

First Regular Session
Seventy-first General Assembly
STATE OF COLORADO

REREVISED

*This Version Includes All Amendments
Adopted in the Second House*

LLS NO. 17-0217.01 Esther van Mourik x4215

HOUSE BILL 17-1216

HOUSE SPONSORSHIP

Kraft-Tharp and Sias,

SENATE SPONSORSHIP

Neville T. and Jahn,

House Committees

Business Affairs and Labor
Appropriations

Senate Committees

Finance
Legislative Council
Appropriations

A BILL FOR AN ACT

101 **CONCERNING THE CREATION OF THE SALES AND USE TAX**
102 **SIMPLIFICATION TASK FORCE, AND, IN CONNECTION THEREWITH,**
103 **MAKING AN 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>.)

The bill creates the sales and use tax simplification task force (task force) made up of legislative members and state and local sales and use tax experts. The bill requires the task force to study sales and use tax simplification between the state and local governments, and in particular between the state and home rule jurisdictions. The task force is:

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

SENATE
3rd Reading Unamended
May 10, 2017

SENATE
2nd Reading Unamended
May 9, 2017

HOUSE
3rd Reading Unamended
April 17, 2017

HOUSE
Amended 2nd Reading
April 13, 2017

- ! Authorized to seek, accept, and expend gifts, grants, or donations from private or public sources in order to meet its goals;
- ! Subject to sunset review in 3 years; and
- ! Required to make an annual report to the legislative council that may or may not include recommendations for legislation.

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

2 **SECTION 1.** In Colorado Revised Statutes, **add** part 8 to article
3 26 of title 39 as follows:

4 **PART 8**

5 **SALES AND USE TAX SIMPLIFICATION TASK FORCE**

6 **39-26-801. Legislative declaration.** (1) THE GENERAL ASSEMBLY
7 HEREBY FINDS AND DECLARES THAT:

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

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

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

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

19 **39-26-802. Sales and use tax simplification task force -**
20 **creation.** (1) (a) NOTWITHSTANDING SECTION 2-3-303.3, THERE IS
21 CREATED THE SALES AND USE TAX SIMPLIFICATION TASK FORCE, REFERRED
22 TO IN THIS PART 8 AS THE "TASK FORCE", WHICH SHALL MEET AS

1 NECESSARY DURING ANY LEGISLATIVE SESSION OR ANY INTERIM BETWEEN
2 LEGISLATIVE SESSIONS TO STUDY THE NECESSARY COMPONENTS OF A
3 SIMPLIFIED SALES AND USE TAX SYSTEM FOR BOTH THE STATE AND LOCAL
4 GOVERNMENTS, INCLUDING HOME RULE MUNICIPALITIES AND COUNTIES.

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

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

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

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

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

22 (2) THE TASK FORCE CONSISTS OF:

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

27 (b) TWO MEMBERS FROM THE SENATE, ONE APPOINTED BY THE

1 PRESIDENT OF THE SENATE AND ONE APPOINTED BY THE MINORITY LEADER
2 OF THE SENATE;

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

9 (d) A REPRESENTATIVE OF THE COLORADO MUNICIPAL LEAGUE;

10 (e) A REPRESENTATIVE OF COLORADO COUNTIES, INCORPORATED;

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

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

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

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

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

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

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

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

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

16 **39-26-803. Gifts, grants, or donations.** THE TASK FORCE MAY
17 SEEK, ACCEPT, AND EXPEND GIFTS, GRANTS, OR DONATIONS FROM PRIVATE
18 OR PUBLIC SOURCES FOR THE PURPOSES OF THIS PART 8.

19 **39-26-804. Sunset of task force.** THIS PART 8 IS REPEALED,
20 EFFECTIVE JULY 1, 2020. BEFORE ITS REPEAL, THIS PART 8 IS SCHEDULED
21 FOR REVIEW IN ACCORDANCE WITH SECTION 2-3-1201.

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

24 **2-3-1203. Sunset review of advisory committees - legislative**
25 **declaration - definition - repeal.** (10) (a) The following statutory
26 authorizations for the designated advisory committees will repeal on July
27 1, 2020:

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

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

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

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

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

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