



Legislative  
Council Staff

*Nonpartisan Services for Colorado's Legislature*

**FISCAL NOTE**

<b>Drafting Number:</b>	LLS 20-0319	<b>Date:</b>	January 15, 2020
<b>Prime Sponsors:</b>	Rep. Kraft-Tharp; Van Winkle Sen. Williams A.; Tate	<b>Bill Status:</b>	House Business
		<b>Fiscal</b>	Matt Bishop   303-866-4796
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**Bill Topic:**                   **SALES AND USE TAX SIMPLIFICATION TASK FORCE**

**Summary of Fiscal Impact:**

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

The bill continues the Sales and Use Tax Simplification Task Force for five years. The bill increases state expenditures and potentially state revenue through FY 2024-25.

**Appropriation Summary:** For FY 2020-21, the bill requires an appropriation of \$34,748 to the Legislative Department.

**Fiscal Note Status:** The fiscal note reflects the introduced bill recommended by the Sales and Use Tax Simplification Task Force.

**Table 1  
State Fiscal Impacts Under HB 20-1022**

		FY 2020-21	FY 2021-22
<b>Revenue</b>		-	-
<b>Expenditures</b>	General Fund	\$34,748	\$37,572
	Centrally Appropriated	\$7,539	\$7,794
	<b>Total</b>	<b>\$42,287</b>	<b>\$45,366</b>
	<b>Total FTE</b>	<b>0.5 FTE</b>	<b>0.5 FTE</b>
<b>Transfers</b>		-	-
<b>TABOR Refund</b>		-	-

## Summary of Legislation

The Sales and Use Tax Simplification Task Force was created by House Bill 17-1612 to study the necessary components of a simplified sales and use tax system for state and local governments. Under current law, the task force is repealed on July 1, 2020.

This bill continues the task force until July 1, 2025, and eliminates a requirement that the Department of Regulatory Agencies perform a sunset review of the task force prior to its repeal. The bill makes no changes to the makeup of the task force. Appointments must be made no later than June 5 of each year.

The bill modifies the scope of the task force's duties to include, among other duties, a review of:

- new sales tax collection rules and destination sourcing;
- Senate Bill 19-006, which instructs the Office of Information Technology and the Department of Revenue to develop a electronic sales and use tax simplification system; and
- House Bill 19-1245, which implemented changes to the vendor fee. The vendor fee is an amount that a retailer is permitted to retain for its expenses related to tax collection and remittance.

## State Revenue

The bill potentially increases Legislative Department Cash Fund revenue for FY 2020-21 through FY 2024-25. The task force is authorized to seek gifts, grants, and donations. No gifts, grants, or donations have been identified or received as of writing. Gifts, grants, and donations are exempt from TABOR.

## State Expenditures

The bill increases General Fund expenditures in the Legislative Department by \$42,287 in FY 2020-21, and by \$45,366 in FY 2021-22. Costs continue through FY 2024-25. Costs are listed in Table 2 and explained below.

**Table 2**  
**Expenditures Under HB 20-1022**

	<b>FY 2020-21</b>	<b>FY 2021-22</b>
<b>Legislative Department</b>		
Personal Services - LCS	\$18,538	\$20,223
Personal Services - OLLS	\$12,534	\$13,673
Legislator Per Diem	\$1,772	\$1,772
Legislator Travel	\$1,904	\$1,904
Centrally Appropriated Costs*	\$7,539	\$7,794
FTE – LCS	0.3 FTE	0.3 FTE
FTE – OLLS	0.2 FTE	0.2 FTE
<b>Total Cost</b>	<b>\$42,287</b>	<b>\$45,366</b>
<b>Total FTE</b>	<b>0.4 FTE</b>	<b>0.5 FTE</b>

\* Centrally appropriated costs are not included in the bill's appropriation.

**Assumptions.** Based on the current task force meeting four or five times per year, costs assume four meetings per year at the Capitol through FY 2024-25. The task force is made up of 11 non-legislative members and 4 legislative members. Non-legislative members do not receive compensation or reimbursement.

**Personal services.** Legislative Council Staff requires 0.3 FTE for staff, research, and fiscal note support for the committee. The Office of Legislative Legal Services requires 0.2 FTE for an attorney and a legislative editor to provide research and bill drafting services to the committee. First year costs reflect the General Fund paydate shift.

**Legislative per diem and travel.** The cost for meetings at the Capitol includes legislator per diem and benefits of \$110.73 per member per meeting, and travel reimbursement, which averages \$119 per member per meeting. The total cost is \$3,676 for four legislators to attend four meetings in each of FY 2020-21 and FY 2021-22.

**Department of Revenue.** Workload for the department's representation on the task force and for the department's role in furnishing data related to the task force charge can be accomplished within its existing appropriations.

**Office of Information Technology.** Workload for the office to update the committee as required by the bill can be accomplished within existing departmental appropriations.

**Centrally appropriated costs.** Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are estimated to be \$7,539 in FY 2020-21 and \$7,794 in FY 2021-22. Supplemental payments for legislators are computed at \$9.90 per legislator per meeting.

## Local Government Impact

Local governments who are represented on the task force will continue to have additional workload for their representation on the task force. The bill requires the participation of four municipal representatives appointed pursuant to Colorado Municipal League bylaws. These officials are not reimbursed for their participation.

## Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

## State Appropriations

For FY 2020-21, the bill requires a General Fund appropriation of \$34,748 to the Legislative Department, and an allocation of 0.5 FTE.

**State and Local Government Contacts**

Counties  
Municipalities  
Special Districts

Information Technology  
Legislative Legal Services

Legislative Council Staff  
Revenue