



**Report to the  
Colorado General Assembly**

**Sales and Use Tax  
Simplification Task Force**

*Prepared by*

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## **Sales and Use Tax Simplification Task Force**

### **Members of the Committee**

Senator Jeff Bridges, Chair  
Representative Kevin Van Winkle, Vice-Chair  
Representative Cathy Kipp  
Senator Rob Woodward

Bryan Archer	Paul Archer
Michelle Bush	Meghan Dollar
Don Korte	Tracy Kraft-Tharp
Curt Osborne	Josh Pens
Andrew Wheeler	Ryan Woods
CML Vacancy	

### **Legislative Council Staff**

Luisa Altmann, Research & Committee Analyst  
Matt Bishop, Fiscal Analyst  
David Hansen, Senior Economist

### **Office of Legislative Legal Services**

Jason Gelender, Managing Senior Attorney & Assistant Team Leader  
Ashley Athey, Head Senior Legislative Editor

***November 2021***

## Table of Contents

<b>Task Force Charge and Membership</b> .....	<b>1</b>
<b>Background</b> .....	<b>3</b>
<b>Task Force Activities</b> .....	<b>6</b>
Sales and Use Tax Simplification System.....	6
Municipal Business Licensing Requirements .....	9
Sales and Use Taxes for Motor Vehicle Purchases .....	9
Summary of Public Comment .....	11
<b>Summary of Recommendations</b> .....	<b>12</b>
Bill A — Simplify Local Sales & Use Tax Administration .....	12
Bill B — Sales Tax Destination Sourcing Rules Exemption .....	12
Bill C — Sales & Use Tax Exemption Form Simplification .....	12
<b>Resource Materials</b> .....	<b>13</b>
Meeting Dates and Topics Discussed.....	13

*This report is also available online at:*

*<https://leg.colorado.gov/committees/sales-and-use-tax-simplification-task-force/2021-regular-session>*

## Task Force Charge and Membership

The Sales and Use Tax Simplification Task Force (task force) was originally created in 2017 pursuant to [House Bill 17-1216](#). In its original form, the task force was scheduled to be repealed in 2020. However, [House Bill 20-1022](#) extended the work of the task force for an additional five years through July 1, 2026.

Over the next five years, the task force is charged with studying the necessary components of a simplified sales and use tax system for both the state and local governments, including whether there are feasible solutions for:

- making audits of retailers more uniform for all state and local taxing jurisdictions in the state;
- the utilization of a single sales and use tax return for state and local taxing jurisdictions as a part of the Sales and Use Tax Simplification (SUTS) system, created pursuant to [Senate Bill 19-006](#);
- streamlining the requirements for state and local sales tax licenses, use tax licenses, and business licenses used for purposes of collecting sales and use taxes;
- making uniform, and possibly increasing, the filing threshold amount for monthly sales tax filings between the state and local governments, including home rule municipalities;
- simplifying use taxes levied by the state and local governments, including home rule municipalities;
- streamlining, and possibly making uniform, the state and local sales tax exemptions for medical devices, including reviewing best practices among states in this area;
- simplifying the process by which state and local sales and use taxes are collected for the purchase of a motor vehicle;
- simplifying the issuance of local building permits and the levying of use tax on building materials and on mobile and small mobile construction equipment;
- simplifying the process to claim and administer the various state sales and use tax exemptions; and
- simplifying the sales tax collection and remittance requirements for nonprofit organizations.

The task force is also required to:

- seek regular updates from the Governor's Office of Information Technology and the Colorado Department of Revenue (DOR) regarding the SUTS system, including the geographic information system (GIS) database;
- monitor and encourage participation by businesses and home rule municipalities in the SUTS system;
- review the way in which special districts and specially assessed sales taxes add to the complexity of the state's sales and use tax structure, including, at minimum, the Regional Transportation District, the Scientific and Cultural Facilities District, any local improvement districts, any regional

transportation authority, any multi-jurisdictional housing authority, and any health services district, and any mass transportation system tax, public safety improvement tax, metropolitan district tax, local marketing district tax, and county lodging district tax;

