426
\$100K under \$200K	421,207	\$57,942,615,662	\$46,816,119,678
\$200K under \$500K	156,381	\$44,925,793,400	\$39,250,324,636
\$500K under \$1M	23,615	\$15,902,501,651	\$14,436,202,635
\$1M and over	11,449	\$34,312,175,583	\$31,212,222,490
Total	2,636,017	\$225,674,150,187	\$179,763,366,625

II. Number of Returns and Average Dollar Amounts per Return

Size of Federal AGI	Number of Returns	Federal AGI	Federal Taxable Income
Negative Income	35,624	(\$152,473)	\$0
\$0 under \$10K	299,656	\$4,610	\$69
\$10K under \$20K	275,762	\$14,893	\$2,015
\$20K under \$30K	271,682	\$25,043	\$9,737
\$30K under \$40K	264,289	\$34,913	\$18,916
\$40K under \$50K	224,653	\$44,826	\$28,174
\$50K under \$60K	183,332	\$54,823	\$37,192
\$60K under \$75K	215,285	\$67,144	\$47,850
\$75K under \$100K	253,082	\$86,642	\$64,715
\$100K under \$200K	421,207	\$137,563	\$111,148
\$200K under \$500K	156,381	\$287,284	\$250,992
\$500K under \$1M	23,615	\$673,407	\$611,315
\$1M and over	11,449	\$2,996,958	\$2,726,196
Average	2,636,017	\$85,612	\$68,195

Source: Federal and Colorado individual income tax returns (full-year residents only)

- ¹ The Colorado Taxable Income (CTI) reported on Colorado returns can be positive, zero, or negative. The CTI is negative when the taxpayer reports losses and/or subtractions greater than their income and additions. Negative values do not reduce their tax liability to be less than \$0.
- ² Colorado Gross Tax is determined based on Colorado Taxable Income greater than zero. To calculate positive Colorado Taxable Income, divide the Colorado Gross Tax by the income tax rate.

Table 1 (continued). Income and Tax Data by Size of Federal AGI

This table shows aggregate income and tax data for full-year residents by AGI group.

I. Number of Returns and Aggregate Dollar Amounts

Size of Federal AGI	Colorado Taxable Income ¹	Federal Tax	Colorado Gross Tax ²	Colorado Net Tax
Negative Income	(\$3,870,698,816)	\$17,039,800	\$5,175,093	\$8,465,914
\$0 under \$10K	(\$1,995,786,205)	\$30,263,713	\$4,620,113	\$4,608,126
\$10K under \$20K	(\$101,924,171)	\$116,132,089	\$33,475,948	\$33,277,275
\$20K under \$30K	\$2,157,944,354	\$291,748,028	\$120,928,535	\$120,241,015
\$30K under \$40K	\$4,441,975,256	\$504,141,528	\$216,220,990	\$215,165,043
\$40K under \$50K	\$5,664,783,055	\$644,503,794	\$266,301,819	\$264,654,813
\$50K under \$60K	\$6,095,496,567	\$724,096,067	\$282,530,810	\$280,453,305
\$60K under \$75K	\$9,168,463,232	\$1,218,878,708	\$421,285,662	\$417,541,023
\$75K under \$100K	\$14,653,406,711	\$2,034,646,232	\$669,690,891	\$662,454,266
\$100K under \$200K	\$43,493,624,404	\$6,805,190,105	\$1,981,510,635	\$1,953,050,146
\$200K under \$500K	\$38,080,733,080	\$7,694,342,721	\$1,733,262,809	\$1,682,551,283
\$500K under \$1M	\$14,262,250,392	\$3,773,956,558	\$649,147,558	\$607,757,102
\$1M and over	\$30,635,723,232	\$9,140,729,211	\$1,414,845,623	\$1,259,443,794
Total	\$162,685,991,091	\$32,995,668,554	\$7,798,996,486	\$7,509,663,105

II. Number of Returns and Average Dollar Amounts per Return

Size of Federal AGI	Colorado Taxable Income ¹	Federal Tax	Colorado Gross Tax ²	Colorado Net Tax
Negative Income	(\$108,654)	\$478	\$145	\$238
\$0 under \$10K	(\$6,660)	\$101	\$15	\$15
\$10K under \$20K	(\$370)	\$421	\$121	\$121
\$20K under \$30K	\$7,943	\$1,074	\$445	\$443
\$30K under \$40K	\$16,807	\$1,908	\$818	\$814
\$40K under \$50K	\$25,216	\$2,869	\$1,185	\$1,178
\$50K under \$60K	\$33,248	\$3,950	\$1,541	\$1,530
\$60K under \$75K	\$42,588	\$5,662	\$1,957	\$1,939
\$75K under \$100K	\$57,900	\$8,039	\$2,646	\$2,618
\$100K under \$200K	\$103,260	\$16,156	\$4,704	\$4,637
\$200K under \$500K	\$243,513	\$49,203	\$11,084	\$10,759
\$500K under \$1M	\$603,949	\$159,812	\$27,489	\$25,736
\$1M and over	\$2,675,843	\$798,387	\$123,578	\$110,005
Average	\$61,717	\$12,517	\$2,959	\$2,849

Source: Federal and Colorado individual income tax returns (full-year residents only)

¹ The Colorado Taxable Income (CTI) reported on Colorado returns can be positive, zero, or negative. The CTI is negative when the taxpayer reports losses and/or subtractions greater than their income and additions. Negative values do not reduce their tax liability to be less than \$0.

² Colorado Gross Tax is determined based on Colorado Taxable Income greater than zero. To calculate positive Colorado Taxable Income, divide the Colorado Gross Tax by the income tax rate.

Table 3. Income and Tax Data for Single Colorado Returns by Size of Federal AGI ¹

This table shows aggregate income and tax data for full-year residents by AGI group for single Colorado returns. This table is a subset of the data presented in Table 1. See Table 4 for joint Colorado returns.

I. Number of Returns and Aggregate Dollar Amounts

Size of Federal AGI	Number of Returns	Federal AGI	Federal Taxable Income
Negative Income	24,021	(\$1,731,213,951)	\$0
\$0 under \$10K	278,203	\$1,282,001,392	\$20,632,484
\$10K under \$20K	248,916	\$3,699,402,994	\$555,577,004
\$20K under \$30K	236,094	\$5,907,101,770	\$2,609,267,905
\$30K under \$40K	223,489	\$7,795,554,017	\$4,629,781,620
\$40K under \$50K	180,800	\$8,096,800,453	\$5,507,689,794
\$50K under \$60K	136,492	\$7,472,536,328	\$5,478,520,988
\$60K under \$75K	139,157	\$9,310,599,180	\$7,185,456,340
\$75K under \$100K	122,183	\$10,482,188,141	\$8,467,579,696
\$100K under \$200K	108,936	\$14,321,404,494	\$12,124,864,100
\$200K under \$500K	23,959	\$6,811,648,207	\$6,074,226,918
\$500K under \$1M	3,567	\$2,413,762,132	\$2,190,539,835
\$1M and over	1,948	\$6,502,991,665	\$5,901,763,738
Total	1,727,765	\$82,364,776,822	\$60,745,900,422

II. Number of Returns and Average Dollar Amounts per Return

Size of Federal AGI	Number of Returns	Federal AGI	Federal Taxable Income
Negative Income	24,021	(\$72,071)	\$0
\$0 under \$10K	278,203	\$4,608	\$74
\$10K under \$20K	248,916	\$14,862	\$2,232
\$20K under \$30K	236,094	\$25,020	\$11,052
\$30K under \$40K	223,489	\$34,881	\$20,716
\$40K under \$50K	180,800	\$44,783	\$30,463
\$50K under \$60K	136,492	\$54,747	\$40,138
\$60K under \$75K	139,157	\$66,907	\$51,636
\$75K under \$100K	122,183	\$85,791	\$69,302
\$100K under \$200K	108,936	\$131,466	\$111,303
\$200K under \$500K	23,959	\$284,304	\$253,526
\$500K under \$1M	3,567	\$676,692	\$614,113
\$1M and over	1,948	\$3,338,291	\$3,029,653
Average	1,727,765	\$47,671	\$35,159

Source: Federal and Colorado individual income tax returns (full-year residents only)

¹ Colorado returns are categorized as single if a spouse is not listed on the return.

