CAPITAL GAIN DEDUCTIONS

EVALUATION SUMMARY | JULY 2021 | 2021-TE18

TAX TYPE	Income	REVENUE IMPACT	$19.4 million (TAX YEAR 2018) - combined
YEAR ENACTED	1994		
REPEAL/EXPIRATION DATE	December 31, 2021	NUMBER OF TAXPAYERS	7,499

KEY CONCLUSION: The Colorado Property Deduction appears to be meeting its potential purpose of maintaining a deduction for capital gains on eligible Colorado property acquired between May 9, 1994, and June 3, 2009. The Tangible Personal Property Deduction may be providing a small amount of financial support to farmers, ranchers, and small businesses that have invested in tangible personal property and have claimed the deduction, but in practice, it is rarely claimed.

WHAT DO THE TAX EXPENDITURES DO?

The Capital Gain Deductions [Sections 39-22-518(1) and (2)(b)(I)(B.5), C.R.S.] allow taxpayers to deduct from their Colorado taxable income the amount of net capital gains earned during the taxable year on certain property that was owned by the taxpayer for a holding period of at least 5 years, uninterrupted, prior to the transaction that resulted in the capital gains. The Colorado Property Deduction is available for capital gains on either real or tangible personal property located in Colorado that was acquired between May 9, 1994, and June 3, 2009. The Tangible Personal Property Deduction is available for capital gains on tangible personal property, regardless of its location, that was acquired on or after June 4, 2009.

WHAT IS THE PURPOSE OF THE TAX EXPENDITURES?

Neither statute nor the enacting legislation explicitly states the purpose of the Capital Gain Deductions; therefore, we could not definitively determine the General Assembly's original intent. Based on our review of legislative audio recordings, we considered a different potential purpose for each of the deductions:

- COLORADO PROPERTY DEDUCTION. To allow taxpayers who had been motivated to make investments in Colorado real and tangible personal property by a previously available, but likely unconstitutional, version of the deduction to continue to be able to deduct capital gains realized on these investments.
- TANGIBLE PERSONAL PROPERTY DEDUCTION. To provide financial support to farmers, ranchers, and small businesses by allowing them to deduct capital gains realized on sales of tangible personal property, such as equipment and livestock.

WHAT POLICY CONSIDERATIONS DID THE EVALUATION IDENTIFY?

We did not identify any policy considerations related to the Capital Gain Deductions.

CAPITAL GAIN DEDUCTIONS EVALUATION RESULTS

WHAT ARE THESE TAX EXPENDITURES?

Capital gains are realized when a capital asset, such as real estate, tangible personal property, or stock, is sold or exchanged for a higher amount than its basis, which is generally the amount that the taxpayer originally paid for the asset. A taxpayer's net capital gain is generally calculated as the amount of capital gains they realized during a tax year less any capital losses incurred (i.e., capital assets sold for less than their bases).

The Capital Gain Deductions [Sections 39-22-518(1) and (2)(b)(I)(B.5), C.R.S.] allow taxpayers to deduct from their Colorado taxable income the amount of net capital gains reported as taxable income on their federal tax return due to the sale of certain property. The deductions cover gains from the sale of certain real property, which includes land and any permanent structures, and tangible personal property, which includes moveable physical property, such as equipment and vehicles. To qualify, the property must have been owned by the taxpayer for a holding period of at least 5 years, uninterrupted, prior to the transaction that resulted in the capital gain. There are two different deductions, depending on the type of property and its acquisition date:

- DEDUCTION FOR NET CAPITAL GAIN ON COLORADO PROPERTY (COLORADO PROPERTY DEDUCTION). Available for net capital gains on *either real or tangible personal property* located in Colorado that was acquired between May 9, 1994, and June 3, 2009.

- DEDUCTION FOR NET CAPITAL GAIN ON TANGIBLE PERSONAL PROPERTY (TANGIBLE PERSONAL PROPERTY DEDUCTION). Available for net capital gains on *only tangible personal property*, regardless of its location, that was acquired on or after June 4, 2009.

The combined amount of the deductions is capped at $100,000 of net capital gains per taxpayer in each income tax year. The deductions may not result in a cash refund to the taxpayer or be carried forward to subsequent tax years. Both deductions are available for income tax years beginning before January 1, 2022, so the deductions effectively expire at the end of 2021.

