

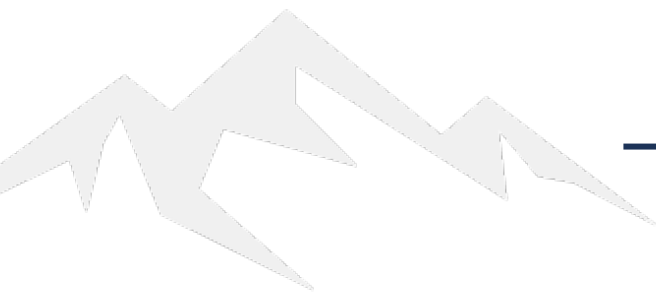


STATE TAXES & FEES:

WHAT YOU PAY IN COLORADO

*Michael Tsogt, Policy Analyst
February 2025*





Executive Summary

Colorado's Taxpayer Bill of Rights, or "TABOR" for short, was passed by the people in 1992 as a powerful check on government spending and growth.

TABOR restricted the amount of spending the state government could increase by and the amount of revenue it could grow by with a simple formula: the growth in population plus inflation from year to year, unless voters approve otherwise.

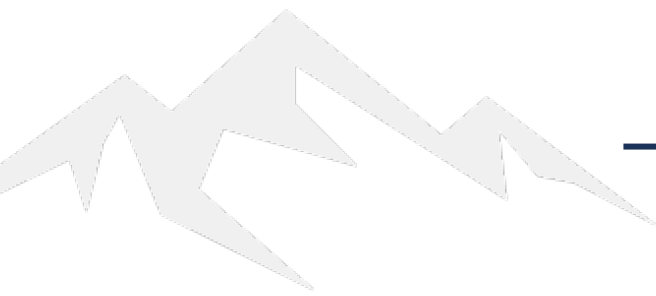
TABOR also created ballot measure requirements on new taxes and tax increases. If the state legislature (or another level of government) wishes to increase taxes on the people, it must go to the ballot to ask them and use specific ballot language to inform voters that the measure is a tax increase.

While the original version of TABOR had the same provision for fees, that provision was removed when TABOR was passed by voters on its third attempt. While fees relate to enterprises that the legislature may create for specific purposes and are not intended to be a substitute for taxes, the Colorado legislature has abused the fee and enterprise system and constantly attempts to circumvent TABOR by forcing additional fees on the people.

When the people of Colorado began to see that the General Assembly prefers to abuse TABOR through the creation of fees and state enterprise funds, they passed Proposition 117 in 2020, which required statewide voter approval of new state enterprises if the enterprise's projected or actual revenue from fees or surcharges is greater than \$100 million within its first five years. (1)

An "enterprise," according to Section 20 of Article X of the Colorado Constitution, means "a government-owned business authorized to issue its own revenue bonds and receiving under 10% of annual revenue in grants from all Colorado state and local governments combined." (2)

Since Prop 117 passed, at least 12 new state enterprises have been created by the state legislature without being voted on by the people. In several cases, legislators have entirely ignored Prop 117 – which says that if enterprises serve primarily the same purpose, they must be combined for the \$100 million limit.

