

First Regular Session  
Seventieth General Assembly  
STATE OF COLORADO

**PREAMENDED**

*This Unofficial Version Includes Committee  
Amendments Not Yet Adopted on Second Reading*

LLS NO. 15-0161.01 Esther van Mourik x4215

**HOUSE BILL 15-1205**

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**HOUSE SPONSORSHIP**

**Becker K. and Saine,**

**SENATE SPONSORSHIP**

**Hill and Johnston,**

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**House Committees**

Finance  
Appropriations

**Senate Committees**

Business, Labor, & Technology  
Legislative Council  
Appropriations

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**A BILL FOR AN ACT**

101 **CONCERNING THE CREATION OF THE TAX EXPENDITURE EVALUATION**  
102 **COMMITTEE OF THE SENATE AND HOUSE OF REPRESENTATIVES,**  
103 **AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.**

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**Bill Summary**

*(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/bills summaries>.)*

The bill creates a joint committee of the senate and house of representatives, known as the tax expenditure evaluation committee. The committee is made up of 7 legislative members and 3 nonvoting, nonlegislative members from the office of state planning and budgeting, the department of revenue, and the Colorado office of economic

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
*Capital letters indicate new material to be added to existing statute.*  
*Dashes through the words indicate deletions from existing statute.*

HOUSE  
3rd Reading Unamended  
April 7, 2015

HOUSE  
Amended 2nd Reading  
April 6, 2015

development. The committee is to function during both the legislative sessions and the interims between. The committee is responsible for reviewing evaluations of the state's tax expenditures made by the state auditor, or an evaluation contractor hired by the state auditor, as required in the bill. The committee may recommend legislation for the continuation, repeal, or modification of the evaluated tax expenditures for the following legislative session. The bill further specifies that the committee may make recommendations, or may recommend legislation, to the department of revenue, the office of state planning and budgeting, the Colorado office of economic development, or any other appropriate state agency, regarding improvements of tax expenditure administration.

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1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, **add** part 18 to article  
3 of title 2 as follows:

4 **PART 18**

5 **TAX EXPENDITURE EVALUATION COMMITTEE**

6 **2-3-1801. Definitions.** AS USED IN THIS PART 18:

7 (1) "COMMITTEE" MEANS THE TAX EXPENDITURE EVALUATION  
8 COMMITTEE CREATED IN SECTION 2-3-1802.

9       

10 (2) "STATE AUDITOR" MEANS THE STATE AUDITOR DESCRIBED IN  
11 SECTION 2-3-102.

12 (3) "TAX EXPENDITURE" HAS THE SAME MEANING AS IN SECTION  
13 39-21-302 (2), C.R.S.; EXCEPT THAT IT DOES NOT INCLUDE THE SALES AND  
14 USE TAX EXEMPTIONS FOUND IN SECTIONS 39-26-102 (20) AND (21),  
15 39-26-704 (1) AND (4), 39-26-706 (3), 39-26-707 (1) AND (2), 39-26-708,  
16 39-26-709, 39-26-713 (1) (d) AND (2) (e), AND 39-26-724, C.R.S.

17              

18 **2-3-1802. Tax expenditure evaluation committee established.**

19 (1) THERE IS HEREBY ESTABLISHED A JOINT COMMITTEE OF THE SENATE

1 AND HOUSE OF REPRESENTATIVES KNOWN AS THE TAX EXPENDITURE  
2 EVALUATION COMMITTEE, CONSISTING OF:

3 (a) THE FOLLOWING VOTING MEMBERS OF THE COMMITTEE:

4 (I) TWO MEMBERS OF THE FINANCE COMMITTEE OF THE SENATE, OR  
5 SUCH SUCCESSOR COMMITTEE, ONE OF WHOM IS APPOINTED BY THE  
6 PRESIDENT OF THE SENATE AND ONE OF WHOM IS APPOINTED BY THE  
7 MINORITY LEADER OF THE SENATE;

8 (II) TWO MEMBERS OF THE FINANCE COMMITTEE OF THE HOUSE OF  
9 REPRESENTATIVES, OR SUCH SUCCESSOR COMMITTEE, ONE OF WHOM IS  
10 APPOINTED BY THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND ONE  
11 OF WHOM IS APPOINTED BY THE MINORITY LEADER OF THE HOUSE OF  
12 REPRESENTATIVES;

13 (III) ONE MEMBER FROM THE HOUSE OF REPRESENTATIVES  
14 APPOINTED BY THE MINORITY LEADER OF THE HOUSE OF  
15 REPRESENTATIVES;