² The Colorado Taxable Income (CTI) reported on Colorado returns can be positive, zero, or negative. The CTI is negative when the taxpayer reports losses and/or subtractions greater than their income and additions. Negative values do not reduce their tax liability to be less than \$0.

³ Colorado Gross Tax is determined based on Colorado Taxable Income greater than zero. To calculate positive Colorado Taxable Income, divide the Colorado Gross Tax by the income tax rate.

Table 3 (continued). Income and Tax Data for Single Colorado Returns by Size of Federal AGI ¹

This table shows aggregate income and tax data for full-year residents by AGI group for single Colorado returns. This table is a subset of the data presented in Table 1. See Table 4 for joint Colorado returns.

I. Number of Returns and Aggregate Dollar Amounts

Size of Federal AGI	Colorado Taxable Income ²	Federal Tax	Colorado Gross Tax ³	Colorado Net Tax
Negative Income	(\$1,569,078,645)	\$6,029,839	\$1,781,997	\$2,247,933
\$0 under \$10K	(\$1,551,636,084)	\$25,590,256	\$4,163,158	\$4,155,836
\$10K under \$20K	\$264,968,985	\$101,536,652	\$33,034,676	\$32,832,668
\$20K under \$30K	\$2,376,535,962	\$266,501,829	\$118,083,134	\$117,421,532
\$30K under \$40K	\$4,324,545,505	\$459,009,755	\$202,017,804	\$201,059,302
\$40K under \$50K	\$5,136,410,031	\$571,571,994	\$236,266,665	\$234,887,513
\$50K under \$60K	\$5,102,957,358	\$611,043,963	\$233,747,830	\$232,146,128
\$60K under \$75K	\$6,697,185,478	\$943,620,892	\$306,345,139	\$303,810,059
\$75K under \$100K	\$8,017,731,590	\$1,288,898,487	\$365,768,270	\$362,077,741
\$100K under \$200K	\$11,740,557,848	\$2,193,473,538	\$535,616,655	\$526,456,334
\$200K under \$500K	\$5,983,075,676	\$1,418,317,961	\$272,453,260	\$261,151,143
\$500K under \$1M	\$2,177,495,923	\$619,830,466	\$99,124,251	\$91,965,460
\$1M and over	\$5,874,073,212	\$1,743,865,779	\$267,359,827	\$230,538,451
Total	\$54,574,822,839	\$10,249,291,411	\$2,675,762,666	\$2,600,750,100

II. Number of Returns and Average Dollar Amounts per Return

Size of Federal AGI	Colorado Taxable Income ²	Federal Tax	Colorado Gross Tax ³	Colorado Net Tax
Negative Income	(\$65,321)	\$251	\$74	\$94
\$0 under \$10K	(\$5,577)	\$92	\$15	\$15
\$10K under \$20K	\$1,064	\$408	\$133	\$132
\$20K under \$30K	\$10,066	\$1,129	\$500	\$497
\$30K under \$40K	\$19,350	\$2,054	\$904	\$900
\$40K under \$50K	\$28,409	\$3,161	\$1,307	\$1,299
\$50K under \$60K	\$37,386	\$4,477	\$1,713	\$1,701
\$60K under \$75K	\$48,127	\$6,781	\$2,201	\$2,183
\$75K under \$100K	\$65,621	\$10,549	\$2,994	\$2,963
\$100K under \$200K	\$107,775	\$20,135	\$4,917	\$4,833
\$200K under \$500K	\$249,721	\$59,198	\$11,372	\$10,900
\$500K under \$1M	\$610,456	\$173,768	\$27,789	\$25,782
\$1M and over	\$3,015,438	\$895,208	\$137,248	\$118,346
Average	\$31,587	\$5,932	\$1,549	\$1,505

Source: Federal and Colorado individual income tax returns (full-year residents only)

¹ Colorado returns are categorized as single if a spouse is not listed on the return.

² The Colorado Taxable Income (CTI) reported on Colorado returns can be positive, zero, or negative. The CTI is negative when the taxpayer reports losses and/or subtractions greater than their income and additions. Negative values do not reduce their tax liability to be less than \$0.

³ Colorado Gross Tax is determined based on Colorado Taxable Income greater than zero. To calculate positive Colorado Taxable Income, divide the Colorado Gross Tax by the income tax rate.

Table 4. Income and Tax Data for Joint Colorado Returns by Size of Federal AGI ¹

This table shows aggregate income and tax data for full-year residents by AGI group for joint Colorado returns. This table is a subset of the data presented in Table 1. See Table 3 for single Colorado returns.

I. Number of Returns and Aggregate Dollar Amounts

Size of Federal AGI	Number of Returns	Federal AGI	Federal Taxable Income
Negative Income	11,603	(\$3,700,498,906)	\$0
\$0 under \$10K	21,453	\$99,462,838	\$52,167
\$10K under \$20K	26,846	\$407,415,423	\$201,767
\$20K under \$30K	35,588	\$896,598,215	\$36,157,154
\$30K under \$40K	40,800	\$1,431,592,998	\$369,411,283
\$40K under \$50K	43,853	\$1,973,387,760	\$821,629,260
\$50K under \$60K	46,840	\$2,578,292,148	\$1,339,974,864
\$60K under \$75K	76,128	\$5,144,418,376	\$3,115,922,130
\$75K under \$100K	130,899	\$11,445,424,715	\$7,910,642,730
\$100K under \$200K	312,271	\$43,621,211,168	\$34,691,255,578
\$200K under \$500K	132,422	\$38,114,145,193	\$33,176,097,718
\$500K under \$1M	20,048	\$13,488,739,519	\$12,245,662,800
\$1M and over	9,501	\$27,809,183,918	\$25,310,458,752
Total	908,252	\$143,309,373,365	\$119,017,466,203

II. Number of Returns and Average Dollar Amounts per Return

Size of Federal AGI	Number of Returns	Federal AGI	Federal Taxable Income
Negative Income	11,603	(\$318,926)	\$0
\$0 under \$10K	21,453	\$4,636	\$2
\$10K under \$20K	26,846	\$15,176	\$8
\$20K under \$30K	35,588	\$25,194	\$1,016
\$30K under \$40K	40,800	\$35,088	\$9,054
\$40K under \$50K	43,853	\$45,000	\$18,736
\$50K under \$60K	46,840	\$55,045	\$28,607
\$60K under \$75K	76,128	\$67,576	\$40,930
\$75K under \$100K	130,899	\$87,437	\$60,433
\$100K under \$200K	312,271	\$139,690	\$111,093
\$200K under \$500K	132,422	\$287,823	\$250,533
\$500K under \$1M	20,048	\$672,822	\$610,817
\$1M and over	9,501	\$2,926,974	\$2,663,978
Average	908,252	\$157,786	\$131,040

Source: Federal and Colorado individual income tax returns (full-year residents only)

¹ Colorado returns are categorized as joint if a spouse is listed on the return.

² The Colorado Taxable Income (CTI) reported on Colorado returns can be positive, zero, or negative. The CTI is negative when the taxpayer reports losses and/or subtractions greater than their income and additions. Negative values do not reduce their tax liability to be less than \$0.

³ Colorado Gross Tax is determined based on Colorado Taxable Income greater than zero. To calculate positive Colorado Taxable Income, divide the Colorado Gross Tax by the income tax rate.

Table 4 (continued). Income and Tax Data for Joint Colorado Returns by Size of Federal AGI ¹

This table shows aggregate income and tax data for full-year residents by AGI group for joint Colorado returns. This table is a subset of the data presented in Table 1. See Table 3 for single Colorado returns.

