

Second Regular Session
Seventy-second General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 20-0319.01 Esther van Mourik x4215

HOUSE BILL 20-1022

HOUSE SPONSORSHIP

Kraft-Tharp and Van Winkle,

SENATE SPONSORSHIP

Williams A. and Tate,

House Committees
Business Affairs & Labor

Senate Committees

A BILL FOR AN ACT

101 CONCERNING THE SALES AND USE TAX SIMPLIFICATION TASK FORCE,
102 AND, IN CONNECTION THEREWITH, EXTENDING THE TASK FORCE,
103 MODIFYING THE TASK FORCE'S DUTIES, AND REMOVING THE
104 REQUIREMENT THAT THE TASK FORCE UNDERGO AN
105 EVALUATION BY THE DEPARTMENT OF REGULATORY AGENCIES
106 PRIOR TO THE TASK FORCE'S REPEAL.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov/>.)

Sales and Use Tax Simplification Task Force. The bill continues

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

the sales and use tax simplification task force for 5 years, modifies the task force's duties, and removes the requirement that the task force undergo an evaluation by the department of regulatory agencies prior to the task force's repeal.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, 39-26-802, **amend**
3 **(3); repeal and reenact, with amendments, (1)(b); and add (2.5)** as
4 follows:

5 **39-26-802. Sales and use tax simplification task force -**
6 **creation - definition.** (1) (b) (I) THE TASK FORCE SHALL STUDY SALES
7 AND USE TAX SIMPLIFICATION BETWEEN THE STATE AND LOCAL
8 GOVERNMENTS, INCLUDING HOME RULE MUNICIPALITIES, TO IDENTIFY
9 OPPORTUNITIES AND CHALLENGES WITHIN EXISTING FISCAL FRAMEWORKS
10 TO ADOPT "FEASIBLE SOLUTIONS", WHICH ARE SOLUTIONS THAT ARE
11 PRACTICAL, REVENUE-NEUTRAL, AND DO NOT REQUIRE CONSTITUTIONAL
12 AMENDMENTS OR VOTER APPROVAL.

13 (II) THE TASK FORCE SHALL CONSIDER WHETHER THERE ARE
14 FEASIBLE SOLUTIONS FOR:

15 (A) MAKING AUDITS OF RETAILERS MORE UNIFORM FOR ALL STATE
16 AND LOCAL TAXING JURISDICTIONS IN THE STATE;

17 (B) THE UTILIZATION OF A SINGLE SALES AND USE TAX RETURN
18 FOR STATE AND LOCAL TAXING JURISDICTIONS AS A PART OF THE SALES
19 AND USE TAX SIMPLIFICATION SYSTEM DESCRIBED IN SENATE BILL 19-006,
20 ENACTED IN 2019;

21 (C) STREAMLINING THE REQUIREMENTS FOR STATE AND LOCAL
22 SALES TAX LICENSES, USE TAX LICENSES, AND BUSINESS LICENSES USED
23 FOR PURPOSES OF COLLECTING SALES AND USE TAXES;

1 (D) MAKING UNIFORM AND POSSIBLY INCREASING THE FILING
2 THRESHOLD AMOUNT FOR MONTHLY SALES TAX FILINGS BETWEEN THE
3 STATE AND LOCAL GOVERNMENTS, INCLUDING HOME RULE
4 MUNICIPALITIES;

5 (E) SIMPLIFYING USE TAXES LEVIED BY THE STATE AND LOCAL
6 GOVERNMENTS, INCLUDING HOME RULE MUNICIPALITIES;

7 (F) SIMPLIFYING THE PROCESS BY WHICH STATE AND LOCAL SALES
8 AND USE TAXES ARE COLLECTED FOR THE PURCHASE OF A MOTOR VEHICLE;

9 (G) SIMPLIFYING THE ISSUANCE OF LOCAL BUILDING PERMITS AND
10 THE LEVYING OF USE TAX ON BUILDING MATERIALS AND ON MOBILE AND
11 SMALL MOBILE CONSTRUCTION EQUIPMENT;

12 (H) SIMPLIFYING THE PROCESS TO CLAIM AND ADMINISTER THE
13 VARIOUS STATE SALES AND USE TAX EXEMPTIONS; AND

14 (I) SIMPLIFYING THE SALES TAX COLLECTION AND REMITTANCE
15 REQUIREMENTS FOR NONPROFIT ORGANIZATIONS.

