

## CHAPTER 10

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**TAXATION**

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**HOUSE BILL 18-1022**

BY REPRESENTATIVE(S) Sias and Kraft-Tharp, Arndt, Benavidez, Covarrubias, Ginal, Gray, Kennedy, Lontine, Neville P., Rosenthal, Saine, Valdez, Van Winkle, Weissman, Wist, Duran;  
also SENATOR(S) Jahn and Neville T., Aguilar, Baumgardner, Cooke, Court, Crowder, Fields, Gardner, Holbert, Kefalas, Kerr, Marble, Martinez Humenik, Merrifield, Moreno, Smallwood, Sonnenberg, Tate, Todd, Zenzinger, Grantham.

**AN ACT****CONCERNING A REQUIREMENT THAT THE DEPARTMENT OF REVENUE ISSUE A REQUEST FOR INFORMATION FOR AN ELECTRONIC SALES AND USE TAX SIMPLIFICATION SYSTEM.**

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

**SECTION 1. Legislative declaration.** (1) The general assembly hereby finds and declares that:

(a) The sales and use tax simplification task force (task force) has met several times in the interim between the 2017 and 2018 legislative sessions and has heard testimony from both businesses and local governments about the complex nature of our state and local sales and use tax system;

(b) The task force's objective with the bill is to take the first step towards a sourcing method for the building of an electronic sales and use tax simplification system that could be paid for by business subscribers; and

(c) It is the task force's intent to simplify certain administrative details of the state and local sales and use tax system that could be piloted on an elective basis while still protecting the important legal authority of any home rule municipality or county set forth in section 6 of article XX of the state constitution.

**SECTION 2.** In Colorado Revised Statutes, **add** 39-26-802.5 as follows:

**39-26-802.5. Sales and use tax simplification - request for information.**

(1) (a) ~~NO LATER THAN JUNE 30, 2018, THE DEPARTMENT OF REVENUE SHALL ISSUE A REQUEST FOR INFORMATION, IN ACCORDANCE WITH THE PROCUREMENT CODE,~~

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*Capital letters or bold & italic numbers indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.*

ARTICLES 101 TO 112 OF TITLE 24, AND WITHIN THE DEPARTMENT'S EXISTING RESOURCES, FOR AN ELECTRONIC SALES AND USE TAX SIMPLIFICATION SYSTEM THAT THE STATE OR ANY LOCAL GOVERNMENT THAT LEVIES A SALES OR USE TAX, INCLUDING HOME RULE MUNICIPALITIES AND COUNTIES, COULD CHOOSE TO USE THAT WOULD PROVIDE:

(I) ACCURATE ADDRESS LOCATION INFORMATION TO BE USED BY A RETAILER TO DETERMINE THE CORRECT TAXING JURISDICTION FOR WHICH THE RETAILER SHOULD COLLECT AND REMIT SALES OR USE TAX;

(II) A SINGLE APPLICATION PROCESS FOR STATE AND LOCAL SALES TAX LICENSES;

(III) A UNIFORM SALES AND USE TAX REMITTANCE FORM;

(IV) A SINGLE POINT OF REMITTANCE FOR STATE AND LOCAL SALES AND USE TAX;  
AND

(V) A TAXABILITY OR EXEMPTION MATRIX.

(b) THE ELECTRONIC SALES AND USE TAX SIMPLIFICATION SYSTEM MUST PROVIDE ACCESS TO THE DATA THAT THE STATE OR ANY LOCAL GOVERNMENT MAY NEED FOR PURPOSES OF AUDITING TAXPAYERS OR FOR RECONCILING SALES AND USE TAX REVENUE PROJECTIONS.

(c) THE REQUEST FOR INFORMATION PROCESS MUST:

(I) IDENTIFY INITIAL COSTS FOR THE ELECTRONIC SALES AND USE TAX SIMPLIFICATION SYSTEM AND ANY POSSIBLE ONGOING ANNUAL COSTS;

(II) EXPLAIN HOW, TO THE MAXIMUM EXTENT PRACTICABLE, THE SYSTEM COULD BE ABLE TO INTERFACE WITH ALL EXISTING ACCOUNTING SYSTEMS USED BY THE RETAILERS, THE STATE, OR LOCAL GOVERNMENTS;

(III) ALLOW FOR VARIOUS PAYMENT OPTIONS TO PAY FOR THE COST OF THE DEVELOPMENT OR IMPLEMENTATION OF THE ELECTRONIC SALES AND USE TAX SIMPLIFICATION SYSTEM, INCLUDING CONTRIBUTIONS BY THE STATE, LOCAL GOVERNMENTS, OR RETAILERS, OR ANY COMBINATION THEREOF;

(IV) ANTICIPATE THAT THE SALES AND USE TAX BASE OR RATES OF THE STATE OR ANY LOCAL GOVERNMENT THAT LEVIES A SALES OR USE TAX MAY CHANGE OVER TIME AND MAINTAIN A HISTORY OF THOSE CHANGES, INCLUDING THE EFFECTIVE DATE OF SUCH CHANGES; AND

(V) ANTICIPATE THAT THE JURISDICTIONAL BOUNDARIES OF A LOCAL GOVERNMENT THAT LEVIES A SALES OR USE TAX MAY CHANGE OVER TIME AND MAINTAIN A HISTORY OF THOSE CHANGES, INCLUDING THE EFFECTIVE DATE OF SUCH CHANGES.

(d) A RESPONDER TO THE REQUEST FOR INFORMATION SHALL NOT EXPECT OR ANTICIPATE THAT THE STATE OR ANY LOCAL GOVERNMENT THAT LEVIES A SALES OR USE TAX AND THAT MIGHT USE THE ELECTRONIC SALES AND USE TAX SIMPLIFICATION

SYSTEM WILL, FOR SIMPLIFICATION PURPOSES:

- (I) ADJUST THEIR SALES AND USE TAX BASE OR RATE;
- (II) ADOPT UNIFORM DEFINITIONS; OR
- (III) UNIFY THEIR AUDIT AUTHORITY AND PROCESS IN ANY FASHION.

(2) WHEN THE REQUEST FOR INFORMATION ISSUANCE IS COMPLETE, THE DEPARTMENT OF REVENUE SHALL NOTIFY THE SALES AND USE TAX SIMPLIFICATION TASK FORCE CREATED IN SECTION 39-26-802. THE TASK FORCE SHALL HOLD A MEETING WITHIN NINETY DAYS OF THE NOTIFICATION TO REVIEW THE INFORMATION RECEIVED PURSUANT TO THE REQUEST FOR INFORMATION AND DETERMINE NEXT STEPS. THE TASK FORCE SHALL INVITE A REPRESENTATIVE OF THE DEPARTMENT OF REVENUE'S PURCHASING DEPARTMENT TO HELP ENSURE THAT ALL PROCUREMENT ISSUES ARE CONSIDERED WHEN THE TASK FORCE DETERMINES ITS NEXT STEPS.

**SECTION 3. Safety clause.** The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Approved: March 1, 2018