

SENATE COMMITTEE OF REFERENCE REPORT

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Chair of Committee

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Date

May 7, 2026

Committee on Finance.

After consideration on the merits, the Committee recommends the following:

HB26-1223 be amended as follows, and as so amended, be referred to the Committee on Appropriations with favorable recommendation:

1 Amend reengrossed bill, page 5, line 13, strike "income tax credit" and  
2 substitute "tax credits".

3 Page 7, line 21, strike "JANUARY 1, 2026." and substitute "JANUARY 1,  
4 2027."

5 Page 8, line 2, strike "JANUARY 1, 2026." and substitute "JANUARY 1,  
6 2027."

7 Page 8, line 22, strike "FAMILY AFFORDABILITY TAX".

8 Page 14, after line 8 insert:

9 "SECTION 4. In Colorado Revised Statutes, 39-26-102, **add**  
10 (21)(c) as follows:

11 **39-26-102. Performance statement - definitions - repeal.**

12 As used in this article 26, unless the context otherwise requires:

13 (21) (c) (I) BEGINNING JULY 1, 2026, A RETAILER THAT SELLS  
14 FOOD OR DRINK AS DESCRIBED IN SECTION 39-26-104 (1)(e) IS DEEMED TO  
15 USE GAS AND ELECTRICITY IN THE PROCESSING OF PREPARED FOOD AS  
16 FOLLOWS:

17 (A) IF THE RETAILER'S SALES OF PREPARED FOOD EXCEED  
18 TWENTY-FIVE PERCENT OF THE RETAILER'S TOTAL SALES REVENUE, ONE  
19 HUNDRED PERCENT OF THE PURCHASE PRICE PAID BY THE RETAILER FOR  
20 GAS AND ELECTRICITY IS EXEMPT FROM TAXATION UNDER THE PROVISIONS  
21 OF THIS PART 1. THE RETAILER MAY CLAIM THE EXEMPTION DESCRIBED IN  
22 THIS SUBSECTION (21)(c)(I)(A) WITH THE GAS OR ELECTRIC SERVICE  
23 UTILITY OR AS A CREDIT AGAINST THE TAX COLLECTED BY THE RETAILER.

24 (B) IF THE RETAILER'S SALES OF PREPARED FOOD ARE

1 TWENTY-FIVE PERCENT OR LESS OF THE RETAILER'S TOTAL SALES  
2 REVENUE, THE RETAILER IS ALLOWED A CREDIT AGAINST THE TAX  
3 COLLECTED BY THE RETAILER PURSUANT TO THIS PART 1 IN AN AMOUNT  
4 EQUAL TO ONE-HALF OF ONE PERCENT OF A RETAILER'S SALES OF  
5 PREPARED FOOD.

6 (II) A RETAILER WHO CHOOSES TO CLAIM THE CREDIT ALLOWED  
7 BY THIS SUBSECTION (21)(c) MUST CLAIM THE CREDIT FOR THE PREVIOUS  
8 CALENDAR YEAR ON THE SALES TAX RETURN MADE FOR THE MONTH OF  
9 JANUARY; EXCEPT THAT A SEASONAL RETAILER MUST CLAIM THE CREDIT  
10 ON THE SALES TAX RETURN MADE FOR THE MONTH OF JUNE.

11 **SECTION 5.** In Colorado Revised Statutes, 39-26-105, **amend**  
12 (1.3)(a)(V)(B), (1.3)(a)(V)(C), (1.3)(c), (1.3)(c.5), and (1.3)(f.7); and **add**  
13 (1.3)(a)(V)(D) and (1.3)(a)(V)(E) as follows:

14 **39-26-105. Vendor liable for tax - definitions - repeal.**

15 (1.3) (a) As used in this subsection (1.3), unless the context  
16 otherwise requires:

17 (V) (B) On and after June 14, 2021, but before ~~June 3, 2022~~ BUT  
18 BEFORE THE EFFECTIVE DATE OF THIS SUBSECTION (1.3)(a)(V)(B), AS  
19 AMENDED, "specified sales tax period" means sales made in June 2021,  
20 July 2021, and August 2021, for which monthly returns must be filed  
21 pursuant to subsection (1)(b) of this section, on July 20, 2021, August 20,  
22 2021, and September 20, 2021, respectively.