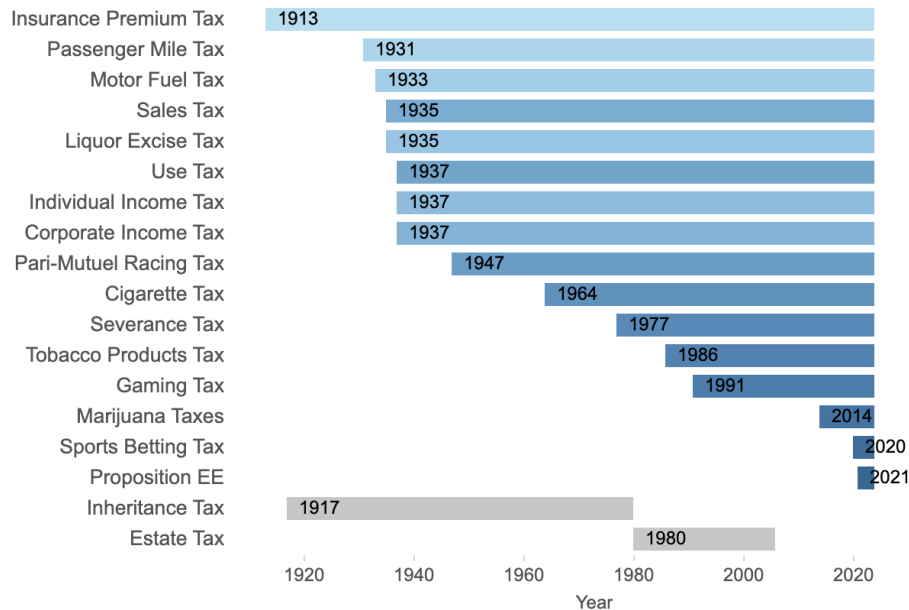


When the hundreds of bills proposed by the legislature each session are evaluated, it is clear that the majority of legislators at the Capitol look for ways to take TABOR refunds from voters to use for government priorities and to create additional fees and enterprises, which abuses the constitutional rights of citizens to vote on tax increases in Colorado.

Please use this short report as an informative guide to the state taxes and fees you pay in Colorado.

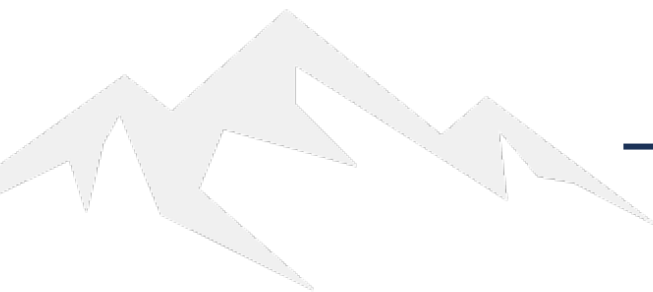
Taxes in Colorado – What You Pay

The table below, provided by the Colorado Online Tax Handbook, lists all the taxes that the State of Colorado receives as State Tax Revenue and the years they were instituted.



(3)

The lion's share of taxes Coloradans pay to the state is the result of the 4.40% Individual Income Tax (flat rate), Sales & Use Taxes, and Corporate Income Tax.



For more information on the Individual Income Tax, [read](#) what the Legislative Council Staff has written on this matter. (4)

According to Tax Foundation, Colorado has an average combined state and local sales tax rate of 7.81 percent. (5)

Taxpayers are also required to pay excise taxes, also known as “sin taxes,” that are imposed on products such as tobacco and liquor.

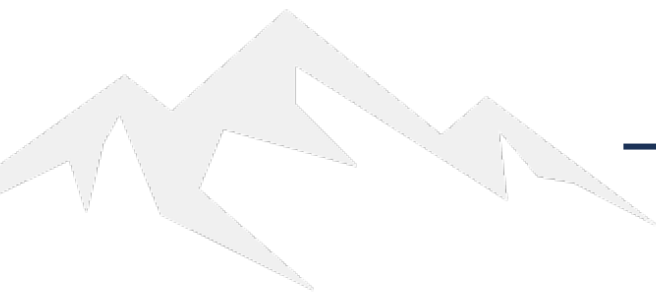
The other taxes Coloradans pay include the Passenger-Mile Tax, Pari-Mutuel Racing Tax, Alternative Minimum Tax, Aviation Fuel Tax, Marijuana Taxes, Gaming Tax, Severance Tax, Insurance Premium Tax, and Motor Fuels Tax. (3)

Most of the revenue that the State of Colorado collects from these taxes makes up the General Fund of the State Budget, which is in large part subject to TABOR.

**STATE OF COLORADO
OFFICE OF THE STATE CONTROLLER
COMPARISON OF NONEXEMPT TABOR REVENUES
FOR THE FISCAL YEAR ENDED JUNE 30, 2023**

	Fiscal Year 2023	Fiscal Year 2022
GENERAL REVENUES		
Individual Income Tax, Net	\$ 9,841,679,815	\$ 10,558,698,416
Sales and Use Tax, Net	4,552,829,698	4,321,563,924
Corporate Income Tax, Net	2,166,610,057	1,469,314,785
Insurance Taxes	516,658,785	390,176,232
Interest and Investment Income	178,122,124	65,385,157
Fiduciary Income Tax, Net	84,763,875	146,666,016
Alcoholic Beverages Tax, Net	56,306,424	56,340,487
Tobacco Products Tax, Net	47,637,923	52,613,504
Court and Other Fines	9,461,719	6,130,218
Business Licenses and Permits	6,031,839	6,273,319
Miscellaneous Revenue	2,146,090	1,644,108
General Government Service Fees	951,104	177,069
Gaming and Other Taxes	337,574	414,131
Welfare Service Fees	27,876	21,404
Other Charges For Services	6,413	9,535
TOTAL GENERAL-FUNDED REVENUES	17,463,571,316	17,075,428,305

