

Second Regular Session  
Seventy-second General Assembly  
STATE OF COLORADO

**REENGROSSED**

*This Version Includes All Amendments  
Adopted in the House of Introduction*

LLS NO. 20-0319.01 Esther van Mourik x4215

**HOUSE BILL 20-1022**

**HOUSE SPONSORSHIP**

**Kraft-Tharp and Van Winkle**, Arndt, Bird, Bockenfeld, Champion, Cutter, Esgar, Exum, Hooton, Humphrey, Kennedy, Kipp, Landgraf, McKean, Michaelson Jenet, Mullica, Sandridge, Snyder, Titone

**SENATE SPONSORSHIP**

**Williams A. and Tate,**

**House Committees**

Business Affairs & Labor  
Appropriations

**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, 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, AND MAKING AN**  
107 **APPROPRIATION.**

**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/>.)*

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.

HOUSE  
3rd Reading Unamended  
February 27, 2020

HOUSE  
Amended 2nd Reading  
February 21, 2020

**Sales and Use Tax Simplification Task Force.** The bill continues 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.

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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

1 FOR PURPOSES OF COLLECTING SALES AND USE TAXES;

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

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

8 (F) STREAMLINING AND POSSIBLY MAKING UNIFORM THE STATE  
9 AND LOCAL SALES TAX EXEMPTIONS FOR MEDICAL DEVICES, INCLUDING  
10 REVIEWING BEST PRACTICES AMONG STATES IN THIS AREA;

11 (G) SIMPLIFYING THE PROCESS BY WHICH STATE AND LOCAL SALES  
12 AND USE TAXES ARE COLLECTED FOR THE PURCHASE OF A MOTOR VEHICLE;

13 (H) SIMPLIFYING THE ISSUANCE OF LOCAL BUILDING PERMITS AND  
14 THE LEVYING OF USE TAX ON BUILDING MATERIALS AND ON MOBILE AND  
15 SMALL MOBILE CONSTRUCTION EQUIPMENT;

16 (I) SIMPLIFYING THE PROCESS TO CLAIM AND ADMINISTER THE  
17 VARIOUS STATE SALES AND USE TAX EXEMPTIONS; AND

18 (J) SIMPLIFYING THE SALES TAX COLLECTION AND REMITTANCE  
19 REQUIREMENTS FOR NONPROFIT ORGANIZATIONS.

20 (III) THE TASK FORCE SHALL:

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

25 (B) ONCE THE ELECTRONIC SALES AND USE TAX SIMPLIFICATION  
26 SYSTEM DESCRIBED IN SENATE BILL 19-006, ENACTED IN 2019, IS ONLINE,  
27 MONITOR AND ENCOURAGE PARTICIPATION BY BUSINESSES AND HOME

1 RULE MUNICIPALITIES;

2 (C) SEEK REGULAR UPDATES FROM THE OFFICE OF INFORMATION  
3 TECHNOLOGY AND THE DEPARTMENT OF REVENUE REGARDING THE  
4 PURCHASE AND DEVELOPMENT OF A GEOGRAPHIC INFORMATION SYSTEM  
5 (GIS) DATABASE TO MAINTAIN JURISDICTIONAL BOUNDARIES OF SALES  
6 TAX DISTRICTS AND TO CALCULATE APPROPRIATE SALES AND USE TAX  
7 RATES FOR INDIVIDUAL ADDRESSES FOR WHICH THE DEPARTMENT OF  
8 REVENUE RECEIVED AN APPROPRIATION IN SENATE BILL 19-006, ENACTED  
9 IN 2019;