In order to determine the amount of deductible net capital gains, taxpayers must first calculate their net capital gain realized on qualifying property during the tax year as follows:

Total *gains* from sales or exchanges of all qualifying property during the taxable year	−	Total *losses* from sales or exchanges of all qualifying property during the taxable year	=	Net capital gain on qualifying property

Taxpayers then use the Colorado Source Capital Gain Affidavit (Form DR 1316) to determine the amount allowable under the deductions, which is the lesser of:

- The taxpayer's net capital gain on qualifying property for both deductions during the tax year;
- The taxpayer's net capital gain on all property during the tax year, regardless of whether the property qualifies for the deductions, as reported on their federal income tax return; or
- $100,000.

Since the gain must be included in federal taxable income and taxed as a capital gain for the given income tax year in order to qualify, the amount of the deduction may not exceed the amount of the total net capital gain reported on the taxpayer's federal income tax return.

In order to be eligible for the Capital Gain Deductions, taxpayers must have no overdue state tax liabilities, including uncollectible tax liabilities resulting from bankruptcy, and must not be in default on any contractual obligations owed to the State or to any local governments in Colorado at the time the deduction is claimed. Statute [Section 39-22-518(4), C.R.S.] requires that taxpayers submit an affidavit to the Department of Revenue (Department), signed under penalty of perjury, stating that they meet this qualification; Department Form DR 1316 serves this purpose. This form also requires that taxpayers provide details on each of the transactions of qualifying property that resulted in a capital gain or loss during the income tax year, such as a description of the property, the dates when the property was acquired and sold, and the sales price and cost or other basis.

Individuals and C-corporations claim both of the deductions on a single dedicated line of their state income tax returns: Line 7 of the 2020 Subtractions from Income Schedule (Form DR 0104AD) for individuals and Line 11 of the 2020 Colorado C-Corporation Income Tax Return (Form DR 0112). The deductions do not have their own dedicated line on either the 2020 Colorado Partnership and S-Corporation and Composite Nonresident Income Tax Return (Form DR 0106) or the 2020 Colorado Fiduciary Income Tax Return (Form DR 0105), so taxpayers claim the deductions on the line for miscellaneous subtractions from federal taxable income on both forms (Lines 9 and 5, respectively). Taxpayers with ownership interest in a pass-through entity may only deduct qualifying capital gains that have been passed through from the entity if (1) the pass-through entity holds the capital asset for the required holding period and (2) the taxpayer holds ownership interest in the pass-through entity for the required holding period. Finally, corporations claiming any net operating loss created in the given tax year must reduce the net operating loss by the lesser of the Capital Gain Deductions amount and the amount of the net operating loss.

Several versions of the deductions have existed since their enactment in 1994. The first version required that the capital asset be acquired on or after May 9, 1994, and held for at least 5 years, and it was available for capital gains on stock and ownership interests in Colorado companies, in addition to capital gains on real and tangible personal property located in the state. Subsequent versions of the deductions made various changes to the required acquisition dates and/or holding periods and were only available in years when state revenue exceeded Colorado's Taxpayer's Bill of Rights (TABOR) cap by certain amounts. In 2009, House Bill 09-1366 repealed all then-current versions of the deductions due to concerns about their constitutionality and replaced them with the current deductions. Specifically, in *Fulton Corp. v. Faulkner*, 516 U.S. 325 (1996), the U.S. Supreme Court held that a North Carolina deduction, which was permitted for certain amounts of taxpayers' stock that was issued by a corporation subject to North Carolina corporate income tax, violated the Commerce Clause of the U.S. Constitution. When House Bill 09-1366 was under consideration, a legal memorandum from the Colorado Office of Legislative Legal Services concluded that the then-current versions of Colorado's Capital Gain Deductions likely violated the Commerce Clause due to their similarities with the North Carolina deduction, although no case had been brought against Colorado to contend the deductions' constitutionality.

In 2021, House Bill 21-1311 imposed an expiration date on the current Capital Gain Deductions and created a new version of the Colorado Property Deduction that will be available for income tax years starting on or after January 1, 2022. This new deduction may only be claimed by farmers, ranchers, and other taxpayers required to file a Schedule F (Profit or Loss from Farming) with their federal income tax return for the year in which the qualifying net capital gains are realized. In order to qualify, the net capital gain must be realized on a transaction of Colorado real property that (1) was acquired between May 9, 1994, and June 3, 2009; (2) has been owned by the taxpayer for a holding period of at least 5 years, uninterrupted, prior to the transaction; and (3) has been classified as agricultural land for property tax purposes immediately preceding the transaction. Since this new deduction will not be available until 2022, we have not included it in this evaluation.