I. Number of Returns and Aggregate Dollar Amounts

Size of Federal AGI	Colorado Taxable Income ²	Federal Tax	Colorado Gross Tax ³	Colorado Net Tax
Negative Income	(\$2,301,620,171)	\$11,009,961	\$3,393,096	\$6,217,981
\$0 under \$10K	(\$444,150,121)	\$4,673,457	\$456,955	\$452,290
\$10K under \$20K	(\$366,893,156)	\$14,595,437	\$441,272	\$444,607
\$20K under \$30K	(\$218,591,608)	\$25,246,199	\$2,845,401	\$2,819,483
\$30K under \$40K	\$117,429,751	\$45,131,773	\$14,203,186	\$14,105,741
\$40K under \$50K	\$528,373,024	\$72,931,800	\$30,035,154	\$29,767,300
\$50K under \$60K	\$992,539,209	\$113,052,104	\$48,782,980	\$48,307,177
\$60K under \$75K	\$2,471,277,754	\$275,257,816	\$114,940,523	\$113,730,964
\$75K under \$100K	\$6,635,675,121	\$745,747,745	\$303,922,621	\$300,376,525
\$100K under \$200K	\$31,753,066,556	\$4,611,716,567	\$1,445,893,980	\$1,426,593,812
\$200K under \$500K	\$32,097,657,404	\$6,276,024,760	\$1,460,809,549	\$1,421,400,140
\$500K under \$1M	\$12,084,754,469	\$3,154,126,092	\$550,023,307	\$515,791,642
\$1M and over	\$24,761,650,020	\$7,396,863,432	\$1,147,485,796	\$1,028,905,343
Total	\$108,111,168,252	\$22,746,377,143	\$5,123,233,820	\$4,908,913,005

II. Number of Returns and Average Dollar Amounts per Return

Size of Federal AGI	Colorado Taxable Income ²	Federal Tax	Colorado Gross Tax ³	Colorado Net Tax
Negative Income	(\$198,364)	\$949	\$292	\$536
\$0 under \$10K	(\$20,703)	\$218	\$21	\$21
\$10K under \$20K	(\$13,667)	\$544	\$16	\$17
\$20K under \$30K	(\$6,142)	\$709	\$80	\$79
\$30K under \$40K	\$2,878	\$1,106	\$348	\$346
\$40K under \$50K	\$12,049	\$1,663	\$685	\$679
\$50K under \$60K	\$21,190	\$2,414	\$1,041	\$1,031
\$60K under \$75K	\$32,462	\$3,616	\$1,510	\$1,494
\$75K under \$100K	\$50,693	\$5,697	\$2,322	\$2,295
\$100K under \$200K	\$101,684	\$14,768	\$4,630	\$4,568
\$200K under \$500K	\$242,389	\$47,394	\$11,031	\$10,734
\$500K under \$1M	\$602,791	\$157,329	\$27,435	\$25,728
\$1M and over	\$2,606,215	\$778,535	\$120,775	\$108,294
Average	\$119,032	\$25,044	\$5,641	\$5,405

Source: Federal and Colorado individual income tax returns (full-year residents only)

¹ Colorado returns are categorized as joint if a spouse is listed on the return.

² The Colorado Taxable Income (CTI) reported on Colorado returns can be positive, zero, or negative. The CTI is negative when the taxpayer reports losses and/or subtractions greater than their income and additions. Negative values do not reduce their tax liability to be less than \$0.

³ Colorado Gross Tax is determined based on Colorado Taxable Income greater than zero. To calculate positive Colorado Taxable Income, divide the Colorado Gross Tax by the income tax rate.

Table 9. Federal AGI by Size of Federal AGI and Federal Filing Status

This table categorizes full-year resident returns by federal filing status. Federal AGI is summarized for each category.

I. Number of Returns

Size of Federal AGI	Single	Married Joint	Married Separate	Head of Household	Qualifying Widow(er)	All Returns
Negative Income	21,414	11,603	911	1,666	30	35,624
\$0 under \$10K	254,919	21,448	4,552	18,624	113	299,656
\$10K under \$20K	208,955	26,833	4,815	35,053	106	275,762
\$20K under \$30K	186,113	35,574	6,179	43,709	107	271,682
\$30K under \$40K	172,592	40,773	7,088	43,721	115	264,289
\$40K under \$50K	141,520	43,844	6,931	32,260	98	224,653
\$50K under \$60K	107,602	46,828	6,083	22,731	88	183,332
\$60K under \$75K	110,264	76,105	6,294	22,508	114	215,285
\$75K under \$100K	96,266	130,895	5,859	19,932	130	253,082
\$100K under \$200K	84,792	312,321	5,950	17,996	148	421,207
\$200K under \$500K	18,589	132,453	1,142	4,147	50	156,381
\$500K under \$1M	2,758	20,054	NR	614	NR	23,615
\$1M and over	1,489	9,505	NR	293	NR	11,449
Total	1,407,273	908,236	56,143	263,254	1,111	2,636,017

II. Federal AGI

Size of Federal AGI	Single	Married Joint	Married Separate	Head of Household	Qualifying Widow(er)	All Returns
Negative Income	(\$1,408,764,107)	(\$3,704,114,837)	(\$207,866,208)	(\$109,112,835)	(\$1,854,870)	(\$5,431,712,857)
\$0 under \$10K	\$1,166,666,724	\$99,429,448	\$19,778,898	\$95,147,683	\$441,477	\$1,381,464,230
\$10K under \$20K	\$3,089,322,501	\$407,263,500	\$72,824,795	\$535,760,072	\$1,647,549	\$4,106,818,417
\$20K under \$30K	\$4,648,806,860	\$896,293,716	\$155,918,910	\$1,100,006,270	\$2,674,229	\$6,803,699,985
\$30K under \$40K	\$6,020,037,886	\$1,430,686,496	\$248,313,537	\$1,524,074,904	\$4,034,192	\$9,227,147,015
\$40K under \$50K	\$6,339,709,295	\$1,972,997,467	\$311,542,206	\$1,441,568,910	\$4,370,335	\$10,070,188,213
\$50K under \$60K	\$5,891,034,293	\$2,577,656,794	\$333,083,700	\$1,244,238,945	\$4,814,744	\$10,050,828,476
\$60K under \$75K	\$7,377,694,397	\$5,142,907,319	\$421,773,597	\$1,504,962,799	\$7,679,444	\$14,455,017,556
\$75K under \$100K	\$285,347,159	\$11,445,068,427	\$502,986,789	\$1,710,658,935	\$11,198,217	\$21,927,612,856
\$100K under \$200K	\$11,128,279,338	\$43,629,431,325	\$786,321,308	\$2,378,413,898	\$20,169,793	\$57,942,615,662
\$200K under \$500K	\$5,295,286,229	\$38,123,828,406	\$323,723,537	\$1,169,920,933	\$13,034,295	\$44,925,793,400
\$500K under \$1M	\$1,872,012,287	\$13,492,630,854	NR	\$407,972,768	NR	\$15,902,501,651
\$1M and over	\$4,609,379,384	\$27,827,688,877	NR	\$1,153,897,875	NR	\$34,312,175,583
Total	\$64,287,165,575	\$143,341,767,792	\$3,804,045,286	\$14,157,511,157	\$83,660,377	\$225,674,150,187

III. Average Federal AGI per Return

Size of Federal AGI	Single	Married Joint	Married Separate	Head of Household	Qualifying Widow(er)	All Returns
Negative Income	(\$65,787)	(\$319,238)	(\$228,174)	(\$65,494)	(\$61,829)	(\$152,473)
\$0 under \$10K	\$4,577	\$4,636	\$4,345	\$5,109	\$3,907	\$4,610
\$10K under \$20K	\$14,785	\$15,178	\$15,125	\$15,284	\$15,543	\$14,893
\$20K under \$30K	\$24,978	\$25,195	\$25,234	\$25,167	\$24,993	\$25,043
\$30K under \$40K	\$34,880	\$35,089	\$35,033	\$34,859	\$35,080	\$34,913
\$40K under \$50K	\$44,797	\$45,000	\$44,949	\$44,686	\$44,595	\$44,826
\$50K under \$60K	\$54,748	\$55,045	\$54,756	\$54,738	\$54,713	\$54,823
\$60K under \$75K	\$66,909	\$67,576	\$67,012	\$66,863	\$67,364	\$67,144
\$75K under \$100K	\$85,780	\$87,437	\$85,849	\$85,825	\$86,140	\$86,642
\$100K under \$200K	\$131,242	\$139,694	\$132,155	\$132,163	\$136,282	\$137,563
\$200K under \$500K	\$284,861	\$287,829	\$283,471	\$282,113	\$260,686	\$287,284
\$500K under \$1M	\$678,757	\$672,815	NR	\$664,451	NR	\$673,407
\$1M and over	\$3,095,621	\$2,927,690	NR	\$3,938,218	NR	\$2,996,958
Average	\$45,682	\$157,824	\$67,756	\$53,779	\$75,302	\$85,612

Source: Federal and Colorado individual income tax returns (full-year residents only)

NR - Not releasable due to confidentiality requirements. Total includes NR data.