(6)

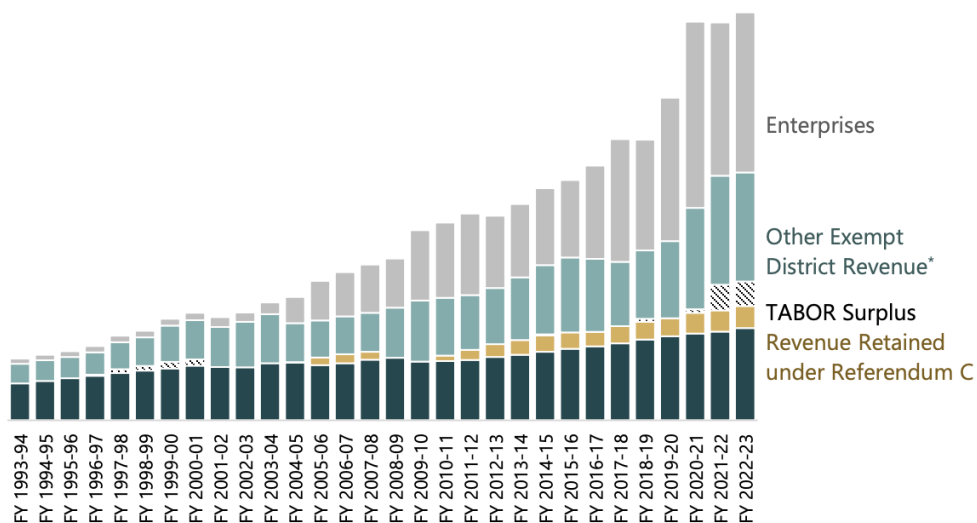


In the Annual Comprehensive Financial Report for the Fiscal Year 2022-23, which is the most recent year of data made available for Coloradans with this annual report, total general-funded revenues that are not exempt from TABOR were roughly \$17.5 billion. (6)

Adding on total program revenues for the year, total non-exempt revenue surpassed \$20 billion for the same fiscal year. (6)

It is important to note that with less than half of the state budget being subject to TABOR in the FY 22-23, more than half of the budget is made up of revenue from fees.

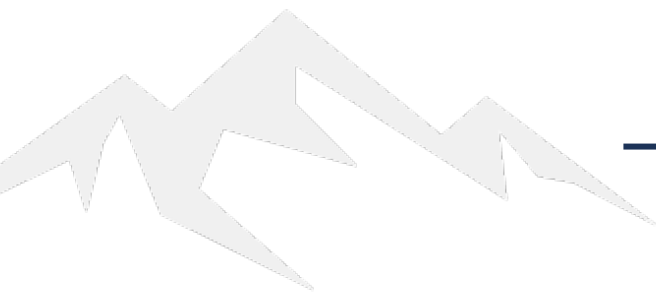
State Revenue by TABOR Status
Billions of Dollars, Not Adjusted for Inflation



(7)

The figure above illustrates one of the most significant aspects of state revenue growth: fee-based enterprises that are not subject to TABOR.

Between the years 2008 and 2023, “the total amount of TABOR-exempt revenue collected by enterprises per Colorado resident tripled and fee revenue grew substantially faster than General Fund revenue.” (8)



The Rundown on Fees & Enterprises

According to a report by the Common Sense Institute, fee-based enterprises generated \$23.3 billion in 2023. In the first year of TABOR's passage, fee-based enterprises generated \$742 million. Fees are out of control. (8)

Did you know? Fees have increased over 3,000% since TABOR. (8)

Fee revenue is collected through state government enterprises. For example, when Coloradans pay the 29-cent retail delivery fee, most of the revenue from the fee is collected by these five enterprise funds: (9)

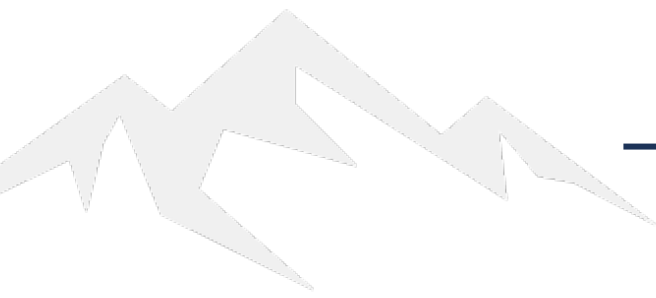
- Statewide Bridge and Tunnel Enterprise
- Community Access Enterprise
- Clean Motor Vehicle Fleet Enterprise
- Clean Transit Enterprise
- Nonattainment Area Air Pollution Mitigation