WHO ARE THE INTENDED BENEFICIARIES OF THE TAX EXPENDITURES?

Neither statute nor the enacting legislation explicitly states the intended beneficiaries of the Capital Gain Deductions. Based on our review of the deductions' legislative history, including legislative audio for House Bill 09-1366, we considered their intended beneficiaries to be two separate groups of taxpayers:

- THE COLORADO PROPERTY DEDUCTION appears to have been intended to benefit taxpayers who were motivated to make investments in Colorado real and tangible personal property by the previously available version of the deduction that was repealed by House Bill 09-1366.

- THE TANGIBLE PERSONAL PROPERTY DEDUCTION appears to have been intended to benefit farmers, ranchers, and small businesses that realize capital gains on sales of tangible personal property. For example, these taxpayers could incur taxable net capital gains in some cases when selling livestock or depreciable property used for a business, such as equipment.

Although the deductions can be claimed by C-corporations, Department data indicate that almost all of the amounts deducted (more than 99 percent) have been claimed by individuals or pass-through entities, such as partnerships, S-corporations, and limited liability companies (LLCs), that can pass their capital gains and the deduction on to their individual co-owners.

WHAT IS THE PURPOSE OF THESE TAX EXPENDITURES?

Neither statute nor the enacting legislation explicitly states the purpose of the Capital Gain Deductions; therefore, we could not definitively determine the General Assembly's original intent. In order to identify potential purposes for the deductions, we examined legislative audio recordings for House Bill 09-1366, which enacted the current version of the deductions.

As discussed, one of the original versions of the Capital Gain Deductions allowed taxpayers to deduct net capital gains from stock and ownership interests in Colorado companies, in addition to capital gains from real and tangible personal property located in the state. This appears to have been intended to encourage investments in Colorado businesses and property. However, in 2009, the General Assembly passed House Bill 09-1366 to change the deductions due to a U.S. Supreme Court ruling that held that a similar provision in North Carolina was unconstitutional. House Bill 09-1366, as it was introduced, would have completely eliminated the deductions; however, in committee hearings and floor work, legislators expressed a variety of concerns about doing so, resulting in amendments to the bill that provided for the current deductions. Based on our review of these legislative audio recordings, we considered a different potential purpose for each of the deductions:

- COLORADO PROPERTY DEDUCTION. To allow taxpayers who had been motivated to make investments in Colorado real and tangible personal property by a previously available, but likely unconstitutional, version of the deduction to continue to be able to deduct capital gains realized on these investments. During committee meetings and floor work, legislators expressed concern that completely eliminating the then-current version of the deduction may cause unpredictability in the tax code or be unfair to taxpayers who had made investments based on the deduction's availability.

- TANGIBLE PERSONAL PROPERTY DEDUCTION. To provide financial support to farmers, ranchers, and small businesses by allowing them to deduct capital gains realized on sales of tangible personal property, such as equipment and livestock. During floor work, legislators expressed concern that completely eliminating the then-current version of the deduction would be harmful for farmers, ranchers, and small businesses, particularly during the economic downturn at the time (now known as the Great Recession).

ARE THE TAX EXPENDITURES MEETING THEIR PURPOSE AND WHAT PERFORMANCE MEASURES WERE USED TO MAKE THIS DETERMINATION?

We could not definitively determine whether the Capital Gain Deductions are meeting their purposes because no purposes are provided for them in statute or their enacting legislation. However, we found that the Colorado Property Deduction is likely meeting the purpose that we identified in order to conduct this evaluation because it is used by taxpayers who qualify for it and can be claimed by taxpayers who were eligible for the previous version of the deduction. On the other hand, the Tangible Personal Property Deduction is likely only meeting its potential purpose to a limited extent because it appears to rarely be used.