Table 11. Federal AGI by Size of Federal AGI and Age Group ¹

This table categorizes full-year resident returns by age group based on the dates of birth listed on federal returns. Joint returns are categorized using the oldest filer. Federal AGI is summarized for each category.

I. Number of Returns

Size of Federal AGI	Under 18	18 under 26	26 under 35	35 under 45
Negative Income	674	2,896	4,090	4,295
\$0 under \$10K	29,910	112,505	41,467	26,604
\$10K under \$20K	7,403	97,388	50,273	30,964
\$20K under \$30K	936	76,609	64,905	38,199
\$30K under \$40K	167	50,695	76,041	43,832
\$40K under \$50K	113	26,595	65,773	41,802
\$50K under \$60K	52	14,316	49,323	36,084
\$60K under \$75K	51	11,192	51,149	43,215
\$75K under \$100K	38	6,111	49,855	52,898
\$100K under \$200K	62	2,538	53,122	94,164
\$200K under \$500K	27	216	9,696	34,480
\$500K under \$1M	NR	NR	729	4,485
\$1M and over	NR	NR	315	1,656
Total	39,441	401,153	516,738	452,678

II. Federal AGI

Size of Federal AGI	Under 18	18 under 26	26 under 35	35 under 45
Negative Income	(\$2,452,031)	(\$17,754,978)	(\$156,772,106)	(\$451,535,379)
\$0 under \$10K	\$131,600,619	\$564,002,921	\$188,799,033	\$114,592,750
\$10K under \$20K	\$99,747,121	\$1,436,789,667	\$762,564,298	\$468,090,358
\$20K under \$30K	\$21,916,974	\$1,898,570,191	\$1,637,575,131	\$961,103,526
\$30K under \$40K	\$5,706,759	\$1,750,970,230	\$2,661,351,182	\$1,535,986,989
\$40K under \$50K	\$5,044,866	\$1,182,673,343	\$2,946,129,504	\$1,876,734,150
\$50K under \$60K	\$2,821,434	\$780,550,816	\$2,700,494,543	\$1,978,262,654
\$60K under \$75K	\$3,438,937	\$744,277,276	\$3,424,185,291	\$2,903,478,161
\$75K under \$100K	\$3,276,323	\$516,760,836	\$4,295,193,095	\$4,589,183,391
\$100K under \$200K	\$7,972,700	\$315,017,426	\$7,013,833,225	\$12,986,992,447
\$200K under \$500K	\$8,667,303	\$60,819,659	\$2,648,432,427	\$9,829,704,606
\$500K under \$1M	NR	NR	\$480,422,042	\$2,980,266,686
\$1M and over	NR	NR	\$892,079,728	\$4,535,235,974
Total	\$300,545,668	\$9,388,748,832	\$29,494,287,393	\$44,308,096,313

III. Average Federal AGI per Return

Size of Federal AGI	Under 18	18 under 26	26 under 35	35 under 45
Negative Income	(\$3,638)	(\$6,131)	(\$38,331)	(\$105,130)
\$0 under \$10K	\$4,400	\$5,013	\$4,553	\$4,307
\$10K under \$20K	\$13,474	\$14,753	\$15,168	\$15,117
\$20K under \$30K	\$23,416	\$24,783	\$25,230	\$25,160
\$30K under \$40K	\$34,172	\$34,539	\$34,999	\$35,043
\$40K under \$50K	\$44,645	\$44,470	\$44,792	\$44,896
\$50K under \$60K	\$54,258	\$54,523	\$54,751	\$54,824
\$60K under \$75K	\$67,430	\$66,501	\$66,945	\$67,187
\$75K under \$100K	\$86,219	\$84,562	\$86,154	\$86,755
\$100K under \$200K	\$128,592	\$124,120	\$132,033	\$137,919
\$200K under \$500K	\$321,011	\$281,572	\$273,147	\$285,084
\$500K under \$1M	NR	NR	\$659,015	\$664,496
\$1M and over	NR	NR	\$2,831,999	\$2,738,669
Average	\$7,620	\$23,404	\$57,078	\$97,880

Source: Federal and Colorado individual income tax returns (full-year residents only)

NR - Not releasable due to confidentiality requirements. Total includes NR data.

¹ Returns without birth dates listed on the federal return are excluded from this table.

Table 11 (continued). Federal AGI by Size of Federal AGI and Age Group ¹

This table categorizes full-year resident returns by age group based on the dates of birth listed on federal returns. Joint returns are categorized using the oldest filer. Federal AGI is summarized for each category.

I. Number of Returns

Size of Federal AGI	45 under 55	55 under 65	65 and older	All Returns
Negative Income	4,788	6,314	12,554	35,611
\$0 under \$10K	19,589	22,156	47,181	299,412
\$10K under \$20K	22,251	22,421	44,903	275,603
\$20K under \$30K	27,014	26,155	37,736	271,554
\$30K under \$40K	30,866	29,885	32,693	264,179
\$40K under \$50K	29,913	28,925	31,458	224,579
\$50K under \$60K	27,004	26,139	30,357	183,275
\$60K under \$75K	33,560	33,259	42,800	215,226
\$75K under \$100K	43,547	43,617	56,952	253,018
\$100K under \$200K	90,508	86,718	94,045	421,157
\$200K under \$500K	43,496	38,380	30,075	156,370
\$500K under \$1M	7,177	6,383	4,783	23,614
\$1M and over	3,230	3,422	2,781	11,447
Total	382,943	373,774	468,318	2,635,045

II. Federal AGI

Size of Federal AGI	45 under 55	55 under 65	65 and older	All Returns
Negative Income	(\$776,172,073)	(\$1,355,662,000)	(\$2,669,208,209)	(\$5,429,556,776)
\$0 under \$10K	\$83,240,612	\$91,136,824	\$207,163,171	\$1,380,535,930
\$10K under \$20K	\$334,099,618	\$337,161,238	\$666,048,514	\$4,104,500,814
\$20K under \$30K	\$681,305,525	\$659,476,442	\$940,494,394	\$6,800,442,183
\$30K under \$40K	\$1,081,214,361	\$1,046,380,007	\$1,141,737,100	\$9,223,346,628
\$40K under \$50K	\$1,344,296,594	\$1,299,041,281	\$1,412,939,439	\$10,066,859,177
\$50K under \$60K	\$1,482,186,101	\$1,434,123,594	\$1,669,277,077	\$10,047,716,219
\$60K under \$75K	\$2,256,865,320	\$2,236,064,938	\$2,882,797,925	\$14,451,107,848
\$75K under \$100K	\$3,781,971,706	\$3,788,527,092	\$4,947,244,525	\$21,922,156,968
\$100K under \$200K	\$12,718,006,010	\$12,093,506,367	\$12,800,481,149	\$57,935,809,324
\$200K under \$500K	\$12,618,399,773	\$11,121,493,572	\$8,635,529,389	\$44,923,046,729
\$500K under \$1M	\$4,834,671,193	\$4,334,613,555	\$3,232,107,954	\$15,901,802,836
\$1M and over	\$8,755,408,028	\$10,799,814,580	\$9,194,749,514	\$34,306,442,526
Total	\$49,195,492,768	\$47,885,677,490	\$45,061,361,942	\$225,634,210,406

