



Legislative  
Council Staff

*Nonpartisan Services for Colorado's Legislature*

HB 19-1256

# FISCAL NOTE

**Drafting Number:** LLS 19-0977  
**Prime Sponsors:** Rep. Gray; Snyder

**Date:** April 1, 2019  
**Bill Status:** House Business Affairs  
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**Bill Topic:** ELECTRONIC FILING OF CERTAIN TAXES

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**Summary of Fiscal Impact:**

<input checked="" type="checkbox"/> State Revenue ( <i>minimal</i> )	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure ( <i>minimal</i> )	<input type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

This bill requires the Department of Revenue to promulgate rules to implement mandatory electronic filing of certain tax returns and payment of certain taxes and fees via electronic funds transfer. The department contracts with the Department of Personnel and Administration to process paper returns. The bill will reduce workload to process paper returns and increase revenue minimally on an ongoing basis.

**Appropriation Summary:** No appropriation is required.

**Fiscal Note Status:** The fiscal note reflects the introduced bill.

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## Summary of Legislation

This bill requires certain non-individual taxpayers to file tax returns electronically and make tax and fee payments via electronic funds transfer, for tax periods beginning on or after January 1, 2020. The department is authorized to impose a penalty for any taxpayer that fails to file a return electronically or submit a payment by electronic funds transfer. The bill also allows taxpayers to request an annual waiver from electronic filing and funds transfer under certain circumstances.

## State Revenue

The bill may increase revenue to the state, depending on the degree to which the department imposes fines on taxpayers who fail to submit tax returns electronically or payments due electronically. Since most taxpayers are expected to comply with the new filing requirements, the revenue impact is anticipated to be minimal.

## State Expenditures

The bill will result in a decrease in workload for the Department of Revenue (DOR) to process paper tax returns that are submitted by taxpayers. DOR contracts with the Department of Personnel and Administration (DPA) for the Integrated Document Solutions Group to process paper tax returns at a facility in Pueblo. The 2019 Long Bill, SB 19-207, includes \$5.3 million reappropriated from DOR to DPT in FY 2019-20 for document management costs. About 30.8 percent of this is for processing paper filed individual income tax returns which are unaffected by this bill. This bill will begin to reduce the number of paper returns processed by DPA starting in FY 2019-20, but the exact number will be determined by how quickly electronic filing is mandated and how many exemptions are granted by the DOR. DPA's document management costs are spread out across various state agencies that use their services, so a reduction in paper filed tax returns may impact the contract rates for other state agencies.

## Effective Date

The bill takes effect August 2, 2019, if the General Assembly adjourns on May 3, 2019, as scheduled, and no referendum petition is filed.

## State and Local Government Contacts

Revenue            Personnel