Statute does not provide quantifiable performance measures for these deductions. Therefore, we created and applied the following performance measures to determine the extent to which the deductions are meeting their purposes:

PERFORMANCE MEASURE #1: *To what extent is the Colorado Property Deduction being used by eligible taxpayers?*

RESULT: Based on Department data, we found that 7,499 taxpayers claimed the Capital Gain Deductions in Tax Year 2018 and reduced their Colorado income tax liability by an average of $2,590. Because taxpayers use the same reporting line to claim both deductions, and the Department does not systematically capture information on the type of property that resulted in the deductions, we could not separately quantify the extent to which each deduction is used. However, according to Department staff, most of the deductions' claims are for the Colorado Property Deduction rather than the Tangible Personal Property Deduction. Based on the operation of the current and previous Colorado Property Deduction, we also determined that the eligibility requirements (i.e., acquisition date, holding period, and type of property) for the previous deduction and the current version of the deduction are substantively identical. Therefore, any taxpayer who was eligible for the previous deduction and made investment decisions as a result of that deduction would also be able to claim the current deduction.

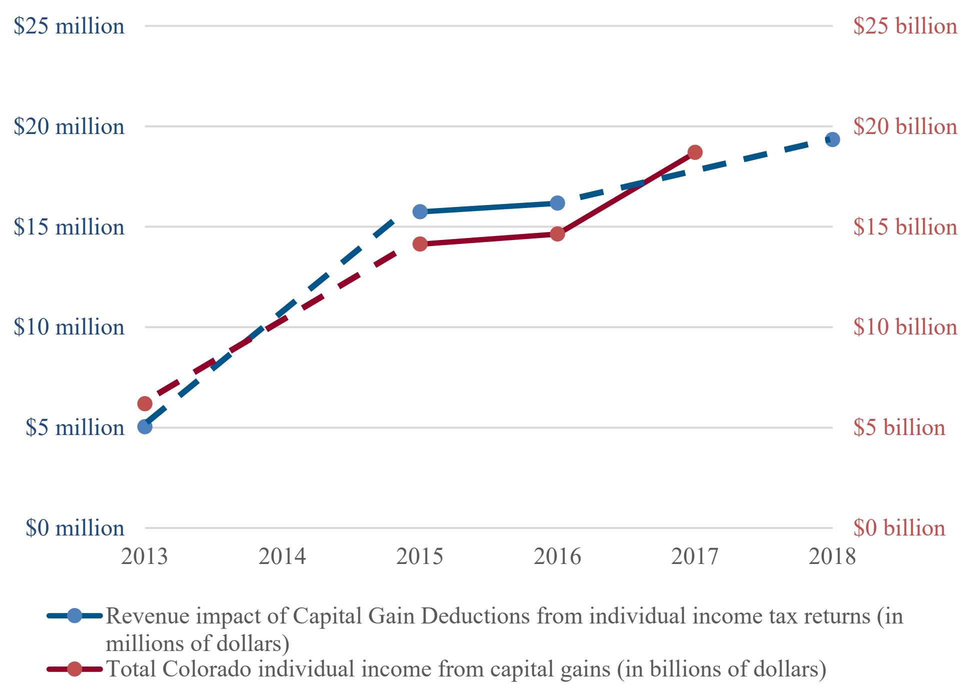
PERFORMANCE MEASURE #2: *To what extent is the Tangible Personal Property Deduction being used by farmers, ranchers, and small businesses that have realized capital gains on eligible tangible personal property?*

RESULT: Although we were unable to definitively determine how frequently farmers, ranchers, and small businesses may be claiming the deduction due to a lack of available data, Department staff stated that the Capital Gain Deductions are rarely claimed for tangible personal property. Those businesses that do claim the Tangible Personal Property Deduction likely receive only a small amount of financial support because the deduction's benefit is, at most, 4.55 percent (the current Colorado income tax rate) of any given business' net capital gain from tangible personal property. Additionally, taxpayers who realize more than $100,000 in net capital gains on qualifying tangible personal property are only able to deduct a portion of their gains from taxable income, so their benefit as a percentage of the net capital gain realized would be less than 4.55 percent. Finally, since taxpayers may only deduct gains that receive capital treatment on their federal income tax returns, any gains that are recognized as ordinary income, such as income from sales of inventory, would not be eligible for the deduction.

WHAT ARE THE ECONOMIC COSTS AND BENEFITS OF THE TAX EXPENDITURES?

