Summary of Legislation

The bill allows small retailers to continue sourcing sales to their business location when collecting and remitting sales and use tax until February 1, 2022.

Background

House Bill 19-1240 codified the Department of Revenue’s destination-sourcing rules for state and local sales tax collection, requiring retailers to collect and remit sales taxes based on where a buyer takes possession of a purchase. The bill allowed small retailers, those with less than $100,000 in annual sales, to source sales to their business location until an online sales tax rate lookup tool developed by the state was available. The bill gave small retailers 90 days after the tool was ready to begin destination sourcing. On April 1, 2021, the Department of Revenue sent a notice to retailers that the tool was ready to use and that all retailers would be required to apply destination-sourcing rules beginning July 1, 2021. This bill extends this deadline to February 1, 2022.
Local Government

The bill could increase or decrease city, county, or special district sales and use tax revenue depending on the business locations of small retailers and source of the sale as determined by the Department of Revenue’s rules. The effect of the shift to destination sourcing on various taxing jurisdictions cannot be determined based on available information.

Effective Date

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

State and Local Government Contacts

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<tr>
<th>Counties Personnel</th>
<th>Information Technology</th>
<th>Municipalities Revenue</th>
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<td>Special Districts</td>
<td>Regional Transportation District</td>
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The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit: leg.colorado.gov/fiscalnotes.