



C P E C  
CENTER FOR TAX POLICY

# EXECUTIVE REPORT

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## Business Tax Comparison: A Pilot Study between Colorado and Arizona

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Recently CPEC Center for Tax Policy was approached by a representative from a legislative task force and asked to provide a multi-state comparison on taxes affecting business. Before undertaking the complete study, the Center board recommended the development of a trial survey and a pilot with a state in the region. The purpose of this pilot was to collect data from a regional comparison state, in this case Arizona, and publish the results, with the intent of using the feedback from this pilot publication as a final opportunity for the members and other users of Center reports to provide input into the final survey instrument. This publication, while presenting a bilateral comparison between Colorado and Arizona, is also intended to be that trial report. With the preliminary Board feedback we have received, we now intend to expand our surveying efforts and regularly update our multi-state business tax comparison database with current comparisons among the states.

When complete, the ultimate purpose of the Center's multi-state business tax comparison will be to provide data for comparison and analysis rather than for ranking or indexing. There are a multitude of organizations that publish indexed rankings of the tax burden on businesses. However, what all of those indices lack is transparency. Although they provide an overall ranking, they do not provide the level of detail necessary for a particular business to assess its comparative tax burden across states. When complete and periodically updated, this Center resource will complement the indexed studies by providing the transparency necessary for such business level comparisons.

This preliminary reporting of the findings of Colorado's comparison with Arizona is intended to provide a preview of the comparative data that the Center plans to collect and report for a sample of states. It is our future intention to develop this database of comparative business taxes, update the database periodically, and annually report the comparative data. Ultimately, these business tax comparisons will become an integral portion of the data collected by the newly established Colorado Data Repository, a one stop shopping data resource currently under development by the Center for Tax Policy.