According to data provided by the Department, the Capital Gain Deductions resulted in a combined total of $19.4 million in forgone revenue to the State in Tax Year 2018. The revenue impact of these deductions has increased substantially in recent years, from a low of $5 million in 2013. As demonstrated in EXHIBIT 1, the deductions' revenue impact from individual income tax returns is roughly correlated with the total income from capital gains reported by Coloradans. However, we were unable to determine the extent to which this correlation is a result of direct causation, and it is likely that a variety of factors have contributed to the increase in the deductions' revenue impact.

EXHIBIT 1. COMPARISON OF CAPITAL GAIN DEDUCTIONS' REVENUE IMPACT WITH TOTAL COLORADO CAPITAL GAINS INCOME FOR INDIVIDUALS[1, 2]
TAX YEARS 2013-2018



SOURCE: Office of the State Auditor analysis of the Department of Revenue's 2016 and 2020 Tax Profile and Expenditure Reports; the Department of Revenue's 2015, 2016, and 2017 Statistics of Income data; and additional data on the deductions provided by the Department of Revenue.
[1]Dashed lines indicate that data was not available for the intervening year; therefore, these lines represent an approximated trend based on the previous and subsequent years, for which data was available.
[2]Total individual income from capital gains in Colorado also includes capital gains that would not qualify for the deduction, such as capital gains from stock and ownership interests.

Additionally, in Tax Year 2017, which was the most recent year with available data showing the revenue impact by income level, a large portion of the total revenue forgone benefitted taxpayers with higher incomes. Specifically, 61 percent of the deductions' revenue impact benefitted taxpayers with federal adjusted gross incomes of at least $200,000, and 30 percent benefitted taxpayers with federal adjusted gross incomes between $100,000 and $199,999. The remaining 9 percent was divided among taxpayers with federal adjusted gross incomes less than $100,000. Finally, 62 percent of the deductions' total revenue impact for Tax Year 2018 resulted from taxpayers claiming the full $100,000 in allowable net capital gains.

Although we found that the Capital Gain Deductions may be providing economic benefits to some of the taxpayers who were the intended beneficiaries, they may also provide uneven benefits among eligible taxpayers. Specifically, statute [Section 39-22-518(2)(b)(I)(B.5), C.R.S.] provides that the deduction is limited to $100,000 in qualifying net capital gains *per taxpayer*. Statute [Section 39-22-201, C.R.S.] also provides that pass-through entities such as partnerships are not taxpayers; instead, the income and tax expenditures from these entities pass through to the individual co-owners for taxation at the individual level. As a result, pass-through entities with a high number of shareholders, partners, or co-owners have a higher effective cap for the deduction than individuals and corporations, as well as pass-through entities with a low number of shareholders, partners, or co-owners. For example, a partnership with four individual partners would have an effective cap of $400,000 because each of the partners could deduct up to $100,000 in net capital gains from the partnership's qualifying investments on their individual tax return. However, if the same partnership were instead structured as a C-corporation, the effective cap for the business would be $100,000 because C-corporations are taxable entities that file one tax return on which they report their income and claim available tax expenditures before distributing profits to their shareholders.

Overall, it appears that the deductions likely do not provide a substantial economic impact beyond the benefits they provide to taxpayers. Because the taxpayers who are eligible for the Colorado Property Deduction must have purchased the property prior to June 4, 2009, the deduction no longer serves as an incentive to invest in Colorado real estate. Furthermore, although this deduction appears to have been intended to maintain the availability of a tax benefit for taxpayers who were incentivized to purchase property in Colorado by the deduction as it existed prior to 2009, it is likely also used by taxpayers who would have made the investments regardless of the prior deduction. Also, since the Tangible Personal Property Deduction appears to be rarely used, it likely has a limited economic impact.

Finally, because the deductions will expire at the end of Tax Year 2021, it is possible that some taxpayers will be motivated to sell property that would qualify for the Capital Gain Deductions during 2021 to avoid paying income tax that they will owe on their capital gains if they sell the property in 2022 or later, when these deductions are no longer available. To the extent that this occurs, it could temporarily increase the revenue impact of the deductions. However, we lacked the data necessary to quantify this potential impact.

