



Fiscal Note

Legislative Council Staff

Nonpartisan Services for Colorado’s Legislature

SB 26-128: SALES & USE TAX DESTINATION MANAGEMENT COMPANY

Prime Sponsors:

Sen. Snyder; Kirkmeyer
Rep. Lukens

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Fiscal note status: The fiscal note reflects the reengrossed bill, as amended by the House Finance Committee.

Summary Information

Overview. The bill defines destination management companies and clarifies that as service providers, their sales are generally exempt from state sales and use tax.

Types of impacts. The bill is projected to affect the following areas on a continuous basis:

- State Expenditures
- State Revenue
- TABOR Refunds
- Local Government

Appropriations. No appropriation is required.

**Table 1
State Fiscal Impacts**

Type of Impact	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	\$0	\$0
State Expenditures	\$0	\$0
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE

Summary of Legislation

Destination management companies (DMCs) are companies that provide or arrange events, tours, transportation, and other logistics for events (destination management services). The bill defines DMCs as sellers of a service, exempting their sales from state sales and use tax so long as the DMC has paid the applicable state sales or use tax on taxable goods and services upon their acquisition on behalf of the client.

State Revenue

The bill is expected to minimally reduce sales and use tax revenue, which is subject to TABOR.

Under current law, to avoid stacking taxes, a business with a sales tax license that resells products (reseller) may obtain a Colorado resale certificate to exempt their wholesale purchases from sales and use tax. Generally, the sale of services are exempt from state sales and use tax, but service providers are required to pay sales and use tax on any purchases of taxable goods that they buy on behalf of a client.

The bill clarifies that DMCs are sellers of a service, and therefore their sales are exempt from the state sales and use tax so long as a DMC has paid state sales and use tax on taxable goods and services acquired on behalf of the client. The bill does not alter the number of times sales tax is required to be paid. Rather, it clarifies when and by whom the sales tax is required to be paid—by DMCs when they purchase taxable goods or services on behalf of their client, and not by the client purchasing DMC services. As a result, the bill will reduce sales and use tax revenue to the extent that DMCs were erroneously paying sales tax on both their purchases and their sales.

State Expenditures

The Department of Revenue will have a minimal increase in workload to update informational materials, respond to questions from taxpayers about the exemption, and to resolve any disputes or legal questions regarding applicability of the exemption to certain businesses. No change in appropriations is required.

In addition, the bill increases workload for the Office of the State Auditor to review this exemption. It is assumed that this work can be done within existing appropriations for tax expenditure evaluations by the OSA.

Local Government

The bill may minimally reduce revenue for local governments that elect to conform with the state’s sales tax base. The Regional Transportation District (RTD) and Scientific and Cultural Facilities District (SCFD) automatically conform to the state sale’s tax base; as a result, the bill may minimally reduce sales and use tax revenue for RTD and SCFD.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed. It applied to destination management fees starting on July 1, 2027.

State and Local Government Contacts

Counties	Revenue
Information Technology	Special District Association
Municipalities	State Auditor
Regional Transportation District	

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 the [General Assembly website](#).