- review and compare the state’s sales and use tax definitions with the standard sales tax definitions developed and adopted by local taxing jurisdictions pursuant to [Senate Joint Resolution 14-038](#), to determine if any simplification might be achieved between the two sets of definitions;
- examine the effects of the changes to the vendor fee implemented pursuant to [House Bill 19-1245](#);
- seek regular updates from the Legislative Oversight Committee Concerning Tax Policy created pursuant to [House Bill 21-1077](#) regarding any decisions that the committee may make related to any sales or use tax expenditures evaluated by the Office of the State Auditor pursuant to Section 39-21-305, C.R.S.;
- explore options for eliminating a DOR requirement for taxpayers to use branch ID reporting;
- determine whether the state should adopt a sales tax exemption for an isolated or occasional sale of a business in an asset sale;
- regularly review the business impact of the destination sourcing rules set forth in Section 39-26-104 (3), C.R.S., including the thresholds that trigger the requirement for destination sourcing; and
- analyze or review any other relevant topic related to the simplification of sales and use tax administration in the state.

The bill also requires the task force to submit a report to Legislative Council by November 1 of each year, which may or may not include recommendations for legislation.

There are 15 members on the task force:

- Senator Jeff Bridges, Chair, appointed by the President of the Senate;
- Representative Kevin Van Winkle, Vice-Chair, appointed by the Minority Leader of the House of Representatives;
- Representative Cathy Kipp, appointed by the Speaker of the House of Representatives;
- Senator Rob Woodward, appointed by the Minority Leader of the Senate;
- Bryan Archer, Director of Finance, City of Arvada, appointed by the Colorado Municipal League, representing the large population category;
- Paul Archer, CEO/Owner, Automated Business Products, LLC, appointed by the Governor as a member of a statewide association of small businesses that is addressing the simplification of sales and use tax collection;
- Michelle Bush, Partner, Silverstein & Pomerantz LLP, appointed by the Governor as a state and local sales tax law practitioner;
- Meghan Dollar, Legislative Advocacy Manager, Colorado Municipal League;
- Don Korte, Director of Tax Compliance, City and County of Denver, appointed by the Colorado Municipal League, representing the largest population category;
- Tracy Kraft-Tharp, Jefferson County Commissioner, representing Colorado Counties, Inc.;
- Curt Osborne, Sales Tax Manager, City of Lafayette, appointed by the Colorado Municipal League, representing the medium population category;

- Josh Pens, Director of Tax Policy Analysis, Colorado Department of Revenue;
- Andrew Wheeler, Tax Senior, Martillaro Raub & Associates, appointed by the Governor as someone with state and local sales and use tax accounting experience;
- Ryan Woods, Tax Consultant, Xcel Energy, appointed by the Governor as a member of the statewide chamber of commerce; and
- a vacancy representing the small population category, appointed by the Colorado Municipal League.

## Background

The task force is charged with studying sales and use tax simplification between the state and local governments, including home rule municipalities, given that Colorado’s system of state and local sales and use taxes is one of the most complicated in the country.

**State tax.** Colorado is one of 45 states to assess a state sales tax.<sup>1</sup> Among states with a sales tax, Colorado’s state sales tax is assessed at the lowest rate, 2.9 percent. The tax base includes all sales of tangible personal property except those that are specifically exempted, and exempts all sales of services except those that are specifically subject to the tax.<sup>2</sup> The state use tax is assessed when sales tax was due but was not collected. In these cases, the purchaser is required to remit use tax directly to the state. The state sales and use tax is administered by DOR.

**County taxes.** With voter approval, counties are authorized to assess a sales tax, use tax, or both.<sup>3</sup> County sales taxes are imposed on the same collection of goods and services as the state sales tax, except that certain state sales tax exemptions are not by default extended to counties.<sup>4</sup> In these cases, boards of county commissioners may adopt an ordinance or resolution to extend the exemption(s). Notable state sales tax exemptions that are not necessarily available at the county level include the exemptions for: machinery; electricity, gas, and heating oil; food for home consumption; sales by charities; and retail marijuana. Sales taxes assessed by 50 counties are administered by DOR, which collects tax revenue and remits the tax to the appropriate county. The provisions governing county taxes do not apply to the consolidated city-county governments of Denver and Broomfield, each of which has a home rule charter. Twelve counties do not assess a sales tax.