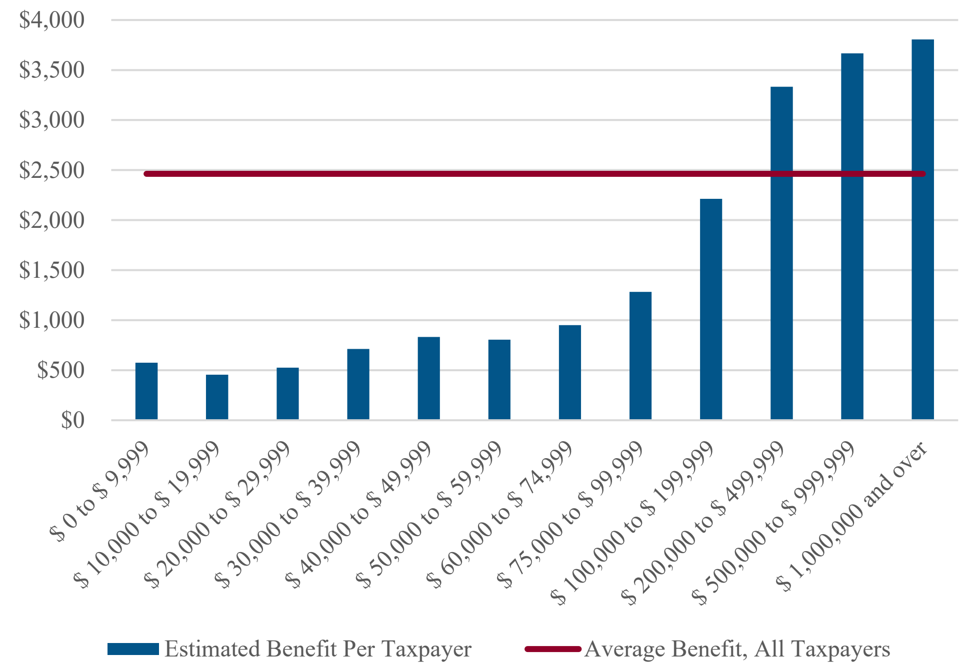
WHAT IMPACT WOULD ELIMINATING THE TAX EXPENDITURES HAVE ON BENEFICIARIES?

If the deductions expire at the end of 2021, as is currently laid out in statute, taxpayers would no longer be able to deduct net capital gains on qualifying investments in tangible personal property from their taxable income. Additionally, most taxpayers who were eligible to claim the pre-2009 version of the Colorado Property Deduction would no longer be able to deduct net capital gains on their qualifying real property investments. However, farmers, ranchers, and other taxpayers required to file a federal Schedule F (Profit or Loss from Farming), and who would have been able to claim the current deduction, will continue to be able to deduct these gains under the new version of the deduction that will be available starting in 2022.

In Tax Year 2017, the most recent year with relevant data available, the Capital Gain Deductions were claimed on a total of 5,954 individual income tax returns for full-year residents with positive federal adjusted gross incomes, representing 1 percent of the Colorado tax returns reporting capital gains. On average, these taxpayers deducted $53,195 each under the deductions, reducing their income tax liabilities by an average of $2,463. If the deductions expire as scheduled, taxpayers' income tax liabilities could increase by up to $4,550 ($100,000 multiplied by the Colorado income tax rate of 4.55 percent) in future tax years, depending on the amount of qualifying net capital gains realized. We found that more than a third of the taxpayers claiming the deduction in Tax Year 2018 deducted the full $100,000. Additionally, we determined that taxpayers with higher incomes are more likely to benefit from the deductions. For example, among full-year resident taxpayers who filed income tax returns in Colorado in Tax Year 2017, taxpayers with federal adjusted gross incomes of at least $200,000 were more than 35 times as likely to claim the deduction as those with federal adjusted gross incomes between $0 and $74,999.

As demonstrated in EXHIBIT 2, taxpayers with higher federal adjusted gross incomes in Tax Year 2017 also received a larger average benefit from the deductions than those with lower incomes. For example, taxpayers with federal adjusted gross incomes of at least $1 million deducted an average of about $82,000 in qualified net capital gains, which amounts to a $3,800 reduction in income tax liability; taxpayers with federal adjusted gross incomes between $0 and $74,999 received an average income tax liability reduction of less than $800.

EXHIBIT 2. AVERAGE BENEFIT PER INDIVIDUAL INCOME TAX RETURN BY FEDERAL ADJUSTED GROSS INCOME[1]
TAX YEAR 2017



SOURCE: Office of the State Auditor analysis of the Department of Revenue's 2017 Statistics of Income data.
[1]Taxpayers with negative federal adjusted gross income may also have been eligible to claim the deduction if their Colorado additions to federal taxable income resulted in a positive Colorado taxable income.