III. Average Federal AGI per Return

Size of Federal AGI	45 under 55	55 under 65	65 and older	All Returns
Negative Income	(\$162,108)	(\$214,707)	(\$212,618)	(\$152,469)
\$0 under \$10K	\$4,249	\$4,113	\$4,391	\$4,611
\$10K under \$20K	\$15,015	\$15,038	\$14,833	\$14,893
\$20K under \$30K	\$25,220	\$25,214	\$24,923	\$25,043
\$30K under \$40K	\$35,029	\$35,014	\$34,923	\$34,913
\$40K under \$50K	\$44,940	\$44,911	\$44,915	\$44,825
\$50K under \$60K	\$54,888	\$54,865	\$54,988	\$54,823
\$60K under \$75K	\$67,249	\$67,232	\$67,355	\$67,144
\$75K under \$100K	\$86,848	\$86,859	\$86,867	\$86,643
\$100K under \$200K	\$140,518	\$139,458	\$136,110	\$137,563
\$200K under \$500K	\$290,105	\$289,773	\$287,133	\$287,287
\$500K under \$1M	\$673,634	\$679,087	\$675,749	\$673,406
\$1M and over	\$2,710,653	\$3,155,995	\$3,306,275	\$2,996,981
Average	\$128,467	\$128,114	\$96,220	\$85,628

Source: Federal and Colorado individual income tax returns (full-year residents only)

NR - Not releasable due to confidentiality requirements. Total includes NR data.

¹ Returns without birth dates listed on the federal return are excluded from this table.

Table 16. Income and Tax Data by Size of Federal AGI and Standard/Itemized Deduction Returns ¹

This table summarizes inferred standard and itemized deduction returns filed by full-year residents. Federal AGI and Colorado net tax are summarized for each category.

I. Number of Returns and Aggregate Dollar Amounts

Size of Federal AGI	Number of Standard Deduction Returns	Federal AGI on Standard Deduction Returns	Colorado Net Tax on Standard Deduction Returns	Number of Itemized Deduction Returns	Federal AGI on Itemized Deduction Returns	Colorado Net Tax on Itemized Deduction Returns
Negative Income	NA	NA	NA	NA	NA	NA
\$0 under \$10K	274,166	\$1,381,143,711	\$4,312,134	NA	NA	NA
\$10K under \$20K	272,985	\$4,060,411,792	\$33,045,571	2,740	\$45,939,323	\$212,100
\$20K under \$30K	266,082	\$6,661,522,234	\$118,898,981	5,585	\$141,806,405	\$1,326,561
\$30K under \$40K	255,766	\$8,926,262,462	\$210,644,176	8,513	\$300,529,371	\$4,505,811
\$40K under \$50K	212,593	\$9,523,962,261	\$253,443,160	12,052	\$545,855,924	\$11,198,119
\$50K under \$60K	167,723	\$9,189,719,569	\$259,028,800	15,607	\$861,002,989	\$21,420,184
\$60K under \$75K	188,394	\$12,638,105,763	\$367,070,451	26,887	\$1,816,645,635	\$50,458,874
\$75K under \$100K	209,766	\$18,151,709,112	\$547,149,094	43,315	\$3,775,826,398	\$115,301,653
\$100K under \$200K	313,229	\$42,428,696,623	\$1,424,749,592	107,975	\$15,513,475,367	\$528,280,367
\$200K under \$500K	82,465	\$23,023,409,079	\$870,167,968	73,915	\$21,902,146,331	\$812,373,578
\$500K under \$1M	8,658	\$5,755,416,281	\$228,376,142	14,957	\$10,147,085,370	\$379,380,960
\$1M and over	3,212	\$7,222,033,230	\$287,585,086	8,236	\$27,088,985,199	\$971,814,336
Total	2,255,039	\$148,962,392,117	\$4,604,471,155	319,782	\$82,139,298,312	\$2,896,272,543

II. Number of Returns and Average Dollar Amounts per Return

Size of Federal AGI	Number of Standard Deduction Returns	Federal AGI on Standard Deduction Returns	Colorado Net Tax on Standard Deduction Returns	Number of Itemized Deduction Returns	Federal AGI on Itemized Deduction Returns	Colorado Net Tax on Itemized Deduction Returns
Negative Income	NA	NA	NA	NA	NA	NA
\$0 under \$10K	274,166	\$5,038	\$16	NA	NA	NA
\$10K under \$20K	272,985	\$14,874	\$121	2,740	\$16,766	\$77
\$20K under \$30K	266,082	\$25,036	\$447	5,585	\$25,391	\$238
\$30K under \$40K	255,766	\$34,900	\$824	8,513	\$35,302	\$529
\$40K under \$50K	212,593	\$44,799	\$1,192	12,052	\$45,292	\$929
\$50K under \$60K	167,723	\$54,791	\$1,544	15,607	\$55,168	\$1,372
\$60K under \$75K	188,394	\$67,083	\$1,948	26,887	\$67,566	\$1,877
\$75K under \$100K	209,766	\$86,533	\$2,608	43,315	\$87,171	\$2,662
\$100K under \$200K	313,229	\$135,456	\$4,549	107,975	\$143,677	\$4,893
\$200K under \$500K	82,465	\$279,190	\$10,552	73,915	\$296,315	\$10,991
\$500K under \$1M	8,658	\$664,751	\$26,377	14,957	\$678,417	\$25,365
\$1M and over	3,212	\$2,248,454	\$89,535	8,236	\$3,289,095	\$117,996
Average	2,255,039	\$66,058	\$2,042	319,782	\$256,860	\$9,057

Source: Federal and Colorado individual income tax returns (full-year residents only)

NA - Not applicable

¹ The type of deductions used is inferred using federal rules and taxpayer return data. The relationship between the applicable standard deduction compared to reported federal AGI, federal taxable income, and itemized deductions were used to categorize returns as Standard or Itemized. Returns with zero or negative federal AGI are not categorized as Standard or Itemized because their taxable income cannot be reduced further.

Table 17. Standard, Itemized, and Qualified Business Income Deductions by Size of Federal AGI ¹

This table summarizes inferred standard deduction, itemized deduction, and qualified business income deduction amounts applied towards taxable income on full-year resident returns.

I. Number of Returns

Size of Federal AGI	Standard Deductions	Itemized Deductions	Qualified Business Income Deductions	Total Deductions ²
Negative Income	NA	NA	NA	NA
\$0 under \$10K	274,166	NA	1,122	274,196
\$10K under \$20K	272,985	2,740	21,192	275,738
\$20K under \$30K	266,082	5,585	34,209	271,674
\$30K under \$40K	255,766	8,513	33,729	264,282
\$40K under \$50K	212,593	12,052	31,250	224,646
\$50K under \$60K	167,723	15,607	28,997	183,331
\$60K under \$75K	188,394	26,887	40,612	215,282
\$75K under \$100K	209,766	43,315	58,401	253,081
\$100K under \$200K	313,229	107,975	134,135	421,204
\$200K under \$500K	82,465	73,915	79,032	156,380
\$500K under \$1M	8,658	14,957	15,034	23,615
\$1M and over	3,212	8,236	8,453	11,448
Total	2,255,039	319,782	486,166	2,574,877