**Municipal taxes.** Provisions for municipal taxes vary greatly according to whether the municipality has adopted a home rule charter pursuant to Article XX of the Colorado Constitution. Municipalities that have not adopted a home rule charter are authorized in statute to assess sales or use taxes in a manner similar to the county taxes described above. Municipalities that have adopted a home rule charter have broad jurisdiction over their own sales taxes and generally are not bound by statutory sales tax requirements.

*Statutory municipalities.* With voter approval, municipalities that have not adopted a home rule charter (statutory municipalities) are authorized to assess a sales tax, use tax, or both.<sup>5</sup> Sales taxes assessed

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<sup>1</sup>Alaska, Delaware, Montana, New Hampshire, and Oregon do not assess statewide sales taxes.

<sup>2</sup>Section 39-26-104, C.R.S.

<sup>3</sup>Section 29-2-103, C.R.S.

<sup>4</sup>Section 29-2-105 (1)(d), C.R.S.

<sup>5</sup>Section 29-2-102, C.R.S.

by these municipalities are imposed on the same collection of goods and services as the state sales tax, except that certain state sales tax exemptions are not by default extended to municipalities.<sup>6</sup> In these cases, the city or town council may adopt an ordinance or resolution to extend the exemption(s). Municipal sales taxes are administered by DOR, which collects tax revenue and remits the tax to the appropriate municipality.

*Home rule municipalities.* Article XX, Section 6, of the Colorado Constitution empowers any municipality with a population of 2,000 people or more to adopt a home rule charter with voter approval. Home rule municipalities have broad latitude to govern themselves in matters of local concern.<sup>7</sup> With voter approval, home rule municipalities may assess sales or use taxes on a locally determined collection of goods and services. Because municipal taxes need not be assessed on the same tax base as the state, home rule municipalities may variously tax transactions that are exempted at the state level or exempt transactions that are taxed at the state level. Additionally, home rule municipalities may tax specific goods or services at a different rate from others.

Home rule municipalities may choose whether to collect and administer their sales taxes locally. Municipalities that choose to collect their own sales taxes may develop their own systems for licensure, remittance, and auditing. There are 96 home rule municipalities that assess a sales tax. According to DOR, 70 home rule municipalities collect and administer their own sales taxes. DOR collects and administers sales taxes for home rule municipalities that choose not to administer their own sales taxes.

**Special districts.** With voter approval, certain special districts and other limited purpose governmental entities are permitted to assess sales taxes up to certain tax rate limits. Special districts authorized to assess sales taxes include:

- the Regional Transportation District in the Denver metropolitan area;
- the Scientific and Cultural Facilities District in the Denver metropolitan area;
- local improvement districts in Boulder, Broomfield, Douglas, Jefferson, and Mesa Counties;
- mass transportation systems in Eagle, Pitkin, and Summit Counties;
- regional transportation authorities in Eagle, El Paso, Garfield, Gunnison, Logan, Pitkin, and San Miguel Counties;
- a multi-jurisdictional housing authority in Summit County;
- a public safety improvement district in Montrose and Mesa Counties;
- metropolitan districts throughout the state;
- a health services district in parts of Douglas, Montezuma, Park, Otero, and Teller Counties; and
- local marketing districts in Alamosa, Eagle, Gunnison, Larimer, Moffat, and Routt Counties.

Statutory requirements for each special district sales tax are included in the portion of state law that authorizes creation of the particular type of special district. In general, all special district sales taxes are collected and administered at the state level. The tax base for special districts is generally consistent with the state tax base, and changes to the state base (e.g., via the creation or repeal of a sales tax exemption) are extended by default to special districts.

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<sup>6</sup>Section 29-2-105 (1)(d), C.R.S.

<sup>7</sup>*City and County of Denver v. Qwest Corp.*, 18 P.3d 748 (Colo. 2001).

**TABOR.** Article X, Section 20, of the Colorado Constitution was added via ballot initiative in 1992. This section, known as the Taxpayer’s Bill of Rights or TABOR, prohibits the state government and all local governments from enacting or increasing taxes without voter approval. TABOR complicates simplification efforts because proposals to narrow the tax base, e.g., in local jurisdictions that have not enacted sales tax exemptions found at the state level, require voter approval to enact corresponding tax rate increases in order to offset revenue loss. Thus, jurisdictions that currently assess sales taxes on a broader collection of goods and services than those taxed by the state must either maintain their dissimilar tax base, narrow the base while increasing tax rates with voter approval, or narrow the base without voter approval and experience a decrease in revenue.

