

Second Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 24-0378.01 Alison Killen x4350

HOUSE BILL 24-1041

HOUSE SPONSORSHIP

Kipp and Taggart,

SENATE SPONSORSHIP

Bridges and Van Winkle,

House Committees
Finance

Senate Committees

A BILL FOR AN ACT

101 CONCERNING THE STREAMLINING OF PROCESSES FOR FILING SALES
102 AND USE TAX RETURNS.

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. Under current law, the executive director of the department of revenue is authorized to permit taxpayers whose monthly tax collected is less than \$300 to make returns and pay taxes at quarterly intervals. The bill increases that threshold to \$600 for returns that must be filed on and after January 1, 2025.

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words or numbers indicate deletions from existing law.

The bill also imposes thresholds that home rule cities, towns, and city and counties that collect their own sales and use taxes and do not use the electronic sales and use tax simplification system administered by the department of revenue (SUTS) must adhere to in allowing taxpayers to make returns and pay sales and use taxes. On and after January 1, 2025, a taxpayer must be permitted to make returns and pay sales and use taxes as follows:

- Once a year if the taxpayer annually collects less than \$2,000;
- Quarterly if the taxpayer annually collects between \$2,000 and \$25,000; and
- Monthly if the taxpayer annually collects more than \$25,000.

Additionally, the bill requires all local taxing jurisdictions to begin using SUTS by July 1, 2025. Local taxing jurisdictions that do not begin using SUTS by July 1, 2025, will be precluded from participating in the streamlined process for collecting sales and use tax from retailers that have a state standard retail license and either do not have a physical presence within the local taxing jurisdiction or have only incidental presence.

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

2 **SECTION 1.** In Colorado Revised Statutes, 29-2-106, **amend** (8)
3 as follows:

4 **29-2-106. Collection - administration - enforcement.**

5 (8) **Uniform collection procedures.** (a) Each home rule city, town, and
6 city and county shall follow, and conform its ordinances where necessary
7 to, the statute of limitations applicable to the enforcement of state sales
8 and use tax collections, the statute of limitations applicable to refunds of
9 state sales and use taxes, the amount of penalties and interest payable on
10 delinquent remittances of state sales and use taxes, and the posting of
11 bonds pursuant to section 39-21-1050. ~~C.R.S.~~

12 (b) ON AND AFTER JANUARY 1, 2025, A HOME RULE CITY, TOWN,
13 AND CITY AND COUNTY THAT COLLECTS ITS OWN SALES AND USE TAX AND
14 DOES NOT USE THE ELECTRONIC SALES AND USE TAX SIMPLIFICATION

1 SYSTEM CREATED IN SECTION 39-26-802.7 SHALL PERMIT TAXPAYERS TO
2 MAKE RETURNS AND PAY TAXES AS FOLLOWS:

3 (I) TAXPAYERS THAT ANNUALLY COLLECT LESS THAN TWO
4 THOUSAND DOLLARS IN TAX MUST MAKE RETURNS AND PAY TAXES AT
5 INTERVALS NOT GREATER THAN ONCE EVERY YEAR;

6 (II) TAXPAYERS THAT ANNUALLY COLLECT AT LEAST TWO
7 THOUSAND DOLLARS IN TAX BUT NO MORE THAN TWENTY-FIVE THOUSAND
8 DOLLARS IN TAX MUST MAKE RETURNS AND PAY TAXES AT INTERVALS NOT
9 GREATER THAN ONCE EVERY THREE MONTHS; AND

10 (III) TAXPAYERS THAT ANNUALLY COLLECT MORE THAN
11 TWENTY-FIVE THOUSAND DOLLARS IN TAX MUST MAKE RETURNS AND PAY
12 TAXES AT INTERVALS ON A CALENDAR-MONTH BASIS.