II. Deductions

Size of Federal AGI	Standard Deductions	Itemized Deductions	Qualified Business Income Deductions	Total Deductions
Negative Income	NA	NA	NA	NA
\$0 under \$10K	\$1,360,578,005	NA	\$201,574	\$1,360,779,579
\$10K under \$20K	\$3,497,180,270	\$43,594,784	\$10,264,592	\$3,551,039,646
\$20K under \$30K	\$4,010,965,993	\$111,460,475	\$35,848,458	\$4,158,274,926
\$30K under \$40K	\$3,985,236,751	\$189,525,267	\$53,192,094	\$4,227,954,112
\$40K under \$50K	\$3,408,329,723	\$270,475,465	\$62,063,971	\$3,740,869,159
\$50K under \$60K	\$2,819,830,095	\$345,717,866	\$66,784,663	\$3,232,332,624
\$60K under \$75K	\$3,429,957,324	\$613,211,370	\$110,470,392	\$4,153,639,086
\$75K under \$100K	\$4,300,593,281	\$1,064,808,474	\$183,988,675	\$5,549,390,430
\$100K under \$200K	\$7,252,510,991	\$3,223,507,770	\$650,477,223	\$11,126,495,984
\$200K under \$500K	\$1,984,977,502	\$2,813,323,322	\$877,167,940	\$5,675,468,764
\$500K under \$1M	\$207,200,155	\$846,816,502	\$412,282,359	\$1,466,299,016
\$1M and over	\$74,964,103	\$1,831,181,642	\$1,193,807,348	\$3,099,953,093
Total	\$36,332,324,193	\$11,353,622,937	\$3,656,549,289	\$51,342,496,419

III. Average Deductions per Return

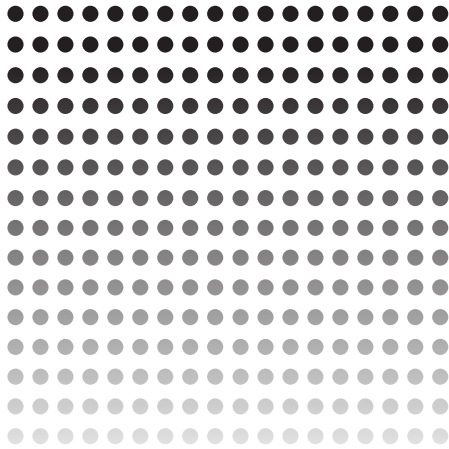
Size of Federal AGI	Standard Deductions	Itemized Deductions	Qualified Business Income Deductions	Total Deductions
Negative Income	NA	NA	NA	NA
\$0 under \$10K	\$4,963	NA	\$180	\$4,963
\$10K under \$20K	\$12,811	\$15,911	\$484	\$12,878
\$20K under \$30K	\$15,074	\$19,957	\$1,048	\$15,306
\$30K under \$40K	\$15,582	\$22,263	\$1,577	\$15,998
\$40K under \$50K	\$16,032	\$22,442	\$1,986	\$16,652
\$50K under \$60K	\$16,812	\$22,151	\$2,303	\$17,631
\$60K under \$75K	\$18,206	\$22,807	\$2,720	\$19,294
\$75K under \$100K	\$20,502	\$24,583	\$3,150	\$21,927
\$100K under \$200K	\$23,154	\$29,854	\$4,849	\$26,416
\$200K under \$500K	\$24,071	\$38,062	\$11,099	\$36,293
\$500K under \$1M	\$23,932	\$56,617	\$27,423	\$62,092
\$1M and over	\$23,339	\$222,339	\$141,229	\$270,786
Average	\$16,112	\$35,504	\$7,521	\$19,940

Source: Federal and Colorado individual income tax returns (full-year residents only)

NA - Not applicable

¹ Actual amounts used for standard deductions, itemized deductions, and qualified business income deductions are not available. The amounts shown in this table are inferred using federal rules, federal AGI, and federal taxable income.

² The number of returns counted in total deductions are not a sum of the number of standard deductions, itemized deductions, and qualified business income deductions presented. The total represents the number of returns where taxable income is less than AGI due to the application of standard deductions, itemized deductions, and/or qualified business income deductions. A return can't have both standard and itemized deductions. The qualified business income deduction can be claimed in addition to the standard deduction or itemized deductions.



Colorado Corporate Statistics of Income: Highlights and Selected Tables Income Tax Year 2021

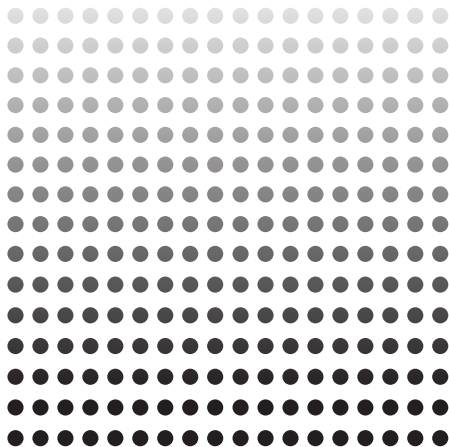


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Introduction

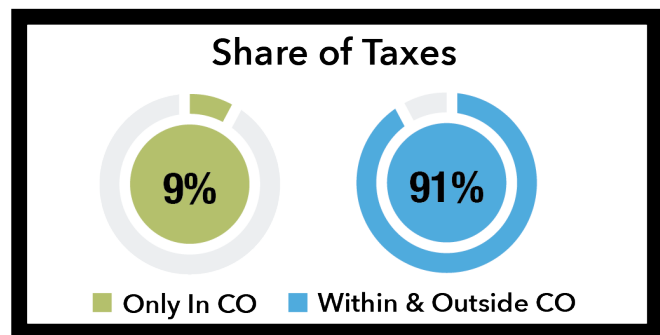
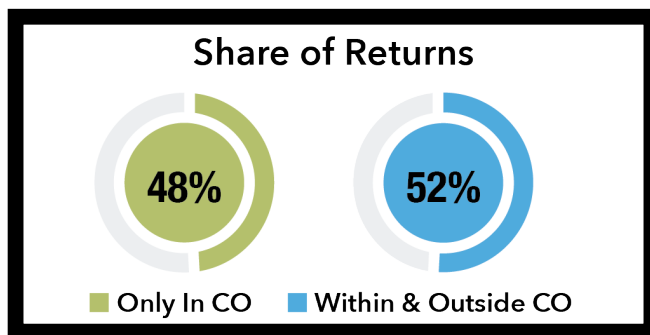
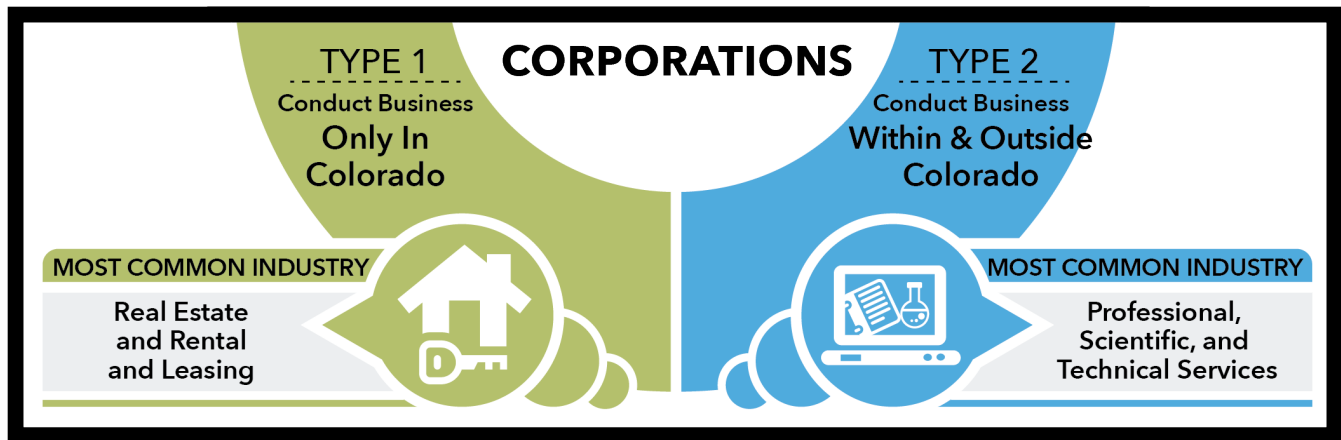
The Colorado Corporate Statistics of Income (SOI) is a collection of data describing Colorado state income tax returns filed by C corporations that conduct business in Colorado. The Colorado Corporate SOI is an annual report available on the Department's website. Highlights and selected data tables from the complete report are provided in this biennial Tax Profile and Expenditure Report. The complete SOI report with additional data tables and links to downloadable spreadsheets is available on the Department's Data and Reports website: CDOR.Colorado.gov/data-and-reports/income-tax-data/corporate-statistics-of-income-reports

The complete report consists of tables that present corporate income and tax data by Colorado taxable income group, federal taxable income group, or industry. This data is useful for policy makers, researchers, or anyone who would like an overview of Colorado corporate income tax data.