**Out-of-state sales tax.** The June 2018 U.S. Supreme Court decision in *South Dakota v. Wayfair* held that a state may require an out-of-state retailer to collect sales tax on purchases made by an in-state consumer, even if the out-of-state retailer does not maintain a physical presence in the taxing state. Until the *Wayfair* decision, taxpayers in Colorado were required to voluntarily pay taxes to the DOR on purchases from online, out-of-state retailers, rather than the tax being collected by the retailer and remitted to DOR.

Following the *Wayfair* decision, DOR moved toward requiring retailers without physical presence (out-of-state retailers) to collect state sales tax and the sales taxes levied by statutory municipalities. In addition, the department adopted emergency rules to assist in administering sales tax collections and, among other things, to specify that the state's collection requirement would not be retroactive and would apply to retailers with sales exceeding \$100,000. These rules were codified into law with the adoption of [House Bill 19-1240](#) and went into effect on June 1, 2019.



## Task Force Activities

The task force held four meetings during the 2021 interim. Briefings and presentations were made by the Office of Legislative Legal Services, the Colorado Department of Revenue, the Colorado Municipal League, the Colorado Automobile Dealers Association, the Coalition to Simplify Colorado Sales Tax, and members of the public on a range of topics, including:

- the Sales and Use Tax Simplification system;
- municipal business licensing requirements; and
- sales and use taxes for motor vehicle purchases.

The following sections discuss the task force's activities during the 2021 interim.

### **Sales and Use Tax Simplification System**

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At each of its meetings during the 2021 interim, the task force heard updates from DOR regarding the SUTS system. The task force also viewed a demonstration of the system by the system vendors, TTR and MUNIREvs, and heard feedback from home rule cities and the business community about how the system is working and what can be improved.

**History of the SUTS system.** In 2017, the task force recommended, and the General Assembly later passed, [House Bill 18-1022](#). The bill required DOR to issue a request for information (RFI) to contract for an electronic SUTS system. The bill outlined that the system should provide:

- accurate address location information;
- a single application process for sales tax licenses;
- a uniform sales tax remittance form;
- a single point of remittance for sales and use tax; and
- a taxability or exemption matrix.

DOR issued the RFI on March 16, 2018, and received responses from four vendors. In June 2018, DOR established a 14-member team, which included four members of the task force, to review RFI responses.

*SUTS solicitation - Senate Bill 19-006.* In 2018, following the review of RFI responses, the task force recommended, and the General Assembly later passed, [Senate Bill 19-006](#), which:

- required the Governor's Office of Information Technology (OIT) to solicit an electronic SUTS system through the state's procurement process;
- specified that OIT and DOR must work with stakeholders to determine the scope of work for the SUTS system before soliciting bids for its creation; and
- required the creation of an electronic SUTS system and a GIS database.

Senate Bill 19-006 also outlined that, on and after the date the electronic SUTS system is online, DOR is required to accept returns and payments processed through the SUTS system for state sales and use

tax. In addition, SB 19-006 specified that it is the General Assembly's intent that at least three home rule municipalities voluntarily use the SUTS system for accepting returns and processing payments of any local sales and use tax once the electronic SUTS system is online. The voluntary use of the SUTS system by home rule municipalities should increase every year so that no later than three years after the effective date of the bill, all home rule municipalities are voluntarily using the SUTS system.

*SUTS appropriation history and ongoing operational funding.* Senate Bill 19-006 included an appropriation for FY 2019-20 of:

- \$9,183,000 General Fund to OIT for the initial funding of the electronic SUTS system; and
- \$817,000 General Fund to OIT for the GIS database to maintain jurisdictional boundaries of sales tax districts and to calculate appropriate sales and use tax rates for individual addresses.

The General Assembly appropriated an additional \$8,750,000 to OIT for FY 2020-21, for the electronic SUTS system and GIS database. According to the DOR's update to the Joint Technology Committee on September 14, 2020, the SUTS system and GIS database were completed at almost \$10.6 million under budget, with funding reverting back to the General Fund.