Although taxpayers with higher incomes are more likely to benefit from the deductions and generally receive a larger benefit than taxpayers with lower incomes, the data does not account for taxpayers who typically have lower annual incomes, but have a substantially higher income in the year that they claim the deductions as a result of having sold a significant asset. For example, a farmer may have a typical annual federal adjusted gross income of $75,000 from their normal farm operations. However, if this farmer sells their farm for $500,000 and qualifies for the Colorado Property Deduction, their federal adjusted gross income for the year in which they claim the deduction would place them in one of the highest income groups for that year, which would be inconsistent with their typical annual income received in previous years. If this type of situation is common among claimants of the Capital Gain Deductions, the analysis above may overstate the extent to which the deductions benefit taxpayers who consistently have high annual incomes. However, we were unable to determine how frequently this situation may have occurred.

ARE THERE SIMILAR TAX EXPENDITURES IN OTHER STATES?

Almost all of the 42 states and the District of Columbia that impose an individual income tax apply the same tax rate to capital gains as to ordinary income. We identified two states with an individual income tax with provisions similar to the Colorado Property Deduction that allow for a deduction for capital gains realized on real property located in-state and held for a minimum required holding period—Idaho and Oklahoma. We also identified three states that allow for an individual income tax deduction for capital gains realized on certain tangible personal property—Idaho, Oklahoma, and Vermont. Finally, among the 45 states and the District of Columbia with a corporate income tax, Oklahoma allows corporations to deduct capital gains realized on real property and tangible personal property located in-state and held for at least 5 years.

ARE THERE TAX EXPENDITURES OR PROGRAMS WITH A SIMILAR PURPOSE IN THE STATE?

We did not identify any Colorado tax expenditures that are similar to the Capital Gain Deductions. However, there are a number of federal income tax provisions that likely lessen the federal income tax liabilities of some taxpayers who are eligible for the Capital Gain Deductions, including:

- Lower federal tax rates on capital gains. For individuals, including those with business income from pass-through entities, capital gains (not including short-term capital gains, which are taxed as ordinary income) are generally taxed at a lower rate than ordinary income for federal tax purposes. For example, for single individual income tax filers in 2021, capital gains for taxpayers with taxable income up to $40,400 are not taxed, and the highest capital gains tax rate of 20 percent is imposed when taxable income exceeds

$445,850. In contrast, ordinary income of $40,526 and up for single filers is taxed between 22 percent and the maximum income tax rate of 37 percent. Similar comparisons may be made for joint filers and heads of household. In Colorado, both capital gains and ordinary income are taxed at the same income tax rate of 4.55 percent.

- EXCLUSION OF CAPITAL GAINS FROM THE TAXPAYER'S MAIN HOME. Individuals selling or exchanging their main home are generally able to exclude from their federal taxable income up to $250,000, if filing a single income tax return, or $500,000, if filing a joint income tax return, in capital gains from this transaction. Therefore, taxpayers would only incur federal capital gains tax liability and Colorado income tax liability on their main home if the net capital gain from the transaction exceeded these amounts. Amounts excluded from the taxpayer's federal taxable income do not qualify for the Colorado Property Deduction, but net capital gains realized beyond the maximum excludable amounts may be claimed under the deduction if all of the deduction's requirements are met.

WHAT DATA CONSTRAINTS IMPACTED OUR ABILITY TO EVALUATE THE TAX EXPENDITURES?

We were unable to determine the extent to which the amounts claimed on individual income tax returns under the Capital Gain Deductions are the result of either capital gains on private investments or capital gains realized by pass-through entities in which the taxpayer has ownership. Although Form DR 1316 requires taxpayers to indicate whether an individual's deduction has been passed through from a business entity, Department staff stated that this data is not extractable from GenTax, the Department's tax processing and information system. We were also unable to determine how frequently farmers, ranchers, and small businesses may be claiming the Tangible Personal Property Deduction because taxpayers are not required to report their industry or business size on Form DR 1316, and the data that indicates the type of property for which the deductions are being claimed is not extractable from GenTax.

WHAT POLICY CONSIDERATIONS DID THE EVALUATION IDENTIFY?

We did not identify any policy considerations related to the Capital Gain Deductions.