

**First Regular Session
Seventy-second General Assembly
STATE OF COLORADO**

REREVISÉD

*This Version Includes All Amendments
Adopted in the Second House*

LLS NO. 19-0225.01 Esther van Mourik x4215

SENATE BILL 19-006

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Senate Committees

Finance

House Committees

Finance
Appropriations

A BILL FOR AN ACT

101 **CONCERNING AN ELECTRONIC SALES AND USE TAX SIMPLIFICATION**
102 **SYSTEM, AND, IN CONNECTION THEREWITH, REQUIRING THE**
103 **OFFICE OF INFORMATION TECHNOLOGY** **TO CONDUCT A**
104 **SOURCING METHOD FOR THE DEVELOPMENT OF THE SYSTEM**
105 **AND REQUIRING THE DEPARTMENT OF REVENUE TO ESTABLISH**
106 **THE IMPLEMENTATION OF THE SYSTEM FOR THE ACCEPTANCE**
107 **OF RETURNS AND PROCESSING OF PAYMENTS FOR THE SALES AND**
108 **USE TAX LEVIED BY THE STATE AND ANY LOCAL TAXING**
109 **JURISDICTIONS, AND MAKING AN APPROPRIATION.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
*Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

HOUSE
Amended 3rd Reading
March 15, 2019

HOUSE
Amended 2nd Reading
March 8, 2019

SENATE
3rd Reading Unamended
January 28, 2019

SENATE
Amended 2nd Reading
January 25, 2019

applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov/>.)

Sales and Use Tax Simplification Task Force. The bill requires the department of revenue (department), within existing resources, to conduct a sourcing method in accordance with the applicable provisions of the procurement code, and any applicable rules, for the development of an electronic sales and use tax simplification system (system). The bill also requires the department to involve stakeholders to develop the scope of work.

The bill specifies that on and after the date the system is online the department is required to accept any returns and payments processed through the system for state sales and use tax and for any sales and use taxes that are collected by the department on behalf of any local taxing jurisdiction.

The bill specifies that it is the general assembly's intent that a certain number of local taxing jurisdictions with home rule charters voluntarily use the system when the system comes online. Additionally, the bill states that it is the general assembly's intent that all local taxing jurisdictions with home rule charters voluntarily use the system within a specified number of years.

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

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

4 (a) The sales and use tax simplification task force (task force) has
5 met several times in the interim between the 2018 and 2019 legislative
6 sessions and has again heard testimony from both businesses and local
7 governments about the complex nature of our state and local sales and use
8 tax system;

9 (b) In enacting this act, the task force's objective is to take the next
10 step toward the development and implementation of an electronic sales
11 and use tax simplification system to be used by the state and local taxing
12 jurisdictions for the acceptance of returns and processing of payments for
13 the sales and use tax levied by the state and any local taxing jurisdictions;

1 (c) It is the task force's intent that the electronic sales and use tax
2 simplification system allow for various payment options, including
3 contributions by the state, local taxing jurisdictions, or retailers; ___

4 (d) It is the task force's intent to move forward with simplifying
5 certain administrative details of the state and local sales and use tax
6 system for the state and local taxing jurisdictions, but on an elective basis
7 for any municipality with a home rule charter in order to protect the
8 important legal authority of such entities as set forth in section 6 of article
9 XX of the state constitution; and

10 (e) It is the task force's intent that the cost of the initial funding
11 and ongoing maintenance of the electronic sales and use tax
12 simplification system be paid for from the additional sales tax revenues
13 that are deposited in the general fund and that the state is receiving as a
14 result of the United States Supreme Court's decision in *South Dakota v.*
15 *Wayfair, Inc., et al.*, which allowed states to require retailers without
16 physical presence in the state to collect sales tax on purchases made by
17 in-state customers so long as the sales tax system in the state is not too
18 burdensome for the out-of-state retailer.

19 [REDACTED]
20 [REDACTED]

21 **SECTION 2.** In Colorado Revised Statutes, **add** 39-26-802.7 as
22 follows:

23 **39-26-802.7. Electronic sales and use tax simplification system**
24 **- sourcing method - implementation [REDACTED] - legislative intent -**
25 **definitions.** (1) AS USED IN THIS SECTION, UNLESS THE CONTEXT
26 OTHERWISE REQUIRES:

27 (a) "DEPARTMENT" MEANS THE DEPARTMENT OF REVENUE.