16 (III) THE TASK FORCE SHALL:

17 (A) SEEK REGULAR UPDATES FROM THE OFFICE OF INFORMATION
18 TECHNOLOGY AND THE DEPARTMENT OF REVENUE REGARDING THE
19 DEVELOPMENT OF THE ELECTRONIC SALES AND USE TAX SIMPLIFICATION
20 SYSTEM DESCRIBED IN SENATE BILL 19-006, ENACTED IN 2019;

21 (B) ONCE THE ELECTRONIC SALES AND USE TAX SIMPLIFICATION
22 SYSTEM DESCRIBED IN SENATE BILL 19-006, ENACTED IN 2019, IS ONLINE,
23 MONITOR AND ENCOURAGE PARTICIPATION BY BUSINESSES AND HOME
24 RULE MUNICIPALITIES;

25 (C) SEEK REGULAR UPDATES FROM THE OFFICE OF INFORMATION
26 TECHNOLOGY AND THE DEPARTMENT OF REVENUE REGARDING THE
27 PURCHASE AND DEVELOPMENT OF A GEOGRAPHIC INFORMATION SYSTEM

1 (GIS) DATABASE TO MAINTAIN JURISDICTIONAL BOUNDARIES OF SALES
2 TAX DISTRICTS AND TO CALCULATE APPROPRIATE SALES AND USE TAX
3 RATES FOR INDIVIDUAL ADDRESSES FOR WHICH THE DEPARTMENT OF
4 REVENUE RECEIVED AN APPROPRIATION IN SENATE BILL 19-006, ENACTED
5 IN 2019;

6 (D) REVIEW THE WAY IN WHICH SPECIAL DISTRICTS AND SPECIALLY
7 ASSESSED SALES TAXES ADD TO THE COMPLEXITY OF THE STATE'S SALES
8 AND USE TAX STRUCTURE, INCLUDING, AT MINIMUM, THE REGIONAL
9 TRANSPORTATION DISTRICT, THE SCIENTIFIC AND CULTURAL FACILITIES
10 DISTRICT, ANY LOCAL IMPROVEMENT DISTRICTS, ANY REGIONAL
11 TRANSPORTATION AUTHORITY, ANY MULTI-JURISDICTIONAL HOUSING
12 AUTHORITY, AND ANY HEALTH SERVICES DISTRICT, AND ANY MASS
13 TRANSPORTATION SYSTEM TAX, PUBLIC SAFETY IMPROVEMENT TAX,
14 METROPOLITAN DISTRICT TAX, LOCAL MARKETING DISTRICT TAX, AND
15 COUNTY LODGING DISTRICT TAX;

16 (E) REVIEW AND COMPARE THE STATE'S SALES AND USE TAX
17 DEFINITIONS WITH THE STANDARD SALES TAX DEFINITIONS DEVELOPED
18 AND ADOPTED BY LOCAL TAXING JURISDICTIONS PURSUANT TO SENATE
19 JOINT RESOLUTION 14-038, ENACTED IN 2014, TO DETERMINE IF ANY
20 SIMPLIFICATION MIGHT BE ACHIEVED BETWEEN THE TWO SETS OF
21 DEFINITIONS;

22 (F) EXAMINE THE EFFECTS OF THE CHANGES TO THE VENDOR FEE
23 IMPLEMENTED PURSUANT TO HOUSE BILL 19-1245, ENACTED IN 2019;

24 (G) REVIEW ANY EVALUATIONS OF SALES AND USE TAX
25 EXPENDITURES PREPARED BY THE OFFICE OF THE STATE AUDITOR THAT
26 ARE COMPLETED PURSUANT TO SECTION 39-21-305, UNLESS A TAX
27 COMMISSION, LEGISLATIVE INTERIM STUDY COMMITTEE, OR OTHER TYPE

