

CHAPTER 336

TAXATION

HOUSE BILL 17-1216

BY REPRESENTATIVE(S) Kraft-Tharp and Sias, Becker J., Bridges, Buckner, Ginal, Gray, Hooton, Kennedy, Lontine, McLachlan, Mitsch Bush, Pabon, Rosenthal, Saine, Singer, Williams D., Duran;
also SENATOR(S) Neville T. and Jahn, Baumgardner, Cooke, Crowder, Gardner, Hill, Kagan, Kefalas, Kerr, Marble, Moreno, Priola, Smallwood, Tate, Grantham.

AN ACT

CONCERNING THE CREATION OF THE SALES AND USE TAX SIMPLIFICATION TASK FORCE, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

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

SECTION 1. In Colorado Revised Statutes, **add** part 8 to article 26 of title 39 as follows:

PART 8
SALES AND USE TAX SIMPLIFICATION TASK FORCE

39-26-801. Legislative declaration. (1) THE GENERAL ASSEMBLY HEREBY FINDS AND DECLARES THAT:

(a) COLORADO HAS A UNIQUE AND COMPLEX STATE AND LOCAL SALES TAX SYSTEM;

(b) HOME RULE JURISDICTIONS HAVE EXERCISED THEIR CONSTITUTIONAL AUTHORITY TO ESTABLISH THEIR OWN SALES AND USE TAX SYSTEMS, INCLUDING THEIR OWN LICENSING REQUIREMENTS, RATES, TAXABLE AND NONTAXABLE ITEMS, AND DEFINITIONS;

(c) THE RESULTING LACK OF UNIFORMITY CAN BE ESPECIALLY CUMBERSOME FOR BUSINESSES OPERATING IN MULTIPLE JURISDICTIONS IN COLORADO; AND

(d) IT IS TIME THAT A GROUP OF KNOWLEDGEABLE CITIZENS COME TOGETHER TO STUDY OPTIONS OF FURTHER SIMPLIFYING OUR TAX SYSTEM.

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

39-26-802. Sales and use tax simplification task force - creation.

(1) (a) NOTWITHSTANDING SECTION 2-3-303.3, THERE IS CREATED THE SALES AND USE TAX SIMPLIFICATION TASK FORCE, REFERRED TO IN THIS PART 8 AS THE "TASK FORCE", WHICH SHALL MEET AS NECESSARY DURING ANY LEGISLATIVE SESSION OR ANY INTERIM BETWEEN LEGISLATIVE SESSIONS TO STUDY THE NECESSARY COMPONENTS OF A SIMPLIFIED SALES AND USE TAX SYSTEM FOR BOTH THE STATE AND LOCAL GOVERNMENTS, INCLUDING HOME RULE MUNICIPALITIES AND COUNTIES.

(b) THE TASK FORCE SHALL STUDY SALES AND USE TAX SIMPLIFICATION BETWEEN THE STATE AND LOCAL GOVERNMENTS, INCLUDING HOME RULE MUNICIPALITIES, TO IDENTIFY OPPORTUNITIES AND CHALLENGES WITHIN EXISTING FISCAL FRAMEWORKS TO ADOPT INNOVATIVE REVENUE-NEUTRAL SOLUTIONS THAT DO NOT REQUIRE CONSTITUTIONAL AMENDMENTS OR VOTER APPROVAL. THE TASK FORCE SHALL CONSIDER THE FEASIBILITY OF:

(I) HAVING A THIRD-PARTY ENTITY RESPONSIBLE FOR STATE OR LOCAL SALES AND USE TAX ADMINISTRATION, RETURN PROCESSING, AND AUDITS;

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

(III) UTILIZATION OF CERTIFIED SOFTWARE FOR SALES AND USE TAX ADMINISTRATION AND COLLECTION OF STATE AND LOCAL SALES AND USE TAX; AND

(IV) UTILIZATION OF A SINGLE SALES AND USE TAX RETURN FOR STATE AND LOCAL TAXING JURISDICTIONS.