As part of the 2021 Long Bill, the General Assembly appropriated \$2.2 million General Fund and 4.6 FTE to DOR for FY 2021-22 and ongoing for the support and maintenance of the SUTS system.

*System post-implementation requirements.* In 2019, the General Assembly passed [House Bill 19-1240](#), which made several changes to the state's sales and use tax laws. Among those changes, the bill codified and expanded upon DOR emergency rules, promulgated following the U.S. Supreme Court's decision in the *South Dakota v. Wayfair* case. Among other changes, the bill adopted the destination-based sales tax sourcing rules used in the multistate Streamlined Sales and Use Tax Agreement. Under the bill, small businesses with less than \$100,000 in annual sales are exempt from destination-based sales tax sourcing. The bill repealed this small business exception until 90 days after the DOR notified the Revisor of Statutes that the GIS database was online and available for a retailer to use to determine the taxing jurisdiction(s) in which an address resides. DOR was directed to notify the Revisor of Statutes no later than 15 days after the GIS database was online. On April 1, 2021, DOR sent a notice to retailers that the system was online and that all retailers would need to comply with destination-based sourcing rules starting July 1, 2021. However, [Senate Bill 21-282](#) removed this contingency and extended the exemption for small retailers until February 1, 2022. Bill B, which is being recommended by the task force, proposes to further extend this exemption until October 1, 2022.

[House Bill 20-1023](#), which was also recommended by the task force and passed by the General Assembly, repealed the hold harmless provisions for vendors using the state's currently available state-certified electronic address databases 90 days after the implementation of the new GIS database. Once the GIS database was implemented, DOR was required to immediately notify vendors that it is available for use. The bill then established a hold harmless provision for vendors that use the state's GIS database to determine sales and use tax rates for addresses and taxing jurisdictions. The hold harmless provision also applies to vendors that use third-party databases, which are verified to use the most current information from the state GIS database. The GIS database was declared to be online

by DOR on April 1, 2021. DOR is responsible for ensuring that 95 percent of the information provided in the GIS database is accurate and up-to-date.

**Current system usage.** According to DOR's most recent update on September 23, 2021, of the 70 home rule municipalities that self-collect sales and use taxes in the state:

- 55 have signed the SUTS system agreement and are on or are onboarding the system;
- 1 has started the process of securing signatures for the SUTS system agreement; and
- 14 are reviewing and evaluating the SUTS system.

Additionally, as of September 10, 2021, there were 6,460 businesses registered for the SUTS system. More information about the system usage can be found on the SUTS reporting dashboard here: <https://colorado.munirevs.com/show-page/?page=22>

**Summary of feedback.** The task force heard presentations from individuals representing municipalities and the business community regarding how the SUTS system has been working and what may be improved about the system moving forward.

*Feedback from municipalities.* The task force heard from several municipal representatives who offered feedback concerning the operation of the SUTS system and issues that are working with DOR to have addressed, including:

- issues with integrating business registrations, including having to manually enter registrations, having to contact businesses directly to get additional information, and license numbers not matching;
- issues for municipalities that are in multiple counties;
- issues for businesses that have to pay different sales tax rates;
- issues related to tracing payments and the timing of the payments to municipalities from the bank; and
- issues related to incorrect fines being assessed on late filers and zero filers.

Municipal representatives expressed their desire to have the SUTS system generate information about the following as part of a return and remittance from the system:

- business name and address, including location address if there are multiple business locations within a jurisdiction;
- contact name, email, and phone number;
- Federal Employer Identification Number (FEIN);
- Colorado account number;
- industry or NAICS code;
- jurisdiction account number or local license number; and
- filing frequency.

*Feedback from the business community.* The task force also heard from several representatives from the business community who described the benefits that the SUTS system has provided their businesses,

including significant time savings in remitting sales taxes to the home rule municipalities. They also described several issues related to using the SUTS system, including:

- difficulties in separating the portion of the sales tax return that should go to the state and counties;
- the high filing fee for the eCheck option and the extended processing time of the ACH option; and
- the inability to integrate the SUTS system with certain other tax return filing software.