16 (IV) ONE MEMBER FROM THE SENATE APPOINTED BY THE  
17 MINORITY LEADER OF THE SENATE; AND

18 (V) ONE MEMBER FROM THE HOUSE OF REPRESENTATIVES OR FROM  
19 THE SENATE TO SERVE A TWO-YEAR TERM. THE SPEAKER OF THE HOUSE OF  
20 REPRESENTATIVES APPOINTS THE FIRST MEMBER FROM THE HOUSE OF  
21 REPRESENTATIVES. UPON THE EXPIRATION OF THAT MEMBER'S TERM, THE  
22 PRESIDENT OF THE SENATE APPOINTS A MEMBER FROM THE SENATE. THE  
23 APPOINTMENT OF THE MEMBER WITH A TWO-YEAR TERM ALTERNATES  
24 BETWEEN THE SPEAKER AND THE PRESIDENT AS SPECIFIED IN THIS  
25 SUBPARAGRAPH (V). \_\_\_\_\_

26 (b) THE FOLLOWING NONVOTING MEMBERS OF THE COMMITTEE:

27 (I) A REPRESENTATIVE OF THE OFFICE OF STATE PLANNING AND

1 BUDGETING CREATED IN SECTION 24-37-102, C.R.S., APPOINTED BY THE  
2 OFFICE'S DIRECTOR;

3 (II) A REPRESENTATIVE OF THE DEPARTMENT OF REVENUE,  
4 APPOINTED BY THE DEPARTMENT'S EXECUTIVE DIRECTOR; AND

5 (III) A REPRESENTATIVE OF THE COLORADO OFFICE OF ECONOMIC  
6 DEVELOPMENT CREATED IN SECTION 24-48.5-101, C.R.S., APPOINTED BY  
7 THE OFFICE'S DIRECTOR.

8 (2) THE TERMS OF THE VOTING AND NONVOTING MEMBERS OF THE  
9 COMMITTEE ARE TWO YEARS FROM THE DATE OF APPOINTMENT.

10 (3) THE COMMITTEE FUNCTIONS DURING THE LEGISLATIVE  
11 SESSIONS AND DURING THE INTERIMS BETWEEN SESSIONS.

12 (4) INITIAL APPOINTMENTS TO THE COMMITTEE MUST BE MADE NO  
13 LATER THAN JULY 1, 2017. TO EXPEDITE THE WORK OF THE COMMITTEE,  
14 SUBSEQUENT APPOINTEES MAY BE DESIGNATED AFTER THE GENERAL  
15 ELECTION AND PRIOR TO THE CONVENING OF THE GENERAL ASSEMBLY AT  
16 WHICH SUCH COMMITTEE IS TO SERVE, WHETHER SUCH APPOINTEES ARE  
17 MEMBERS OF THE THEN-CURRENT GENERAL ASSEMBLY OR  
18 MEMBERS-ELECT OF THE NEXT GENERAL ASSEMBLY, OR BOTH; AND SUCH  
19 APPOINTEES HAVE ALL THE POWERS AND DUTIES AND ARE ENTITLED TO  
20 THE SAME COMPENSATION AND EXPENSE ALLOWANCE AS MEMBERS DULY  
21 APPOINTED UNDER THE PROVISIONS OF SUBSECTION (1) OF THIS SECTION.

22 (5) THE COMMITTEE SHALL ELECT A CHAIR AND A VICE-CHAIR, ONE  
23 FROM THE SENATE MEMBERSHIP OF THE COMMITTEE AND ONE FROM THE  
24 HOUSE MEMBERSHIP OF THE COMMITTEE. THE CHAIR SO ELECTED SHALL  
25 SERVE AS CHAIR FOR THE FIRST REGULAR SESSION OF THE GENERAL  
26 ASSEMBLY AT WHICH THE COMMITTEE IS TO SERVE, AND AS VICE-CHAIR  
27 FOR THE SECOND REGULAR SESSION; THE VICE-CHAIR SO ELECTED SHALL

1 SERVE AS CHAIR FOR THE SECOND REGULAR SESSION OF SAID GENERAL  
2 ASSEMBLY.

3 **2-3-1803. Organization, procedures, and meetings.** THE  
4 COMMITTEE MAY PRESCRIBE ITS OWN RULES OF PROCEDURE AND MAY  
5 MEET AS OFTEN AS NECESSARY TO PERFORM ITS FUNCTIONS.

6 **2-3-1804. Powers and duties of the tax expenditure evaluation**  
7 **committee.** (1) THE COMMITTEE IS RESPONSIBLE FOR REVIEWING  
8 EVALUATIONS OF THE STATE'S TAX EXPENDITURES MADE BY THE STATE  
9 AUDITOR PURSUANT TO THE REQUIREMENTS SPECIFIED IN SUBSECTION (2)  
10 OF THIS SECTION AND PURSUANT TO THE SCHEDULE SET FORTH IN  
11 SUBSECTION (3) OF THIS SECTION.