(2) THE TASK FORCE CONSISTS OF:

(a) TWO MEMBERS FROM THE HOUSE OF REPRESENTATIVES, ONE APPOINTED BY THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND ONE APPOINTED BY THE MINORITY LEADER OF THE HOUSE OF REPRESENTATIVES;

(b) TWO MEMBERS FROM THE SENATE, ONE APPOINTED BY THE PRESIDENT OF THE SENATE AND ONE APPOINTED BY THE MINORITY LEADER OF THE SENATE;

(c) A REPRESENTATIVE OF THE DEPARTMENT OF REVENUE WHO IS WELL VERSED IN SALES AND USE TAX COLLECTION AND DISTRIBUTION ISSUES AND WHO IS KNOWLEDGEABLE OF THE POLICY STATEMENTS AND RESOLUTIONS REGARDING SALES AND USE TAX COLLECTION AND UNIFORMITY OF THE MULTISTATE TAX COMMISSION, OF WHICH COLORADO IS A MEMBER;

(d) A REPRESENTATIVE OF THE COLORADO MUNICIPAL LEAGUE;

(e) A REPRESENTATIVE OF COLORADO COUNTIES, INCORPORATED;

(f) A MEMBER OF A STATEWIDE ASSOCIATION OF SMALL BUSINESSES THAT IS ADDRESSING THE SIMPLIFICATION OF SALES AND USE TAX COLLECTION, APPOINTED BY THE GOVERNOR;

(g) A MEMBER OF THE STATEWIDE CHAMBER OF COMMERCE, APPOINTED BY THE GOVERNOR;

(h) A STATE AND LOCAL SALES AND USE TAX LAW PRACTITIONER WHO IS NOT EMPLOYED BY A HOME RULE OR STATUTORY CITY OR CITY AND COUNTY, APPOINTED BY THE GOVERNOR;

(i) A MEMBER WITH STATE AND LOCAL SALES AND USE TAX ACCOUNTING EXPERIENCE WHO IS NOT EMPLOYED BY A HOME RULE OR STATUTORY CITY OR CITY AND COUNTY, APPOINTED BY THE GOVERNOR; AND

(j) ONE MANAGER, MAYOR, COUNCIL-PERSON, FINANCE OFFICER, OR TAX ADMINISTRATOR OF A HOME RULE OR STATUTORY CITY OR CITY AND COUNTY, APPOINTED BY THE COLORADO MUNICIPAL LEAGUE FROM EACH OF ITS FOUR POPULATION MEMBERSHIP CATEGORIES, ACCORDING TO ITS BYLAWS.

(3) THE TASK FORCE SHALL MEET AT LEAST EIGHT TIMES, WITH THE FIRST MEETING OCCURRING NO LATER THAN JULY 12, 2017. TASK FORCE MEETINGS SHALL BE OPEN TO THE PUBLIC AND THE TASK FORCE SHALL SOLICIT THE TESTIMONY OF THE MEMBERS OF THE PUBLIC.

(4)(a) THE MEMBERS OF THE TASK FORCE APPOINTED PURSUANT TO SUBSECTIONS (2)(a) AND (2)(b) OF THIS SECTION ARE ENTITLED TO RECEIVE COMPENSATION AND REIMBURSEMENT OF EXPENSES AS PROVIDED IN SECTION 2-2-326.

(b) THE LEGISLATIVE COUNCIL STAFF AND THE OFFICE OF LEGISLATIVE LEGAL SERVICES SHALL BE AVAILABLE TO ASSIST THE TASK FORCE IN CARRYING OUT ITS DUTIES.

(5) NO LATER THAN NOVEMBER 1, 2017, AND NO LATER THAN EACH NOVEMBER 1 THEREAFTER, THE TASK FORCE SHALL MAKE A REPORT TO THE LEGISLATIVE COUNCIL CREATED IN SECTION 2-3-301 THAT MAY OR MAY NOT INCLUDE RECOMMENDATIONS FOR LEGISLATION.

39-26-803. Gifts, grants, or donations. THE TASK FORCE MAY SEEK, ACCEPT, AND EXPEND GIFTS, GRANTS, OR DONATIONS FROM PRIVATE OR PUBLIC SOURCES FOR THE PURPOSES OF THIS PART 8.

39-26-804. Sunset of task force. THIS PART 8 IS REPEALED, EFFECTIVE JULY 1, 2020. BEFORE ITS REPEAL, THIS PART 8 IS SCHEDULED FOR REVIEW IN ACCORDANCE WITH SECTION 2-3-1201.

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

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

(III) THE SALES AND USE TAX SIMPLIFICATION TASK FORCE CREATED IN SECTION 39-26-802.

SECTION 3. Appropriation. (1) For the 2017-18 state fiscal year, \$26,374 is appropriated to the legislative department. This appropriation is from the general fund. To implement this act, the department may use this appropriation as follows:

(a) \$16,879 for the legislative council, which amount is based on an assumption that the council will require an additional 0.3 FTE;

(b) \$6,873 for the committee on legal services, which amount is based on the assumption that the committee will require an additional 0.1 FTE; and

(c) \$2,622 for use by the general assembly for legislative member per diem.

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

Approved: June 5, 2017