## **Municipal Business Licensing Requirements**

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As part of its charge, the task force is required to consider whether there are feasible solutions to streamline the requirements for state and local sales tax licenses, use tax licenses, and business licenses used for purposes of collecting sales and use taxes.

**Colorado Municipal League survey.** The Colorado Municipal League (CML) distributed a survey to its members to collect information about business licensing practices across municipalities, after collaborating with the task force on the contents of the survey. Survey responses were collected from 59 home rule municipalities and 43 statutory municipalities from August 23, 2021, to September 3, 2021, with an overall response rate of 38 percent.

According to the survey results, 65 percent of responding home rule municipalities require retailers with no physical presence in the municipality to obtain a municipal sales tax and/or general business license in addition to the state sales tax license. This number was 35 percent of responding statutory municipalities. The fees for these municipal licenses varied from \$0 to \$150, with the median fee being \$20 for home rule municipalities and \$30 for statutory municipalities. Most municipalities require these licenses to be renewed annually.

**Bill A.** Bill A is being recommended by the task force in order to try to decrease the regulatory burden that is placed on remote sellers by having to comply with these municipal business licensing requirements. As of July 1, 2022, the bill would prohibit local taxing jurisdictions from charging a fee for a local general business license to a retailer that has a state standard retail license, makes retail sales within the local taxing jurisdiction, and does not have physical presence or has only incidental physical presence in the local taxing jurisdiction. As of July 1, 2023, the bill would prohibit local taxing jurisdictions from requiring these same retailers to apply separately for or pay a cost to obtain a local general business license.

## **Sales and Use Taxes for Motor Vehicle Purchases**

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As part of its charge, the task force is required to consider whether there are feasible solutions to simplify the process by which state and local sales and use taxes are collected for the purchase of a motor vehicle. The task force heard presentations from DOR and the Colorado Automobile Dealers Association on this topic during the 2021 interim.

Staff from DOR described how and why motor vehicles are taxed differently from other types of tangible personal property, including the fact that motor vehicle purchases are high-value,

low-frequency transactions. In order to have motor vehicle sales and use taxes be more targeted to the point-of-use, the address at which the vehicle is registered is used to determine the applicable sales and use tax, instead of the point of sale.

In statute, motor vehicles are exempt from local sales taxes if the vehicle is going to be registered in a different locality than the delivery point, which is typically a motor vehicle dealership. At the time of sale, a motor vehicle dealer will collect any sales taxes that are in common with the point of registration, including the state sales tax. For any local taxing districts that are not shared between the two locations, a sales tax will not be collected. Instead, a use tax is due to the local taxing district where the vehicle will be registered, if the district imposes a use tax on the motor vehicle. Not all local jurisdictions are authorized by statute to impose use taxes, and some that are authorized choose not to. The use tax may also be collected by the motor vehicle dealer at the time of purchase.

Motor vehicles that are delivered directly to an individual's home are subject to all local sales taxes because the vehicle will be registered in the same jurisdiction as the delivery point. This distinction between sales and use tax will cause differences in the amount of taxes due in local jurisdictions that impose a sales tax, but not a use tax, on motor vehicles. This difference can also occur if a person purchases and takes delivery of a vehicle from a dealership within their home taxing jurisdiction.

House Bill 20-1022 states that solutions adopted by the task force must be practical, revenue-neutral, and not require constitutional amendment or voter approval. The task force voted to draft a bill to address how local sales and use taxes are applied when a motor vehicle is delivered at the time of sale. The bill was ultimately withdrawn during the drafting process because there was not a feasible, revenue-neutral solution to the problem. Essentially, the disparity in the taxes due based on the delivery point results from the fact that some jurisdictions impose a sales tax, but not a use tax, on motor vehicles. Correcting that disparity would require either a reduction in sales tax, or an increase in use tax, neither of which would be revenue-neutral. Shifting the motor vehicle taxes to the origin, while maintaining the existing exemptions, was also explored. However, that could have a revenue impact with respect to online sales originating in another state, which was considered unfair to local dealerships.

The DR 0024 form is completed by motor vehicle dealers at the time of purchase and reflects all sales and use taxes collected at the time of purchase.<sup>8</sup> County clerks are not able to issue a vehicle title until all of the applicable sales and use taxes have been paid.