13 **SECTION 2.** In Colorado Revised Statutes, **amend** 39-26-109 as
14 follows:

15 **39-26-109. Reports of vendor.** If the accounting methods
16 regularly employed by the vendor in the transaction of ~~his~~ THE VENDOR'S
17 business, or other conditions, are such that reports of sales made on a
18 calendar-month basis will impose unnecessary hardship, the executive
19 director of the department of revenue, upon written request of the vendor,
20 may accept reports at such intervals as will in ~~his~~ THE EXECUTIVE
21 DIRECTOR'S opinion better suit the convenience of the taxpayer and will
22 not jeopardize the collection of the tax AS FOLLOWS:

23 (a) FOR RETURNS THAT MUST BE FILED BEFORE JANUARY 1, 2025,
24 the executive director may by rule permit taxpayers whose monthly tax
25 collected is less than three hundred dollars to make returns and pay taxes
26 at intervals not greater than every three months; AND

27 (b) FOR RETURNS THAT MUST BE FILED ON AND AFTER JANUARY 1,

1 2025, THE EXECUTIVE DIRECTOR MAY BY RULE PERMIT TAXPAYERS WHOSE
2 MONTHLY TAX COLLECTED IS LESS THAN SIX HUNDRED DOLLARS TO MAKE
3 RETURNS AND PAY TAXES AT INTERVALS NOT GREATER THAN EVERY
4 THREE MONTHS.

5 **SECTION 3.** In Colorado Revised Statutes, 39-26-801, **add** (2)
6 as follows:

7 **39-26-801. Legislative declaration.** (2) THE GENERAL ASSEMBLY
8 FURTHER FINDS AND DECLARES THAT:

9 (a) IN 2019, AFTER CAREFUL CONSIDERATION OF THE FINDINGS AND
10 RECOMMENDATIONS OF THE SALES AND USE TAX SIMPLIFICATION TASK
11 FORCE, CREATED IN SECTION 39-26-802 (1)(a)(I), THE GENERAL ASSEMBLY
12 AUTHORIZED THE DEPLOYMENT OF THE ELECTRONIC SALES AND USE TAX
13 SIMPLIFICATION SYSTEM, COMMONLY KNOWN AS SUTS, PURSUANT TO
14 SECTION 39-26-802.7;

15 (b) SUTS IS A KEY COMPONENT OF THE SIMPLIFIED SALES AND USE
16 TAX SYSTEM ENVISIONED BY THE SALES AND USE TAX SIMPLIFICATION
17 TASK FORCE AND THE GENERAL ASSEMBLY TO BE IMPLEMENTED BY THE
18 DEPARTMENT OF REVENUE. SUTS IS DESIGNED TO SIMPLIFY AND
19 STREAMLINE THE ADMINISTRATION, IMPOSITION, AND COLLECTION OF
20 SALES AND USE TAXES FOR THE STATE, STATE-COLLECTED LOCAL TAXING
21 JURISDICTIONS, AND HOME RULE, SELF-COLLECTING LOCAL TAXING
22 JURISDICTIONS, THEREBY INCREASING ADMINISTRATIVE EFFICIENCY,
23 RETAILER COMPLIANCE, AND TAX REVENUE COLLECTIONS.

24 (c) WHILE THE GENERAL ASSEMBLY DID NOT REQUIRE HOME RULE,
25 SELF-COLLECTING LOCAL TAXING JURISDICTIONS TO IMMEDIATELY BEGIN
26 USING SUTS, THE GENERAL ASSEMBLY EXPRESSLY STATED ITS INTENT
27 THAT ALL HOME RULE LOCAL TAXING JURISDICTIONS WOULD

1 VOLUNTARILY PARTICIPATE IN SUTS NO LATER THAN APRIL 12, 2022;

2 (d) CURRENTLY, SIXTY OF THE SIXTY-EIGHT HOME RULE,
3 SELF-COLLECTING LOCAL TAXING JURISDICTIONS IN THE STATE USE SUTS.
4 ONE ADDITIONAL LOCAL TAXING JURISDICTION HAS SIGNED AN
5 AGREEMENT WITH THE DEPARTMENT OF REVENUE TO BEGIN USING SUTS
6 IN THE NEAR TERM. HOWEVER, SEVEN HOME RULE MUNICIPALITIES ARE
7 NOT PARTICIPATING IN SUTS, INCLUDING ASPEN, CASTLE ROCK, CENTRAL
8 CITY, DELTA, STERLING, TELLURIDE, AND WOODLAND PARK.

