



## Legislative Council Staff *Nonpartisan Services for Colorado's Legislature*

# Fiscal Note

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<b>Drafting Number:</b>	LLS 24-0382	<b>Date:</b>	January 10, 2024
<b>Prime Sponsors:</b>	Sen. Bridges; Van Winkle Rep. Kipp; Taggart	<b>Bill Status:</b>	Senate Finance
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<b>Bill Topic:</b>	<b>UPDATE LOCAL GOVERNMENT SALES &amp; USE TAX COLLECTION</b>
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<b>Summary of Fiscal Impact:</b>	<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
	<input checked="" type="checkbox"/> State Expenditure	<input checked="" type="checkbox"/> Local Government
	<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill modernizes and revises the state laws that govern state administration of local sales or use taxes. It increases state and local workload on an ongoing basis.

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<b>Appropriation Summary:</b>	No appropriation is required.
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<b>Fiscal Note Status:</b>	The fiscal note reflects the introduced bill, which was recommended by the Sales and Use Tax Simplification Task Force.
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## Summary of Legislation

The Department of Revenue administers local sales or use taxes that are imposed by statutory local governments, and if requested, by home rule jurisdictions (local jurisdictions). The bill modernizes and revises the state laws that govern state administration of local sales or use taxes, including:

- making DOR administration of local sales and use taxes consistent with the administration of the state sales tax;
- specifying procedures for local jurisdictions to notify DOR of any changes to sales or use taxes;
- permitting local jurisdictions to allow retailers to retain a percentage of the amount remitted to cover the retailer's expenses in collecting the fee;

- aligns the dispute resolution process for local sales and use tax administration with state sales tax administration, and establishes procedures for if a local tax collected by the department is erroneously remitted to the wrong taxing entity;
- clarifying that vendors who use the state GIS database to determine the jurisdictions to which taxes are owed are held harmless for any tax or fee liability that would be due as a result of an error in the database;
- requiring local jurisdictions to identify liaisons to coordinate with DOR related to the collection of their sales and use tax;
- repealing a current law provision requiring that if voters reject a county sales and use tax measure, it cannot be submitted again for one year and 350 days; and
- clarifying which sales and use taxes can be administered by DOR.

## State Expenditures

The bill increases workload and costs for the DOR to adjust reporting procedures and modify the SUTS system and GIS databases. The work can be accomplished through current appropriations, as currently planned work on both systems will be able to include the changes required by the bill. Workload will also include communicating with and reporting return information to local taxing jurisdictions. The bill may also minimally increase legal services required for rulemaking, provided by the Department of Law. This workload does not require a change in appropriations.

## Local Government

The bill may increase workload for local taxing entities to modify their procedures to align with the bill's requirements. Any additional workload is expected to be minimal. The bill may also reduce revenue for any local taxing entity that chooses to institute a vendor fee that allows retailers to retain a percent of collections for administrative costs.

## Effective Date

The bill takes effect July 1, 2025, assuming no referendum petition is filed. It applies to any taxable event occurring on or after that date.

## State and Local Government Contacts

Counties	Law	Municipalities
Personnel	Revenue	Special District Association

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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](https://leg.colorado.gov/fiscalnotes).