1 OF LEGISLATIVE COMMITTEE, TASK FORCE, OR STUDY GROUP IS FORMED TO
2 REVIEW SUCH EVALUATIONS. IF A TAX COMMISSION, LEGISLATIVE INTERIM
3 STUDY COMMITTEE, OR OTHER TYPE OF LEGISLATIVE COMMITTEE, TASK
4 FORCE, OR STUDY GROUP IS FORMED TO REVIEW SUCH EVALUATIONS, THE
5 TASK FORCE SHALL SEEK REGULAR UPDATES FROM SUCH COMMISSION OR
6 COMMITTEE REGARDING ANY DECISIONS THAT SUCH COMMISSION OR
7 COMMITTEE MIGHT MAKE RELATED TO ANY SALES OR USE TAX
8 EXPENDITURE EVALUATED BY THE OFFICE OF THE STATE AUDITOR.

9 (H) EXPLORE OPTIONS FOR ELIMINATING A DEPARTMENT OF
10 REVENUE REQUIREMENT FOR TAXPAYERS TO USE BRANCH ID REPORTING;

11 (I) DETERMINE WHETHER THE STATE SHOULD ADOPT A SALES TAX
12 EXEMPTION FOR AN ISOLATED OR OCCASIONAL SALE OF A BUSINESS IN AN
13 ASSET SALE;

14 (J) REGULARLY REVIEW THE BUSINESS IMPACT OF THE
15 DESTINATION SOURCING RULES SET FORTH IN SECTION 39-26-104 (3),
16 INCLUDING THE THRESHOLDS THAT TRIGGER THE REQUIREMENT FOR
17 DESTINATION SOURCING; AND

18 (K) ANALYZE OR REVIEW ANY OTHER RELEVANT TOPIC RELATED
19 TO THE SIMPLIFICATION OF SALES AND USE TAX ADMINISTRATION IN THE
20 STATE.

21 (2.5) ALL APPOINTMENTS DESCRIBED IN SUBSECTION (2) OF THIS
22 SECTION MUST BE MADE NO LATER THAN JUNE 5, 2020, AND EACH JUNE 5
23 THEREAFTER. MEMBERS OF THE TASK FORCE SERVE AT THE PLEASURE OF
24 THE APPLICABLE APPOINTING AUTHORITY OR UNTIL THE MEMBER NO
25 LONGER SERVES IN THE POSITION FOR WHICH HE OR SHE WAS APPOINTED
26 TO THE TASK FORCE, AT WHICH TIME A VACANCY IS DEEMED TO EXIST ON
27 THE TASK FORCE. IF A VACANCY ARISES ON THE TASK FORCE, THE

1 APPROPRIATE APPOINTING AUTHORITY SHALL APPOINT A REPLACEMENT
2 MEMBER THAT MEETS THE REQUIREMENTS SET FORTH IN SUBSECTION (2)
3 OF THIS SECTION FOR THE VACANT POSITION.

4 (3) The task force shall meet at least eight times, with the first
5 meeting occurring no later than ~~July 12, 2017~~ JULY 17, 2020. Task force
6 meetings shall be open to the public and the task force shall solicit the
7 testimony of the members of the public.

8 **SECTION 2.** In Colorado Revised Statutes, **amend** 39-26-804 as
9 follows:

10 **39-26-804. Repeal of task force.** This part 8 is repealed, effective
11 ~~July 1, 2020. Before its repeal, this part 8 is scheduled for review in~~
12 ~~accordance with section 2-3-1201~~ JULY 1, 2025.

13 **SECTION 3.** In Colorado Revised Statutes, 2-3-1203, **repeal**
14 (10)(a)(III) as follows:

15 **2-3-1203. Sunset review of advisory committees - legislative**
16 **declaration - definition - repeal.** (10) (a) The following statutory
17 authorizations for the designated advisory committees will repeal on July
18 1, 2020:

19 (III) ~~The sales and use tax simplification task force created in~~
20 ~~section 39-26-802.~~

21 **SECTION 4. Safety clause.** The general assembly hereby finds,
22 determines, and declares that this act is necessary for the immediate
23 preservation of the public peace, health, or safety.