

January 29, 2010

TO: The Members of the Colorado General Assembly  
FROM: The Colorado Chapter of the American Institute of Architects (AIA Colorado)  
RE: Opposition to House Bill 10-1192

**On January 28<sup>th</sup>, 2010 the AIA Colorado Board of Directors at the request of the Colorado's AIA membership voted to adopt the position to oppose Colorado General Assembly HB 10-1192.**

**PLEASE SUPPORT SMALL BUSINESSES IN COLORADO BY VOTING NO ON HB 10-1192.**

AIA Colorado opposes HB 10-1192 for the following reasons:

1. HB 10-1192 as currently written modifies State regulations to allow software renewals/upgrades of 12 months or less to be defined as personal property and therefore taxable as such. It also clarifies definitions of related types of software, etc.
2. Software is integral to the practice of architecture.
3. The practice of architecture necessitates the ongoing acquisition of computer software, most of which requires an ongoing annual upgrade and/or renewal.
4. Many architectural firms may employ upwards of 15 different software applications regularly used by most employees.
5. A mid-size architectural firm of about 40 employees may spend upwards of \$90k per year on software purchases, upgrades and renewals. A small firm may spend several thousand dollars annually.
6. Local, County and State taxes are already paid on these purchases in a manner similar to the following:
  - A. Approximately 6.5% State Property Tax: Paid on assets with life of greater than one year, even if fully depreciated and still in use.
  - B. Approximately 7.8% Local Sales Tax (varies): Paid upon Purchase. Upgrades/Renewal (life of one year or less) are not currently taxed as personal property.
7. A mid-size firm, of the size described above, may already be paying several thousand dollars of tax on software upgrades and purchases.
8. If HB 10-1192 passes as currently written it will increase the overhead expenses (by thousands of dollars) of small businesses and in particular those of architects.
9. 25% of architects nationwide report having NO business
10. This bill hits small business owners especially hard.
11. The Colorado business community largely supports opposition of this bill.