The Highway Users Tax Fund and the Multimodal Transportation and Mitigation Options Fund also collect the revenue from retail delivery fees. (9)

Did you know? Because the legislature abuses Colorado's fee and enterprise system, 71% of state spending in 2023 was exempted from TABOR. (8)

Here are only some of the fees that Coloradans pay:

- 29-Cent Delivery Fee (9)
- 10-Cent Bag Fee (10)
- State DMV Fees (11)
 - Driver License
 - Instruction Permit
 - Identification Card
- Vehicle Registration Fees (Dependent on County) (12)
 - Keep Colorado Wild Pass Fee
 - FASTER Fees
- Various Fuel (Gas) Fees (13)



The people of Colorado passed Proposition 117 in 2020 to put into statute a check on spending by imposing fees and abusing the fee and enterprise system.

However, since its passage, the following state enterprise funds were created:

- Clean Motor Vehicle Fleet Enterprise
- Clean Transit Enterprise
- Nonattainment Area Air Pollution Mitigation Enterprise
- Community Access Enterprise
- 988 Crisis Hotline Enterprise
- Orphaned Wells Mitigation Enterprise
- Natural Disaster Mitigation Enterprise
- Fuels Impact Enterprise
- Workforce Development Enterprise
- 911 Services Enterprise
- Colorado Circular Communities Enterprise
- Waste Tire Management Enterprise

The call to fiscal responsibility must be met by sensible legislators who are concerned by the abuse of the fee and enterprise system that circumvents both TABOR and Proposition 117.

According to Elizabeth Ramey, the Principal Economist for the Legislative Council Staff, the table below lists the 29 state government enterprises that collect fee revenue from Colorado taxpayers. The number of enterprises is growing with each legislative session. (14)

Six enterprises on the table do not have revenue data because it is not yet available or the enterprise has not yet collected revenue.

For more information on these state government enterprises and their descriptions, read the entire memo [here](#). (14)

