

**Second Regular Session  
Seventy-second General Assembly  
STATE OF COLORADO**

**PREAMENDED**

*This Unofficial Version Includes Committee  
Amendments Not Yet Adopted on Second Reading*

20-0319.01 Esther van Mourik x4215

**HOUSE BILL 20-1022**

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**HOUSE SPONSORSHIP**

**Kraft-Tharp and Van Winkle,**

**SENATE SPONSORSHIP**

**Williams A. and Tate,**

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**House Committees**

Business Affairs & Labor  
Appropriations

**Senate Committees**

Business, Labor, & Technology  
Appropriations

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**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, AND   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.**

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**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/>.)*

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

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

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 (1)(a), (3), and (5); repeal and reenact, with amendments, (1)(b); and  
4 **add (2.5) as follows:**

5           **39-26-802. Sales and use tax simplification task force -**  
6 **creation - definition.** (1) (a) (I) Notwithstanding section 2-3-303.3,  
7 there is created the sales and use tax simplification task force, referred to  
8 in this part 8 as the "task force". ~~which~~ THE TASK FORCE shall meet as  
9 necessary during any legislative session or any interim between legislative  
10 sessions to study the necessary components of a simplified sales and use  
11 tax system for both the state and local governments, including home rule  
12 municipalities and counties.

13           (II) (A) NOTWITHSTANDING SUBSECTION (1)(a)(I) OF THIS  
14 SECTION, THE TASK FORCE SHALL NOT MEET DURING THE 2020 INTERIM.

15           (B) THIS SUBSECTION (1)(a)(II) IS REPEALED, EFFECTIVE JULY 1,  
16 2021.

17           (b) (I) THE TASK FORCE SHALL STUDY SALES AND USE TAX  
18 SIMPLIFICATION BETWEEN THE STATE AND LOCAL GOVERNMENTS,  
19 INCLUDING HOME RULE MUNICIPALITIES, TO IDENTIFY OPPORTUNITIES AND  
20 CHALLENGES WITHIN EXISTING FISCAL FRAMEWORKS TO ADOPT "FEASIBLE  
21 SOLUTIONS", WHICH ARE SOLUTIONS THAT ARE PRACTICAL,  
22 REVENUE-NEUTRAL, AND DO NOT REQUIRE CONSTITUTIONAL AMENDMENTS  
23 OR VOTER APPROVAL.

1 (II) THE TASK FORCE SHALL CONSIDER WHETHER THERE ARE  
2 FEASIBLE SOLUTIONS FOR:

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

5 (B) THE UTILIZATION OF A SINGLE SALES AND USE TAX RETURN  
6 FOR STATE AND LOCAL TAXING JURISDICTIONS AS A PART OF THE SALES  
7 AND USE TAX SIMPLIFICATION SYSTEM DESCRIBED IN SENATE BILL 19-006,  
8 ENACTED IN 2019;

9 (C) STREAMLINING THE REQUIREMENTS FOR STATE AND LOCAL  
10 SALES TAX LICENSES, USE TAX LICENSES, AND BUSINESS LICENSES USED  
11 FOR PURPOSES OF COLLECTING SALES AND USE TAXES;

12 (D) MAKING UNIFORM AND POSSIBLY INCREASING THE FILING  
13 THRESHOLD AMOUNT FOR MONTHLY SALES TAX FILINGS BETWEEN THE  
14 STATE AND LOCAL GOVERNMENTS, INCLUDING HOME RULE  
15 MUNICIPALITIES;

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

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

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

23 (H) SIMPLIFYING THE ISSUANCE OF LOCAL BUILDING PERMITS AND  
24 THE LEVYING OF USE TAX ON BUILDING MATERIALS AND ON MOBILE AND  
25 SMALL MOBILE CONSTRUCTION EQUIPMENT;

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

1           (J) SIMPLIFYING THE SALES TAX COLLECTION AND REMITTANCE  
2 REQUIREMENTS FOR NONPROFIT ORGANIZATIONS.