23 (C) ~~On and after June 3, 2022~~ ON AND AFTER THE EFFECTIVE DATE  
24 OF THIS SUBSECTION (1.3)(a)(V)(C), AS AMENDED, "specified sales tax  
25 period" means sales made in July 2022, August 2022, and September  
26 2022, for which monthly returns must be filed pursuant to subsection  
27 (1)(b) of this section, on August 20, 2022, September 20, 2022, and  
28 October 20, 2022, respectively.

29 (D) ON AND AFTER THE EFFECTIVE DATE OF THIS SUBSECTION  
30 (1.3)(a)(V)(D), AS AMENDED, "SPECIFIED SALES TAX PERIOD" MEANS  
31 SALES MADE IN JULY 2027, AUGUST 2027, NOVEMBER 2027, AND  
32 DECEMBER 2027, FOR WHICH MONTHLY RETURNS MUST BE FILED  
33 PURSUANT TO SUBSECTION (1)(b) OF THIS SECTION, ON AUGUST 20, 2027,  
34 SEPTEMBER 20, 2027, DECEMBER 20, 2027, AND JANUARY 20, 2028,  
35 RESPECTIVELY.

36 (E) IN ADDITION TO THE DEFINITION IN SUBSECTION (1.3)(a)(V)(D),  
37 ON AND AFTER THE EFFECTIVE DATE OF THIS SUBSECTION (1.3)(a)(V)(E),  
38 AS AMENDED, "SPECIFIED SALES TAX PERIOD" MEANS SALES MADE IN JULY  
39 2028, AUGUST 2028, NOVEMBER 2028, AND DECEMBER 2028, FOR WHICH  
40 MONTHLY RETURNS MUST BE FILED PURSUANT TO SUBSECTION (1)(b) OF  
41 THIS SECTION, ON AUGUST 20, 2028, SEPTEMBER 20, 2028, DECEMBER 20,  
42 2028, AND JANUARY 20, 2029, RESPECTIVELY.

43 (c) A qualifying retailer in the mobile food services industry may

1 deduct from state net taxable sales the lesser of aggregate state net taxable  
2 sales for all sites or ~~seventy thousand dollars~~ FOURTEEN THOUSAND  
3 DOLLARS per motorized vehicle or nonmotorized cart, not to exceed five  
4 motorized vehicles or nonmotorized carts, and retain the resulting state  
5 sales tax collected for each month IN THE SPECIFIED SALES TAX PERIOD  
6 ~~specified~~ in subsection (1.3)(a)(V)(A) of this section.

7 (c.5) A qualifying retailer in the catering industry may deduct  
8 from state net taxable sales the lesser of aggregate state net taxable sales  
9 for all events or ~~seventy thousand dollars~~ FOURTEEN THOUSAND DOLLARS,  
10 and retain the resulting state sales tax collected for each month specified  
11 in subsection (1.3)(a)(V) of this section.

12 (f.7) To the extent that information is available and without  
13 changing the sales tax return form, the department of revenue shall  
14 include a report to its committee of reference at a hearing held in January  
15 ~~2023~~ EACH YEAR, pursuant to section 2-7-203 (2)(a) of the "State  
16 Measurement for Accountable, Responsive, and Transparent (SMART)  
17 Government Act" specifying:

18 (I) The amount of sales tax revenue that the state did not collect  
19 in ~~2022~~ THE PREVIOUS CALENDAR YEAR as a result of the deduction  
20 allowed in this subsection (1.3); and

21 (II) How many retailers elected to take advantage of the deduction  
22 allowed in this subsection (1.3) in ~~2022~~ THE PREVIOUS CALENDAR YEAR."

23 Renumber succeeding sections accordingly.

24 Page 15, strike lines 11 through 13 and substitute "SOFTWARE IS EITHER  
25 GOVERNED BY A NEGOTIABLE LICENSE AGREEMENT OR DEVELOPED FOR  
26 USE BY A PARTICULAR USER.

27 (a) FOR PURPOSES OF THIS ARTICLE 26, "NEGOTIATED LICENSE  
28 AGREEMENT" MEANS A WRITTEN AGREEMENT OR CONTRACT THAT IS  
29 INDIVIDUALLY BARGAINED BETWEEN THE LICENSOR AND LICENSEE AND  
30 THAT IS SIGNED IN WRITING BY AUTHORIZED REPRESENTATIVES OF BOTH  
31 THE LICENSOR AND LICENSEE PRIOR TO OR CONTEMPORANEOUS WITH THE  
32 LICENSEE'S ACCESS TO OR USE OF THE SOFTWARE.