12 (2) (a) THE TAX EXPENDITURE EVALUATION MUST INCLUDE THE  
13 FOLLOWING:

14 (I) THE PURPOSE, INTENT, OR GOAL OF THE TAX EXPENDITURE;

15 (II) THE INTENDED BENEFICIARIES OF THE TAX EXPENDITURE;

16 (III) WHETHER THE TAX EXPENDITURE IS ACCOMPLISHING ITS  
17 PURPOSE, INTENT, OR GOAL;

18 (IV) THE ECONOMIC IMPACT OF THE TAX EXPENDITURE, INCLUDING  
19 PAST AND ESTIMATED FUTURE IMPACTS;

20 (V) THE EXTENT TO WHICH THE DESIGN OF THE TAX EXPENDITURE  
21 IS EFFECTIVE TO ACCOMPLISH ITS PURPOSE, INTENT, OR GOAL AND  
22 WHETHER THE DESIGN OF THE TAX EXPENDITURE IS CONSISTENT WITH BEST  
23 PRACTICES;

24 (VI) WHETHER THERE ARE OTHER TAX EXPENDITURES, STATE  
25 SPENDING, OR OTHER GOVERNMENT PROGRAMS THAT HAVE THE SAME  
26 PURPOSE, INTENT, OR GOAL AS THE TAX EXPENDITURE, WHETHER THOSE  
27 ALL ARE APPROPRIATELY COORDINATED, AND, IF NOT, HOW COORDINATION

1 COULD BE IMPROVED;

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3 (VII) IF THE EVALUATION OF A PARTICULAR TAX EXPENDITURE'S  
4 ECONOMIC IMPACT IS MADE DIFFICULT BECAUSE OF DATA CONSTRAINTS,  
5 ANY SUGGESTIONS FOR CHANGES IN ADMINISTRATION OR LAW THAT  
6 WOULD FACILITATE SUCH DATA COLLECTION; AND

7 (VIII) AN EXPLANATION OF THE PERFORMANCE MEASURES USED  
8 TO DETERMINE THE EXTENT TO WHICH THE TAX EXPENDITURE IS  
9 ACCOMPLISHING ITS PURPOSE, INTENT, OR GOAL. THE PERFORMANCE  
10 MEASURES MUST BE CLEAR AND RELEVANT TO THE SPECIFIC TAX  
11 EXPENDITURE BEING EVALUATED. THE STATE AUDITOR        SHALL  
12 CONSIDER THE ORIGINAL LEGISLATIVE INTENT AS WELL AS SUBSEQUENT  
13 DEVELOPMENTS IN THE STATE'S ECONOMY, THE NATIONAL ECONOMY, AND  
14 ANY CHANGES IN NATIONAL, STATE, OR LOCAL FISCAL POLICIES AND  
15 CONDITIONS.

16 (b) TO THE EXTENT IT CAN BE DETERMINED BY THE AUDITOR, THE  
17 TAX EXPENDITURE EVALUATION SHOULD ALSO INCLUDE THE FOLLOWING:

18 (I) THE EXTENT TO WHICH IT IS LIKELY THAT THE DESIRED  
19 BEHAVIOR MIGHT HAVE OCCURRED WITHOUT THE TAX EXPENDITURE; █

20 (II) THE EXTENT TO WHICH THE TAX EXPENDITURE IS A  
21 COST-EFFECTIVE USE OF RESOURCES COMPARED TO OTHER OPTIONS FOR  
22 USING THE SAME RESOURCES OR ADDRESSING THE SAME PURPOSE, INTENT,  
23 OR GOAL; AND

24 (III) WHETHER THERE ARE ANY OPPORTUNITIES TO IMPROVE THE  
25 EFFECTIVENESS OF THE TAX EXPENDITURE IN MEETING ITS PURPOSE,  
26 INTENT, OR GOAL.

27 (3) (a) NOTWITHSTANDING THE REQUIREMENTS IN SECTION

1 2-3-103 (2), THE STATE AUDITOR        SHALL EVALUATE TAX EXPENDITURES  
2 AND SUBMIT THE RESULTS OF THE EVALUATIONS IN AN EVALUATION  
3 REPORT TO THE COMMITTEE AS FOLLOWS:

4 (I) NO LATER THAN SEPTEMBER 15, 2017, FOR ANY TAX  
5 EXPENDITURES IN LAW AS OF THE EFFECTIVE DATE OF THIS PARAGRAPH (a)  
6 AND ANY TAX EXPENDITURES ENACTED DURING THE FIRST REGULAR  
7 SESSION OF THE SEVENTIETH GENERAL ASSEMBLY;

8 (II) NO LATER THAN SEPTEMBER 15, 2022, AND EACH SEPTEMBER  
9 15 EVERY FIVE YEARS THEREAFTER, FOR A REEVALUATION OF THE TAX  
10 EXPENDITURES EVALUATED IN THE PREVIOUS EVALUATION REPORT AND  
11 AN EVALUATION OF ANY NEW TAX EXPENDITURES ENACTED BY THE  
12 GENERAL ASSEMBLY SINCE THE PREVIOUS EVALUATION REPORT.