3           (III) THE TASK FORCE SHALL:

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

8           (B) ONCE THE ELECTRONIC SALES AND USE TAX SIMPLIFICATION  
9 SYSTEM DESCRIBED IN SENATE BILL 19-006, ENACTED IN 2019, IS ONLINE,  
10 MONITOR AND ENCOURAGE PARTICIPATION BY BUSINESSES AND HOME  
11 RULE MUNICIPALITIES;

12           (C) SEEK REGULAR UPDATES FROM THE OFFICE OF INFORMATION  
13 TECHNOLOGY AND THE DEPARTMENT OF REVENUE REGARDING THE  
14 PURCHASE AND DEVELOPMENT OF A GEOGRAPHIC INFORMATION SYSTEM  
15 (GIS) DATABASE TO MAINTAIN JURISDICTIONAL BOUNDARIES OF SALES  
16 TAX DISTRICTS AND TO CALCULATE APPROPRIATE SALES AND USE TAX  
17 RATES FOR INDIVIDUAL ADDRESSES FOR WHICH THE DEPARTMENT OF  
18 REVENUE RECEIVED AN APPROPRIATION IN SENATE BILL 19-006, ENACTED  
19 IN 2019;

20           (D) REVIEW THE WAY IN WHICH SPECIAL DISTRICTS AND SPECIALLY  
21 ASSESSED SALES TAXES ADD TO THE COMPLEXITY OF THE STATE'S SALES  
22 AND USE TAX STRUCTURE, INCLUDING, AT MINIMUM, THE REGIONAL  
23 TRANSPORTATION DISTRICT, THE SCIENTIFIC AND CULTURAL FACILITIES  
24 DISTRICT, ANY LOCAL IMPROVEMENT DISTRICTS, ANY REGIONAL  
25 TRANSPORTATION AUTHORITY, ANY MULTI-JURISDICTIONAL HOUSING  
26 AUTHORITY, AND ANY HEALTH SERVICES DISTRICT, AND ANY MASS  
27 TRANSPORTATION SYSTEM TAX, PUBLIC SAFETY IMPROVEMENT TAX,

1 METROPOLITAN DISTRICT TAX, LOCAL MARKETING DISTRICT TAX, AND  
2 COUNTY LODGING DISTRICT TAX;

3 (E) REVIEW AND COMPARE THE STATE'S SALES AND USE TAX  
4 DEFINITIONS WITH THE STANDARD SALES TAX DEFINITIONS DEVELOPED  
5 AND ADOPTED BY LOCAL TAXING JURISDICTIONS PURSUANT TO SENATE  
6 JOINT RESOLUTION 14-038, ENACTED IN 2014, TO DETERMINE IF ANY  
7 SIMPLIFICATION MIGHT BE ACHIEVED BETWEEN THE TWO SETS OF  
8 DEFINITIONS;

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

11 (G) REVIEW ANY EVALUATIONS OF SALES AND USE TAX  
12 EXPENDITURES PREPARED BY THE OFFICE OF THE STATE AUDITOR THAT  
13 ARE COMPLETED PURSUANT TO SECTION 39-21-305, UNLESS A TAX  
14 COMMISSION, LEGISLATIVE INTERIM STUDY COMMITTEE, OR OTHER TYPE  
15 OF LEGISLATIVE COMMITTEE, TASK FORCE, OR STUDY GROUP IS FORMED TO  
16 REVIEW SUCH EVALUATIONS. IF A TAX COMMISSION, LEGISLATIVE INTERIM  
17 STUDY COMMITTEE, OR OTHER TYPE OF LEGISLATIVE COMMITTEE, TASK  
18 FORCE, OR STUDY GROUP IS FORMED TO REVIEW SUCH EVALUATIONS, THE  
19 TASK FORCE SHALL SEEK REGULAR UPDATES FROM SUCH COMMISSION OR  
20 COMMITTEE REGARDING ANY DECISIONS THAT SUCH COMMISSION OR  
21 COMMITTEE MIGHT MAKE RELATED TO ANY SALES OR USE TAX  
22 EXPENDITURE EVALUATED BY THE OFFICE OF THE STATE AUDITOR.

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

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

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

5 (K) ANALYZE OR REVIEW ANY OTHER RELEVANT TOPIC RELATED  
6 TO THE SIMPLIFICATION OF SALES AND USE TAX ADMINISTRATION IN THE  
7 STATE.

8 (2.5) (a) ALL APPOINTMENTS DESCRIBED IN SUBSECTION (2) OF  
9 THIS SECTION MUST BE MADE NO LATER THAN JUNE 1, 2021, AND EACH  
10 JUNE 1 THEREAFTER. MEMBERS OF THE TASK FORCE SERVE AT THE  
11 PLEASURE OF THE APPLICABLE APPOINTING AUTHORITY OR UNTIL THE  
12 MEMBER NO LONGER SERVES IN THE POSITION FOR WHICH HE OR SHE WAS  
13 APPOINTED TO THE TASK FORCE, AT WHICH TIME A VACANCY IS DEEMED TO  
14 EXIST ON THE TASK FORCE. IF A VACANCY ARISES ON THE TASK FORCE, THE  
15 APPROPRIATE APPOINTING AUTHORITY SHALL APPOINT A REPLACEMENT  
16 MEMBER THAT MEETS THE REQUIREMENTS SET FORTH IN SUBSECTION (2)  
17 OF THIS SECTION FOR THE VACANT POSITION.