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

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

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

1           (G) REVIEW ANY EVALUATIONS OF SALES AND USE TAX  
2 EXPENDITURES PREPARED BY THE OFFICE OF THE STATE AUDITOR THAT  
3 ARE COMPLETED PURSUANT TO SECTION 39-21-305, UNLESS A TAX  
4 COMMISSION, LEGISLATIVE INTERIM STUDY COMMITTEE, OR OTHER TYPE  
5 OF LEGISLATIVE COMMITTEE, TASK FORCE, OR STUDY GROUP IS FORMED TO  
6 REVIEW SUCH EVALUATIONS. IF A TAX COMMISSION, LEGISLATIVE INTERIM  
7 STUDY COMMITTEE, OR OTHER TYPE OF LEGISLATIVE COMMITTEE, TASK  
8 FORCE, OR STUDY GROUP IS FORMED TO REVIEW SUCH EVALUATIONS, THE  
9 TASK FORCE SHALL SEEK REGULAR UPDATES FROM SUCH COMMISSION OR  
10 COMMITTEE REGARDING ANY DECISIONS THAT SUCH COMMISSION OR  
11 COMMITTEE MIGHT MAKE RELATED TO ANY SALES OR USE TAX  
12 EXPENDITURE EVALUATED BY THE OFFICE OF THE STATE AUDITOR.

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

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

18           (J) REGULARLY REVIEW THE BUSINESS IMPACT OF THE  
19 DESTINATION SOURCING RULES SET FORTH IN SECTION 39-26-104 (3),  
20 INCLUDING THE THRESHOLDS THAT TRIGGER THE REQUIREMENT FOR  
21 DESTINATION SOURCING; AND

22           (K) ANALYZE OR REVIEW ANY OTHER RELEVANT TOPIC RELATED  
23 TO THE SIMPLIFICATION OF SALES AND USE TAX ADMINISTRATION IN THE  
24 STATE.

25           (2.5) ALL APPOINTMENTS DESCRIBED IN SUBSECTION (2) OF THIS  
26 SECTION MUST BE MADE NO LATER THAN JUNE 5, 2020, AND EACH JUNE 5  
27 THEREAFTER. MEMBERS OF THE TASK FORCE SERVE AT THE PLEASURE OF

1 THE APPLICABLE APPOINTING AUTHORITY OR UNTIL THE MEMBER NO  
2 LONGER SERVES IN THE POSITION FOR WHICH HE OR SHE WAS APPOINTED  
3 TO THE TASK FORCE, AT WHICH TIME A VACANCY IS DEEMED TO EXIST ON  
4 THE TASK FORCE. IF A VACANCY ARISES ON THE TASK FORCE, THE  
5 APPROPRIATE APPOINTING AUTHORITY SHALL APPOINT A REPLACEMENT  
6 MEMBER THAT MEETS THE REQUIREMENTS SET FORTH IN SUBSECTION (2)  
7 OF THIS SECTION FOR THE VACANT POSITION.

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

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

14 **39-26-804. Repeal of task force.** This part 8 is repealed, effective  
15 July 1, 2020. ~~Before its repeal, this part 8 is scheduled for review in~~  
16 ~~accordance with section 2-3-1201~~ JULY 1, 2025.

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

19 **2-3-1203. Sunset review of advisory committees - legislative**  
20 **declaration - definition - repeal.** (10) (a) The following statutory  
21 authorizations for the designated advisory committees will repeal on July  
22 1, 2020:

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

25 **SECTION 4. Appropriation.** (1) For the 2020-21 state fiscal  
26 year, \$34,836 is appropriated to the legislative department. This  
27 appropriation is from the general fund. To implement this act, the

1 department may use this appropriation as follows:

2 (a) \$22,302 for use by the legislative council, which amount is  
3 based on an assumption that the legislative council will require an  
4 additional 0.3 FTE; and

5 (b) \$12,534 for use by the office of legislative legal services,  
6 which amount is based on an assumption that the office will require an  
7 additional 0.2 FTE.

8 **SECTION 5. Safety clause.** The general assembly hereby finds,  
9 determines, and declares that this act is necessary for the immediate  
10 preservation of the public peace, health, or safety.