13 (b) BY DECEMBER 15, 2017, AND BY DECEMBER 15 EVERY FIVE  
14 YEARS THEREAFTER, THE COMMITTEE SHALL MEET TO CONSIDER THE  
15 EVALUATION REPORT SUBMITTED BY THE STATE AUDITOR.        THE  
16 COMMITTEE MUST HOLD A PUBLIC HEARING, TAKING TESTIMONY FROM THE  
17 STATE AUDITOR        AND ANY INTERESTED MEMBERS OF THE PUBLIC  
18 REGARDING THE RESULTS OF THE EVALUATION REPORT. THE COMMITTEE  
19 MAY RECOMMEND LEGISLATION FOR THE CONTINUATION, REPEAL, OR  
20 MODIFICATION OF THE EVALUATED TAX EXPENDITURES FOR THE  
21 FOLLOWING LEGISLATIVE SESSION. THE COMMITTEE MAY MEET AS  
22 NECESSARY DURING THE FIVE YEARS BETWEEN THE PRESENTATION OF THE  
23 EVALUATION REPORTS.

24 (4) THE COMMITTEE MAY MAKE RECOMMENDATIONS TO THE  
25 DEPARTMENT OF REVENUE, THE OFFICE OF STATE PLANNING AND  
26 BUDGETING, THE COLORADO OFFICE OF ECONOMIC DEVELOPMENT, OR ANY  
27 OTHER APPROPRIATE STATE AGENCY, OR MAY RECOMMEND LEGISLATION,

1 REGARDING IMPROVEMENTS OF TAX EXPENDITURE ADMINISTRATION OR  
2 REGARDING ANY DUTIES THE COMMITTEE HAS UNDER THIS PART 18.

3 (5) LEGISLATION RECOMMENDED BY THE COMMITTEE THAT  
4 ADDRESSES ANY OF THE COMMITTEE'S DUTIES PURSUANT TO THIS PART 18  
5 IS EXEMPT FROM THE FIVE-BILL LIMITATION SPECIFIED IN RULE 24 OF THE  
6 JOINT RULES OF THE SENATE AND THE HOUSE OF REPRESENTATIVES, OR  
7 SUCH SUCCESSOR RULE.

8 (6) THE DEPARTMENT OF REVENUE MUST PROVIDE ANY REQUESTED  
9 INFORMATION, ANALYSIS, OR DATA, IF AVAILABLE AND UNDER THE  
10 CONTROL OF THE DEPARTMENT, AS REQUESTED BY THE COMMITTEE, THE  
11 STATE AUDITOR; EXCEPT THAT, IF THE REQUEST INCLUDES CONFIDENTIAL  
12 INFORMATION, SUCH INFORMATION MUST REMAIN CONFIDENTIAL IN THE  
13 HANDS OF THE \_\_\_\_\_ COMMITTEE OR THE STATE AUDITOR, AND THE  
14 COMMITTEE OR THE STATE AUDITOR IS SUBJECT TO THE SAME LIMITATIONS  
15 SPECIFIED IN SECTION 39-21-113, C.R.S. OTHER STATE AGENCIES MAY  
16 PROVIDE INFORMATION OR DATA AS REQUESTED BY THE COMMITTEE OR  
17 THE STATE AUDITOR.

18 **2-3-1805. Staff assistance.** THE STAFF OF THE STATE AUDITOR  
19 AND THE OFFICE OF LEGISLATIVE LEGAL SERVICES SHALL ASSIST THE TAX  
20 EXPENDITURE EVALUATION COMMITTEE IN CARRYING OUT ITS DUTIES.

21 **2-3-1806. Repeal of part.** THIS PART 18 IS REPEALED, EFFECTIVE  
22 JULY 1, 2028.

23 **SECTION 2. Appropriation.** For the 2015-16 state fiscal year,  
24 \$546,114 is appropriated to the legislative department for use by the  
25 office of the state auditor. This appropriation is from the general fund and  
26 is based on an assumption that the office will require an additional 5.6  
27 FTE. To implement this act, the office may use this appropriation to



1 support the tax expenditure evaluation committee.

2           **SECTION 3. Safety clause.** The general assembly hereby finds,  
3 determines, and declares that this act is necessary for the immediate  
4 preservation of the public peace, health, and safety.