33 (b) FOR PURPOSES OF THIS ARTICLE 26, "INDIVIDUALLY BARGAINED  
34 BETWEEN THE LICENSOR AND LICENSEE" SPECIFICALLY EXCLUDES A  
35 STANDARD, FORM, OR BOILERPLATE AGREEMENT THAT IS OFFERED BY THE  
36 LICENSOR ON A NONNEGOTIABLE OR SUBSTANTIALLY NONNEGOTIABLE  
37 BASIS TO MULTIPLE LICENSEES, REGARDLESS OF WHETHER THE  
38 AGREEMENT BEARS A HANDWRITTEN OR ELECTRONIC SIGNATURE, OR THE  
39 AGREEMENT IS PRINTED ON, WITHIN, OR AFFIXED TO THE SOFTWARE  
40 PACKAGING; EMBEDDED WITHIN THE COMPUTER SOFTWARE ITSELF; OR  
41 PRESENTED AS PART OF THE TERMS AND CONDITIONS OF ANY WEBSITE OR

1 APPLICATION THROUGH WHICH THE SOFTWARE IS ACQUIRED, ACCESSED, OR  
2 USED.

3 (c) FOR PURPOSES OF THIS ARTICLE 26, "SIGNED IN WRITING BY  
4 AUTHORIZED REPRESENTATIVES OF BOTH THE LICENSOR AND LICENSEE"  
5 SPECIFICALLY EXCLUDES AN ACCEPTANCE BY THE LICENSEE ON A  
6 CLICK-THROUGH, BROWSE-WRAP, SHRINK-WRAP, EMBEDDED SIGNATURE,  
7 IMPLIED, ACCOUNT CREATION, OR ANY OTHER AUTOMATED BASIS; EXCEPT  
8 THAT "SIGNED IN WRITING BY AUTHORIZED REPRESENTATIVES OF BOTH  
9 THE LICENSOR AND LICENSEE" MAY INCLUDE A SIGNATURE PERFORMED  
10 THROUGH AN ELECTRONIC SIGNATURE METHOD AUTHORIZED PURSUANT  
11 TO SECTION 39-21-120 AND DEPARTMENT RULES AND SPECIFICALLY  
12 INCLUDES ELECTRONIC SIGNATURE METHODS SUCH AS DOCUSIGN OR A  
13 SIMILAR AUTHENTICATED ELECTRONIC SIGNATURE.

14 **SECTION 8.** In Colorado Revised Statutes, 39-26-715, **add**  
15 (2)(b)(IV) as follows:

16 **39-26-715. Fuel and oil - definitions.**

17 (2) The following are exempt from taxation under the provisions  
18 of part 2 of this article 26:

19 (b) (IV) BEGINNING JULY 1, 2026, FOR PURPOSES OF THIS  
20 SUBSECTION (2)(b), THE DEEMED USAGE RULES SET FORTH IN SECTION  
21 39-26-102 (21)(c)(I) APPLY."

22 Renumber succeeding sections accordingly.

23 Page 17, strike lines 12 through 20 and substitute:

24 **"SECTION 12. Applicability.** Sections 3 and 4 of this act apply  
25 to the sale, storage, use, and consumption of tangible personal property  
26 on or after January 1, 2027.

27 **SECTION 13. Act subject to petition - effective date.**

28 (1) Except as otherwise provided in this section, this act takes  
29 effect at 12:01 a.m. on the day following the expiration of the ninety-day  
30 period after final adjournment of the general assembly (August 12, 2026,  
31 if adjournment sine die is on May 13, 2026); except that, if a referendum  
32 petition is filed pursuant to section 1 (3) of article V of the state  
33 constitution against this act or an item, section, or part of this act within  
34 such period, then the act, item, section, or part will not take effect unless  
35 approved by the people at the general election to be held in November  
36 2026 and, in such case, will take effect on the date of the official  
37 declaration of the vote thereon by the governor.

38 (2) Section 2 of this act takes effect only if House Bill 26-1221 and  
39 House Bill 26-1222 do not become law."

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