State Enterprise Revenue

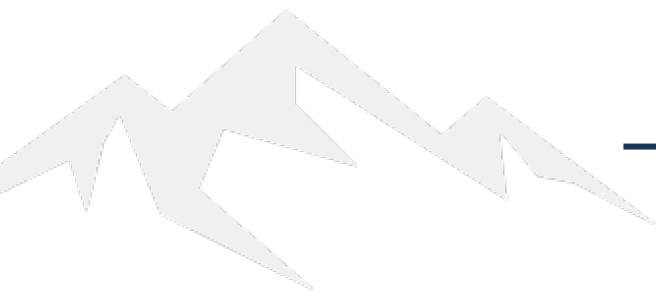
Dollars in Millions

Enterprise	FY 2019-20	FY 2020-21	FY 2021-22	FY 2022-23	Total
988 Crisis Hotline Enterprise			\$4.0	\$10.1	\$14.2
Air Quality Enterprise			\$0.2	\$0.2	\$0.4
Brand Board	\$3.0	\$3.1	\$4.9	\$6.5	\$92.0
Capitol Parking Authority	\$1.2	\$1.1	\$1.1	\$1.4	\$17.9
Clean Motor Vehicle Fleet Ent.				\$1.0	\$1.0
Clean Screen Authority	\$3.6	\$3.5	\$3.2	\$4.0	\$74.1
Clean Transit Enterprise			\$0.0	\$0.1	\$0.1
College Assist	\$554.3	\$231.4	\$519.8	\$550.5	\$11,147.8
Collegelvest	\$926.2	\$969.6	\$1,142.9	\$1,178.3	\$12,560.0
Community Access Enterprise			\$0.1	\$1.2	\$24,237.6
Correctional Industries	\$56.5	\$48.2	\$52.6	\$43.9	\$1.3
Electronic Recording Technology	\$4.3	\$2.6	\$2.9	\$0.5	\$1,493.2
Family and Medical Leave Insurance				\$42.0	\$13.1
Front Range Waste Diversion Ent.	\$0.1	\$0.9	\$2.8	\$5.0	\$42.0
Healthcare Affordability and Sustainability Enterprise	\$3,531.7	\$4,235.1	\$4,580.8	\$5,148.7	\$8.9
Health Insurance Affordability Ent.	\$0.0	\$227.9	\$330.9	\$386.2	\$945.0
Higher Education Enterprises	\$10,047.5	\$10,829.1	\$12,811.5	\$13,937.7	\$160,598.2
Natural Disaster Mitigation Ent.				\$0.0	\$0.0
Nonattainment Area Air Pollution Mitigation Enterprise			\$0.0	\$0.1	\$0.1
Orphaned Wells Enterprise				\$0.4	\$0.4
Parks and Wildlife	\$208.9	\$205.9	\$262.6	\$329.8	\$3,916.7
Petroleum Storage Tank Fund	\$35.3	\$35.3	\$37.3	\$33.8	\$677.8
State Fair Authority					\$33.4
State Lottery	\$655.0	\$789.9	\$825.3	\$892.3	\$15,313.5
Statewide Bridge & Tunnel Ent.	\$14.7	\$12.5	\$37.4	\$118.9	\$318.2
Statewide Tolling Authority					\$7.3
Statewide Transportation Enterprise	\$23.6	\$46.9	\$41.0	\$49.8	\$305.6
Unemployment Compensation	\$4,767.3	\$9,425.8	\$1,612.3	\$488.1	\$26,738.4
Veterans Community Living Centers	\$46.5	\$47.2	\$56.7	\$65.0	\$1,251.0
Total	\$20,879.7	\$27,116.0	\$22,330.5	\$23,295.7	\$259,809.2

Source: TABOR Schedules of Computations, Office of the State Controller, Office of the State Auditor

* Totals may not sum due to rounding

(14)



Protect TABOR & Repeal Excessive Fees

Advance Colorado's 2025 Policy Agenda highlights two notable goals when it comes to TABOR and fees in Colorado. (15)

First, protect TABOR from the annual assault of bills designed to weaken its taxpayer protections and the spending check it has on our state government. Support for TABOR is as relevant as ever, with over 70% of Coloradans preferring its check on government spending. (16)

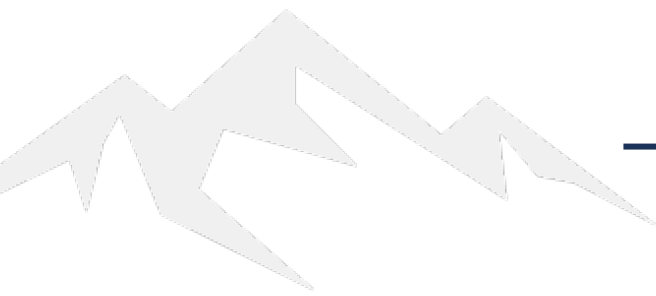
Second, while legislators in the General Assembly continue to abuse the fee workaround that has resulted in fee enterprise funds generating over \$23 billion in the Fiscal Year 2023, unnecessary fees such as the delivery fee and the gas fee must be repealed.

Affordability is a top issue for many Coloradans. Excessive fees, especially when the Colorado legislature is circumventing the will of the people with Proposition 117, will continue to suffocate taxpayers and hurt families' bottom lines.

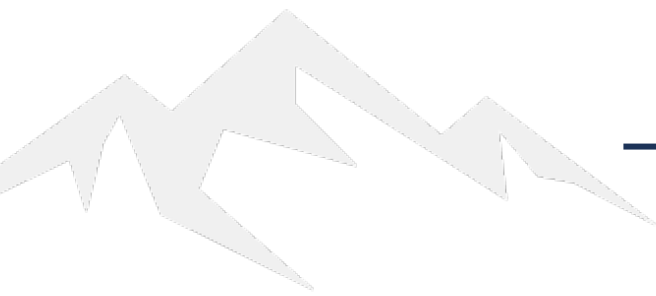


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About the Author

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Michael Tsogt is a Policy Analyst at the Advance Colorado Institute. His areas of policy and research include education, budget/fiscal matters, and public safety. He has testified on a range of bills at the State Capitol, including a bill proposing education savings accounts for special needs and foster care kids in Colorado. During undergrad, Michael was elected as the Academic Senator for student government, covered sports and entertainment for the student newspaper, and participated in several political fellowships and opportunities, including at the Center for the Study of Government and the Individual, the American Enterprise Institute, and the Intercollegiate Studies Institute. Michael graduated from the University of Colorado with a degree in political science. He and his wife live in Colorado Springs.

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