As part of the discussion, the Colorado Automobile Dealers Association emphasized the importance of having the use tax component added into the SUTS system, which is planned to happen in the fall of 2021. There was additional discussion about the possibility of integrating the location data from the TTR component of the SUTS system with the GenTax and DRIVES systems at some point in the future to allow for greater consistency of sales and use tax calculations between motor vehicle dealers and county clerks.

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<sup>8</sup>[https://tax.colorado.gov/sites/tax/files/documents/DR0024\\_2021.pdf](https://tax.colorado.gov/sites/tax/files/documents/DR0024_2021.pdf).

## **Summary of Public Comment**

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The task force heard from the following individuals at the task force's 2021 meetings:

- Tavor White, representing True Health Enterprises, LLC;
- Laura Williams, representing Martin Marietta;
- Trevor Vaughn, representing the City of Aurora;
- Jeff Hansen, representing the City of Golden; and
- Brian Grall, representing small businesses.

## Summary of Recommendations

As a result of the task force's activities, the task force recommended three bills to the Legislative Council for consideration in the 2022 session.

### **Bill A — Simplify Local Sales & Use Tax Administration**

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Bill A requires the Colorado Department of Revenue to collect sufficient information from retailers when the retailer applies for or renews a state standard retail business license through the SUTS system or by other means. The department must make this information available to local taxing jurisdictions through the SUTS system to ensure that concerns of local taxing jurisdictions, including concerns relating to administrative efficiency, retailer compliance, and collection of sales and use tax revenue, are addressed. The department is required to consult with local taxing jurisdictions when determining what information to collect.

As of July 1, 2022, the bill would prohibit local taxing jurisdictions from charging a fee for a local general business license to a retailer that has a state standard retail license, makes retail sales within the local taxing jurisdiction, and does not have physical presence or has only incidental physical presence in the local taxing jurisdiction. As of July 1, 2023, the bill would prohibit local taxing jurisdictions from requiring these same retailers to apply separately for or pay a cost to obtain a local general business license.

### **Bill B — Sales Tax Destination Sourcing Rules Exemption**

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Under current law, there is an exemption in place from the destination sourcing requirements that allows small retailers with less than \$100,000 in retail sales to source their sales to the business' location regardless of where a purchaser receives the tangible personal property or service. This exemption currently expires on February 1, 2022. Bill B extends the repeal of the exemption to October 1, 2022.

### **Bill C — Sales & Use Tax Exemption Form Simplification**

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Bill C requires the Colorado Department of Revenue to examine its forms used to establish the right to obtain certain sales and use tax exemptions and the requirements relating to the use of these forms. To the extent feasible without impairing the proper administration of the exemptions, the department is required to simplify these forms and related requirements for persons making tax-exempt purchases.

## Resource Materials

Meeting summaries are prepared for each meeting of the task force and contain all handouts provided to the task force. The summaries of meetings and attachments are available at the Division of Archives, 1313 Sherman Street, Denver (303-866-2055). The listing below contains the dates of task force meetings and the topics discussed at those meetings. Meeting summaries are also available on our website at:

<https://leg.colorado.gov/committees/sales-and-use-tax-simplification-task-force/2021-regular-session>

### Meeting Dates and Topics Discussed

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July 13, 2021

- ◆ Task force member introductions
- ◆ Election of task force Chair and Vice-Chair
- ◆ Overview of the task force
- ◆ Update on the Sales and Use Tax Simplification System from the Colorado Department of Revenue
- ◆ Public comment

August 11, 2021

- ◆ Discussion of sales and use taxes for motor vehicle purchases
- ◆ Discussion about a survey of municipalities on business licensing requirements
- ◆ Demonstration of the Sales and Use Tax Simplification System
- ◆ Public comment

September 10, 2021

- ◆ Update on the Sales and Use Tax Simplification System from the Colorado Department of Revenue
- ◆ Discussion on the results of the survey of municipalities on business licensing requirements
- ◆ Public comment
- ◆ Requests for draft legislation



October 22, 2021

- ◆ Update on the Sales and Use Tax Simplification System from the Colorado Department of Revenue
- ◆ Public comment
- ◆ Voting on final bill draft recommendations
- ◆ Discussion of task force final report