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Legislative review of tax benefits increases transparency, accountability

Despite a \$1 billion budget deficit, Colorado gives away more than \$2 billion annually in unevaluated and unaccountable tax expenditures. House Bill 10-1429, sponsored by Rep. Paul Weismann, implements a tax benefit review that promotes efficiency and effectiveness in the Colorado tax code by adding transparency and accountability for Colorado taxpayers.

Tax credits and exemptions are a form government spending and should be treated just like any other apportionment of government income. Just as direct government spending is audited and reviewed, the tax benefits provided by the state should undergo evaluation and scrutiny to ensure the efficient and effective achievement of targeted goals. Up to this point, Colorado's tax benefits have been unaccountable and unevaluated by Colorado lawmakers and taxpayers. That is why it is time that Colorado join 30 other states and implement a legislative review of its state tax benefits.

Colorado has more than 75 tax expenditures in the tax code, and very few of them have been subjected to any public level of accountability or review. Colorado taxpayers don't know if one business or industry is being favored over another. They don't know if one income group benefits more than another. Without transparency in the use of tax giveaways, Colorado taxpayers will continue to be left in the dark as to where their tax dollars are going.

HB 1429 requires an annual review by the joint finance committee of certain state tax benefits to determine if the benefits should be continued, modified or repealed. The benefits that will be reviewed include credits and exemptions against the state:

- Severance tax
- Gasoline tax
- Special fuel tax
- Alcohol beverage tax
- Sales and use tax
- Income tax

The legislative review will look at the efficiency and effectiveness of each tax benefit as well as the fairness and the public benefit received.

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