This Corporate SOI report summarizes income tax year 2021, which is generally defined as a tax year that began in 2021. An infographic and a few data tables are provided in this abbreviated version of the SOI report. There are additional tables available on the CDOR Data and Reports website. Further information about the methodology and data source is also available on the website.

Highlights

Corporations in this report are categorized in two ways: those that conduct business only in Colorado and those that conduct business within and outside of Colorado. In 2021, the share of returns coming from corporations that conduct business only in Colorado was 48%, which is slightly less than the 52% of returns coming from corporations conducting business within and outside of Colorado. However, 91% of state corporate income taxes in 2021 came from corporations that conduct business within and outside of Colorado. The most common industry (categorized using the North American Industry Classification System, NAICS) in 2021 for corporations that conduct business only in Colorado was Real Estate and Rental and Leasing, whereas the most common industry for those that also conduct business outside of Colorado was Professional, Scientific, and Technical Services.



Selected Data Tables

A selection of key data tables from the complete Corporate SOI report are included in this publication, and the full set of SOI tables is published in Excel format on the website here: CDOR.colorado.gov/data-and-reports/income-tax-data/corporate-statistics-of-income-reports

Here is a full list of the data tables available online:

- Table 1. All Corporations: Income and Tax Data by Size of Colorado Taxable Income
- Table 2. All Corporations: Income and Tax Data by Size of Colorado Taxable Income in \$10,000 Increments
- Table 3. Corporations that Conduct Business Only in Colorado: Income and Tax Data by Size of Colorado Taxable Income
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- Table 10. Corporations that Conduct Business Within and Outside of Colorado: Income and Tax Data by Industry
- Table 11. Corporations that Conduct Business Only in Colorado: Colorado Additions and Subtractions by Size of Colorado Taxable Income
- Table 12. Corporations that Conduct Business Within and Outside of Colorado: Colorado Additions and Subtractions by Size of Colorado Taxable Income
- Table 13. All Corporations: Colorado Income Tax Credits by Size of Colorado Taxable Income

Table 1. All Corporations: Income and Tax Data by Size of Colorado Taxable Income

This table shows aggregate income and tax data for all C corporations by Colorado taxable income group. This includes corporations that conduct business only in Colorado and corporations that conduct business within and outside of Colorado.

I. Number of Returns and Aggregate Dollar Amounts

Size of Colorado Taxable Income ¹	Number of Returns	Federal Taxable Income ²	Colorado Taxable Income ¹	Colorado Gross Tax ³	Colorado Net Tax
Negative Income	26,476	(\$295,766,985,157)	(\$12,200,944,734)	\$0	\$0
\$0 under \$10K	22,613	\$157,174,173,601	\$19,741,996	\$884,550	\$871,867
\$10K under \$20K	1,754	\$4,169,256,889	\$25,598,098	\$1,145,312	\$1,131,139
\$20K under \$30K	1,104	\$4,626,729,135	\$27,112,908	\$1,209,944	\$1,187,965
\$30K under \$40K	778	\$3,844,360,872	\$27,118,051	\$1,215,697	\$1,205,656
\$40K under \$50K	575	\$1,943,109,051	\$25,726,531	\$1,152,333	\$1,140,313
\$50K under \$60K	455	\$2,955,802,659	\$24,979,167	\$1,110,632	\$1,069,859
\$60K under \$75K	626	\$3,136,916,207	\$42,045,969	\$1,872,954	\$1,845,007
\$75K under \$100K	718	\$9,279,662,035	\$62,408,014	\$2,793,330	\$2,744,690
\$100K under \$200K	1,564	\$19,061,769,126	\$222,625,610	\$9,985,270	\$9,837,892
\$200K under \$500K	1,683	\$37,964,964,420	\$533,935,832	\$24,024,661	\$23,701,955
\$500K under \$1M	954	\$41,032,390,134	\$679,306,055	\$30,562,172	\$30,206,693
\$1M and over	1,988	\$1,388,491,066,154	\$21,165,869,142	\$952,418,690	\$910,284,054
Total	61,288	\$1,377,913,215,126	\$10,655,522,639	\$1,028,375,545	\$985,227,090

II. Number of Returns and Average Dollar Amounts per Return

Size of Colorado Taxable Income ¹	Number of Returns	Federal Taxable Income ²	Colorado Taxable Income ¹	Colorado Gross Tax ³	Colorado Net Tax
Negative Income	26,476	(\$11,171,136)	(\$460,830)	\$0	\$0
\$0 under \$10K	22,613	\$6,950,611	\$873	\$39	\$39
\$10K under \$20K	1,754	\$2,376,999	\$14,594	\$653	\$645
\$20K under \$30K	1,104	\$4,190,878	\$24,559	\$1,096	\$1,076
\$30K under \$40K	778	\$4,941,338	\$34,856	\$1,563	\$1,550
\$40K under \$50K	575	\$3,379,320	\$44,742	\$2,004	\$1,983
\$50K under \$60K	455	\$6,496,270	\$54,899	\$2,441	\$2,351
\$60K under \$75K	626	\$5,011,048	\$67,166	\$2,992	\$2,947
\$75K under \$100K	718	\$12,924,320	\$86,919	\$3,890	\$3,823
\$100K under \$200K	1,564	\$12,187,832	\$142,344	\$6,384	\$6,290
\$200K under \$500K	1,683	\$22,557,911	\$317,252	\$14,275	\$14,083
\$500K under \$1M	954	\$43,010,891	\$712,061	\$32,036	\$31,663
\$1M and over	1,988	\$698,436,150	\$10,646,815	\$479,084	\$457,889
Average	61,288	\$22,482,594	\$173,860	\$16,779	\$16,075

Source: Colorado C corporation income tax returns

- ¹ The Colorado Taxable Income (CTI) reported on Colorado returns can be positive, zero, or negative. The CTI is negative when the taxpayer reports losses and/or subtractions greater than their income and additions. Negative values do not reduce their tax liability to be less than \$0.
- ² Federal taxable income (FTI) includes income from outside of Colorado because this table includes corporations that conduct business within and outside of Colorado. The FTI reported on Colorado returns can be positive, zero, or negative. The FTI is negative when the taxpayer reports losses and/or deductions greater than their income. When the FTI data is aggregated by size of Colorado Taxable Income, the values include positive and negative numbers.
- ³ Colorado Gross Tax is determined based on Colorado Taxable Income greater than zero. To calculate positive Colorado Taxable Income, divide the Colorado Gross Tax by the income tax rate.

**Table 3. Corporations that Conduct Business Only in Colorado:
Income and Tax Data by Size of Colorado Taxable Income**

This table shows aggregate income and tax data by Colorado taxable income group for C corporations that conduct business only in Colorado. This table is a subset of the data presented in Table 1.

