

Congress of the United States
Washington, DC 20515

February 10, 2023

The Honorable Douglas O'Donnell
Acting Commissioner, Internal Revenue Service
1111 Constitution Ave NW
Washington, DC 20224

Dear Acting Commissioner O'Donnell:

We write to urge your agency to treat Colorado Taxpayer's Bill of Rights (TABOR) revenue payments as income—keeping with previous Internal Revenue Service (IRS) precedent for the past thirty years. Recent public reports indicate that your office has asked Coloradans to delay filing their taxes until a final determination has been issued with respect to these payments. We hope that your agency can resolve this in a timely manner to avoid further confusion within our state.

In 1992, Coloradans approved an amendment to the state constitution, commonly referred to as the Taxpayer's Bill of Rights (TABOR), to limit the amount of revenue withheld by the state and instead refund excess revenue back to the taxpayers. In 2022, these revenue payments were \$750 for single-filers and \$1,500 for joint-filers. Historically, the IRS has never considered such payments as taxable income since the amendment was ratified in 1992—over thirty years ago. Expecting Coloradans to now pay part of these revenue payments back would impose a significant burden on Colorado taxpayers, introduce considerable compliance costs for taxpayers who did not anticipate having to add their TABOR revenue payments to their joint or single filings, and cost Coloradans hundreds of additional dollars in tax liability.

Of additional concern is the timing of this announcement. A late announcement during tax season will cause Coloradans unnecessary stress as they prepare to file. Moreover, as you know, regulatory stability and transparency promote compliance, whereas sudden changes with thin justification do not. Potential new rules promulgated within months of the filing deadline, with the possibility of costing taxpayers a significant amount of money, would impose unnecessary financial distress on countless Coloradans.

In sum, we respectfully request that the IRS continue to treat TABOR revenue payments as non-taxable, as you have in previous tax years, and that your agency promptly announce the same. We appreciate your prompt attention to this matter.

Sincerely,



Joe Neguse
Member of Congress



Ken Buck
Member of Congress



Michael F. Bennet
U.S. Senator



Lauren Boebert
Member of Congress



Yadira Caraveo, M.D.
Member of Congress



Jason Crow
Member of Congress



Diana DeGette
Member of Congress



John Hickenlooper
U.S. Senator



Doug Lamborn
Member of Congress



Brittany Pettersen
Member of Congress