18 (b) STARTING IN 2021, THE TASK FORCE SHALL ELECT A CHAIR AND  
19 A VICE-CHAIR AT THE FIRST MEETING HELD ON OR BEFORE JULY 16, 2021.  
20 THE CHAIR AND VICE-CHAIR APPOINTMENTS MUST ALTERNATE BETWEEN  
21 A MEMBER FROM THE HOUSE OF REPRESENTATIVES AND A MEMBER FROM  
22 THE SENATE WITH THE FIRST CHAIR BEING FROM THE SENATE AND THE  
23 FIRST VICE-CHAIR BEING FROM THE HOUSE OF REPRESENTATIVES. THE  
24 PERSON SERVING AS CHAIR, OR A MEMBER OF THE SAME HOUSE IF SUCH  
25 PERSON IS NO LONGER A MEMBER THEREOF, SHALL SERVE AS VICE-CHAIR  
26 DURING THE NEXT LEGISLATIVE SESSION, AND THE PERSON SERVING AS  
27 VICE-CHAIR, OR A MEMBER OF THE SAME HOUSE IF SUCH PERSON IS NO

1 LONGER A MEMBER THEREOF, SHALL SERVE AS CHAIR DURING THE NEXT  
2 LEGISLATIVE SESSION.

3 (3) STARTING IN 2021, the task force shall meet at least eight  
4 times, with the first meeting occurring no later than ~~July 12, 2017~~ JULY  
5 16, 2021. Task force meetings shall be open to the public and the task  
6 force shall solicit the testimony of the members of the public.

7 (5) No later than November 1, 2017 NOVEMBER 1, 2021, and no  
8 later than each November 1 thereafter, the task force shall make a report  
9 to the legislative council created in section 2-3-301 that may or may not  
10 include recommendations for legislation.

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

13 **39-26-804. Repeal of task force.** This part 8 is repealed, effective  
14 July 1, 2020. ~~Before its repeal, this part 8 is scheduled for review in~~  
15 ~~accordance with section 2-3-1201~~ JULY 1, 2026.

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

18 **2-3-1203. Sunset review of advisory committees - legislative**  
19 **declaration - definition - repeal.** (10) (a) The following statutory  
20 authorizations for the designated advisory committees will repeal on July  
21 1, 2020:

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

24 **SECTION 4.** In Colorado Revised Statutes, 2-3-1704, **add** (12)  
25 as follows:

26 **2-3-1704. Powers and duties of the joint technology committee.**  
27 **(12) BETWEEN ADJOURNMENT SINE DIE OF THE SECOND REGULAR SESSION**

1 OF THE SEVENTY-SECOND GENERAL ASSEMBLY AND THE FIRST MEETING IN  
2 2021 OF THE SALES AND USE TAX SIMPLIFICATION TASK FORCE CREATED  
3 IN SECTION 39-26-802, THE COMMITTEE SHALL:

4 (a) SEEK REGULAR UPDATES FROM THE OFFICE OF INFORMATION  
5 TECHNOLOGY AND THE DEPARTMENT OF REVENUE REGARDING THE  
6 DEVELOPMENT OF THE ELECTRONIC SALES AND USE TAX SIMPLIFICATION  
7 SYSTEM DESCRIBED IN SENATE BILL 19-006, ENACTED IN 2019;

8 (b) ONCE THE ELECTRONIC SALES AND USE TAX SIMPLIFICATION  
9 SYSTEM DESCRIBED IN SENATE BILL 19-006, ENACTED IN 2019, IS ONLINE,  
10 MONITOR AND ENCOURAGE PARTICIPATION BY BUSINESSES AND HOME  
11 RULE MUNICIPALITIES; AND

12 (c) SEEK REGULAR UPDATES FROM THE OFFICE OF INFORMATION  
13 TECHNOLOGY AND THE DEPARTMENT OF REVENUE REGARDING THE  
14 PURCHASE AND DEVELOPMENT OF A GEOGRAPHIC INFORMATION SYSTEM  
15 (GIS) DATABASE TO MAINTAIN JURISDICTIONAL BOUNDARIES OF SALES  
16 TAX DISTRICTS AND TO CALCULATE APPROPRIATE SALES AND USE TAX  
17 RATES FOR INDIVIDUAL ADDRESSES FOR WHICH THE DEPARTMENT OF  
18 REVENUE RECEIVED AN APPROPRIATION IN SENATE BILL 19-006, ENACTED  
19 IN 2019. ==

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