I. Number of Returns and Aggregate Dollar Amounts

Size of Colorado Taxable Income ¹	Number of Returns	Federal Taxable Income ²	Colorado Taxable Income ¹	Colorado Gross Tax ³	Colorado Net Tax
Negative Income	15,603	(\$3,481,353,788)	(\$3,047,991,686)	\$0	\$0
\$0 under \$10K	10,008	\$14,906,191	\$8,895,077	\$400,282	\$388,847
\$10K under \$20K	753	\$10,493,661	\$11,005,422	\$495,232	\$482,103
\$20K under \$30K	448	\$17,950,171	\$10,969,878	\$493,622	\$476,598
\$30K under \$40K	305	\$12,331,614	\$10,578,201	\$475,981	\$465,947
\$40K under \$50K	228	\$25,124,200	\$10,234,471	\$460,510	\$450,747
\$50K under \$60K	164	(\$6,764,426)	\$8,997,711	\$404,847	\$372,399
\$60K under \$75K	235	\$15,292,775	\$15,728,373	\$707,774	\$682,106
\$75K under \$100K	253	(\$16,468,842)	\$21,793,590	\$980,709	\$932,069
\$100K under \$200K	501	\$86,917,581	\$71,411,315	\$3,213,331	\$3,112,760
\$200K under \$500K	469	\$157,858,386	\$148,602,131	\$6,686,136	\$6,516,365
\$500K under \$1M	218	\$151,234,768	\$149,862,308	\$6,742,828	\$6,588,696
\$1M and over	312	\$1,478,823,479	\$1,530,717,292	\$68,876,454	\$68,200,257
Total	29,497	(\$1,533,654,230)	(\$1,049,195,917)	\$89,937,706	\$88,668,894

II. Number of Returns and Average Dollar Amounts per Return

Size of Colorado Taxable Income ¹	Number of Returns	Federal Taxable Income ²	Colorado Taxable Income ¹	Colorado Gross Tax ³	Colorado Net Tax
Negative Income	15,603	(\$223,121)	(\$195,347)	\$0	\$0
\$0 under \$10K	10,008	\$1,489	\$889	\$40	\$39
\$10K under \$20K	753	\$13,936	\$14,615	\$658	\$640
\$20K under \$30K	448	\$40,067	\$24,486	\$1,102	\$1,064
\$30K under \$40K	305	\$40,432	\$34,683	\$1,561	\$1,528
\$40K under \$50K	228	\$110,194	\$44,888	\$2,020	\$1,977
\$50K under \$60K	164	(\$41,247)	\$54,864	\$2,469	\$2,271
\$60K under \$75K	235	\$65,076	\$66,929	\$3,012	\$2,903
\$75K under \$100K	253	(\$65,094)	\$86,141	\$3,876	\$3,684
\$100K under \$200K	501	\$173,488	\$142,538	\$6,414	\$6,213
\$200K under \$500K	469	\$336,585	\$316,849	\$14,256	\$13,894
\$500K under \$1M	218	\$693,737	\$687,442	\$30,930	\$30,223
\$1M and over	312	\$4,739,819	\$4,906,145	\$220,758	\$218,591
Average	29,497	(\$51,994)	(\$35,570)	\$3,049	\$3,006

Source: Colorado C corporation income tax returns

- ¹ The Colorado Taxable Income (CTI) reported on Colorado returns can be positive, zero, or negative. The CTI is negative when the taxpayer reports losses and/or subtractions greater than their income and additions. Negative values do not reduce their tax liability to be less than \$0.
- ² The Federal taxable income (FTI) reported on Colorado returns can be positive, zero, or negative. The FTI is negative when the taxpayer reports losses and/or deductions greater than their income. When the FTI data is aggregated by size of Colorado Taxable Income, the values include positive and negative numbers.
- ³ Colorado Gross Tax is determined based on Colorado Taxable Income greater than zero. To calculate positive Colorado Taxable Income, divide the Colorado Gross Tax by the income tax rate.

Table 4. Corporations that Conduct Business Within and Outside of Colorado: Income and Tax Data by Size of Colorado Taxable Income

This table shows aggregate income and tax data by Colorado taxable income group for C corporations that conduct business within and outside of Colorado. This table is a subset of the data presented in Table 1.

I. Number of Returns and Aggregate Dollar Amounts

Size of Colorado Taxable Income ¹	Number of Returns	Federal Taxable Income ²	Colorado Taxable Income ¹	Colorado Gross Tax ³	Colorado Net Tax
Negative Income	10,873	(\$292,285,631,369)	(\$9,152,953,048)	\$0	\$0
\$0 under \$10K	12,605	\$157,159,267,410	\$10,846,919	\$484,268	\$483,020
\$10K under \$20K	1,001	\$4,158,763,228	\$14,592,676	\$650,080	\$649,036
\$20K under \$30K	656	\$4,608,778,964	\$16,143,030	\$716,322	\$711,367
\$30K under \$40K	473	\$3,832,029,258	\$16,539,850	\$739,716	\$739,709
\$40K under \$50K	347	\$1,917,984,851	\$15,492,060	\$691,823	\$689,566
\$50K under \$60K	291	\$2,962,567,085	\$15,981,456	\$705,785	\$697,460
\$60K under \$75K	391	\$3,121,623,432	\$26,317,596	\$1,165,180	\$1,162,901
\$75K under \$100K	465	\$9,296,130,877	\$40,614,424	\$1,812,621	\$1,812,621
\$100K under \$200K	1,063	\$18,974,851,545	\$151,214,295	\$6,771,939	\$6,725,132
\$200K under \$500K	1,214	\$37,807,106,034	\$385,333,701	\$17,338,525	\$17,185,590
\$500K under \$1M	736	\$40,881,155,366	\$529,443,747	\$23,819,344	\$23,617,997
\$1M and over	1,676	\$1,387,012,242,675	\$19,635,151,850	\$883,542,236	\$842,083,797
Total	31,791	\$1,379,446,869,356	\$11,704,718,556	\$938,437,839	\$896,558,196

II. Number of Returns and Average Dollar Amounts per Return

Size of Colorado Taxable Income ¹	Number of Returns	Federal Taxable Income ²	Colorado Taxable Income ¹	Colorado Gross Tax ³	Colorado Net Tax
Negative Income	10,873	(\$26,881,783)	(\$841,806)	\$0	\$0
\$0 under \$10K	12,605	\$12,468,010	\$861	\$38	\$38
\$10K under \$20K	1,001	\$4,154,609	\$14,578	\$649	\$648
\$20K under \$30K	656	\$7,025,578	\$24,608	\$1,092	\$1,084
\$30K under \$40K	473	\$8,101,542	\$34,968	\$1,564	\$1,564
\$40K under \$50K	347	\$5,527,334	\$44,646	\$1,994	\$1,987
\$50K under \$60K	291	\$10,180,643	\$54,919	\$2,425	\$2,397
\$60K under \$75K	391	\$7,983,692	\$67,308	\$2,980	\$2,974
\$75K under \$100K	465	\$19,991,679	\$87,343	\$3,898	\$3,898
\$100K under \$200K	1,063	\$17,850,284	\$142,252	\$6,371	\$6,327
\$200K under \$500K	1,214	\$31,142,591	\$317,408	\$14,282	\$14,156
\$500K under \$1M	736	\$55,545,048	\$719,353	\$32,363	\$32,090
\$1M and over	1,676	\$827,572,937	\$11,715,484	\$527,173	\$502,437
Average	31,791	\$43,391,113	\$368,177	\$29,519	\$28,202

Source: Colorado C corporation income tax returns

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- ² Federal taxable income (FTI) includes income from outside of Colorado because this table includes corporations that conduct business within and outside of Colorado. The FTI reported on Colorado returns can be positive, zero, or negative. The FTI is negative when the taxpayer reports losses and/or deductions greater than their income. When the FTI data is aggregated by size of Colorado Taxable Income, the values include positive and negative numbers.
- ³ Colorado Gross Tax is determined based on Colorado Taxable Income greater than zero. To calculate positive Colorado Taxable Income, divide the Colorado Gross Tax by the income tax rate.

Vision

To empower businesses and individuals through quality customer service, innovation and collaboration.

Mission

The Colorado Department of Revenue will become a trusted partner to every Coloradan to help them navigate the complexities of government so they can thrive.

Values

Service

Teamwork

Accountability

Integrity

Respect