9 (e) WITHOUT THE PARTICIPATION OF THESE SEVEN LOCAL TAXING
10 JURISDICTIONS:

11 (I) THE SIMPLIFICATION GOALS AND CONSEQUENTIAL BENEFITS OF
12 SUTS CANNOT BE ACHIEVED; AND

13 (II) BUSINESSES OPERATING IN MULTIPLE JURISDICTIONS IN
14 COLORADO WILL CONTINUE TO BE BURDENED BY THE COMPLEXITY AND
15 LACK OF UNIFORMITY OF THE STATE AND LOCAL SALES TAX SYSTEM,
16 RETAILER COMPLIANCE WILL BE COMPROMISED, ADMINISTRATION OF THE
17 STATE AND LOCAL SALES TAX SYSTEM WILL REMAIN UNNECESSARILY
18 INEFFICIENT, AND REVENUE COLLECTION WILL NOT BE OPTIMIZED.

19 (f) ADDITIONALLY, FAILURE TO PARTICIPATE IN SUTS WILL
20 NECESSARILY PRECLUDE THESE SEVEN LOCAL TAXING JURISDICTIONS FROM
21 PARTICIPATING IN THE STREAMLINED PROCESS FOR LICENSING AND
22 COLLECTING SALES AND USE TAXES FROM RETAILERS THAT HAVE A STATE
23 STANDARD RETAIL LICENSE AND EITHER DO NOT HAVE PHYSICAL PRESENCE
24 IN THE LOCAL TAXING JURISDICTION OR HAVE ONLY INCIDENTAL PHYSICAL
25 PRESENCE IN THE LOCAL TAXING JURISDICTION AS SET FORTH IN SECTION
26 39-26-802.9; AND

27 (g) REQUIRING ALL LOCAL TAXING JURISDICTIONS, INCLUDING

1 THOSE GOVERNED BY A HOME RULE CHARTER, TO BEGIN USING SUTS NO
2 LATER THAN JULY 1, 2025, IS THE NECESSARY NEXT STEP TOWARD THE
3 EFFECTIVE IMPLEMENTATION OF A SIMPLER, MORE BUSINESS-FRIENDLY,
4 AND MORE EFFICIENT SALES AND USE TAX SYSTEM IN THE STATE.

5 **SECTION 4.** In Colorado Revised Statutes, 39-26-802.7, **add**
6 (2)(f) as follows:

7 **39-26-802.7. Electronic sales and use tax simplification system**
8 **- sourcing method - implementation - legislative intent - definitions.**

9 (2) (f) (I) NOTWITHSTANDING ANY PROVISION OF THIS SECTION TO THE
10 CONTRARY, ALL LOCAL TAXING JURISDICTIONS GOVERNED BY A HOME
11 RULE CHARTER SHALL BEGIN USING THE ELECTRONIC SALES AND USE TAX
12 SIMPLIFICATION SYSTEM NO LATER THAN JULY 1, 2025.

13 (II) FAILURE TO COMPLY WITH THE REQUIREMENT SET FORTH IN
14 SUBSECTION (2)(f)(I) OF THIS SECTION PRECLUDES A LOCAL TAXING
15 JURISDICTION FROM PARTICIPATING IN THE STREAMLINED PROCESS FOR
16 COLLECTING SALES AND USE TAXES FROM RETAILERS THAT HAVE A STATE
17 STANDARD RETAIL LICENSE AND EITHER DO NOT HAVE PHYSICAL PRESENCE
18 WITHIN THE LOCAL TAXING JURISDICTION OR HAVE ONLY INCIDENTAL
19 PHYSICAL PRESENCE WITHIN THE LOCAL TAXING JURISDICTION AS SET
20 FORTH IN SECTION 39-26-802.9.

21 **SECTION 5. Act subject to petition - effective date.** This act
22 takes effect at 12:01 a.m. on the day following the expiration of the
23 ninety-day period after final adjournment of the general assembly; except
24 that, if a referendum petition is filed pursuant to section 1 (3) of article V
25 of the state constitution against this act or an item, section, or part of this
26 act within such period, then the act, item, section, or part will not take

1 effect unless approved by the people at the general election to be held in
2 November 2024 and, in such case, will take effect on the date of the
3 official declaration of the vote thereon by the governor.