1 (b) "LOCAL TAXING JURISDICTION" MEANS A CITY, TOWN,
2 MUNICIPALITY, COUNTY, SPECIAL DISTRICT, OR AUTHORITY AUTHORIZED
3 TO LEVY A SALES OR USE TAX PURSUANT TO TITLE 24, 25, 29, 30, 31, 32,
4 37, 42, OR 43, AND ANY COUNTY, CITY AND COUNTY, OR MUNICIPALITY
5 GOVERNED BY A HOME RULE CHARTER.

6 (c) "OFFICE OF INFORMATION TECHNOLOGY" OR "OFFICE" MEANS
7 THE OFFICE OF INFORMATION TECHNOLOGY CREATED IN SECTION
8 24-37.5-103.

9 (d) "SALES AND USE TAX SIMPLIFICATION TASK FORCE" OR "TASK
10 FORCE" MEANS THE SALES AND USE TAX SIMPLIFICATION TASK FORCE
11 CREATED IN SECTION 39-26-802.

12 (2) (a) THE OFFICE OF INFORMATION TECHNOLOGY, ON BEHALF OF
13 THE DEPARTMENT, WITHIN EXISTING RESOURCES, SHALL CONDUCT A
14 SOURCING METHOD IN ACCORDANCE WITH THE APPLICABLE PROVISIONS OF
15 THE "PROCUREMENT CODE", ARTICLES 101 TO 112 OF TITLE 24, AND ANY
16 APPLICABLE RULES, FOR THE DEVELOPMENT OF AN ELECTRONIC SALES AND
17 USE TAX SIMPLIFICATION SYSTEM. THE OFFICE AND THE DEPARTMENT
18 SHALL INVOLVE STAKEHOLDERS TO DEVELOP THE SCOPE OF WORK.

19 (b) ON AND AFTER THE DATE THE ELECTRONIC SALES AND USE TAX
20 SIMPLIFICATION SYSTEM IS ONLINE, AND NOTWITHSTANDING ANY LAW TO
21 THE CONTRARY, THE DEPARTMENT SHALL ACCEPT ANY RETURNS AND
22 PAYMENTS PROCESSED THROUGH THE SYSTEM FOR STATE SALES AND USE
23 TAX AND FOR ANY SALES AND USE TAXES THAT ARE COLLECTED BY THE
24 DEPARTMENT ON BEHALF OF ANY LOCAL TAXING JURISDICTION.

25 (c) (I) ON AND AFTER THE DATE THE ELECTRONIC SALES AND USE
26 TAX SIMPLIFICATION SYSTEM IS ONLINE, IT IS THE GENERAL ASSEMBLY'S
27 INTENT THAT AT LEAST THREE LOCAL GOVERNMENTS GOVERNED BY A

1 HOME RULE CHARTER VOLUNTARILY USE THE SYSTEM FOR ACCEPTING
2 RETURNS AND PROCESSING PAYMENTS OF ANY LOCAL SALES AND USE TAX.

3 (II) IT IS THE GENERAL ASSEMBLY'S INTENT THAT THE VOLUNTARY
4 USE OF THE SYSTEM INCREASE EVERY YEAR SO THAT NO LATER THAN
5 THREE YEARS AFTER THE EFFECTIVE DATE OF THIS SECTION ALL LOCAL
6 GOVERNMENTS GOVERNED BY A HOME RULE CHARTER ARE VOLUNTARILY
7 USING THE SYSTEM.

8 [REDACTED]

9 (3) FOR THE 2020-21 STATE FISCAL YEAR, THE GENERAL
10 ASSEMBLY SHALL APPROPRIATE EIGHT MILLION SEVEN HUNDRED FIFTY
11 THOUSAND DOLLARS TO THE OFFICE OF THE GOVERNOR FOR USE BY THE
12 OFFICE OF INFORMATION TECHNOLOGY FOR THE INITIAL FUNDING AND
13 ONGOING MAINTENANCE OF THE ELECTRONIC SALES AND USE TAX
14 SIMPLIFICATION SYSTEM. ANY CONTRACT ENTERED INTO FOR THE SYSTEM
15 MUST PROVIDE THAT INITIAL FUNDING PAYMENTS TO THE VENDOR ARE
16 MADE ON A QUARTERLY BASIS.

17 (4) IN THE INTERIM BETWEEN THE 2019 AND 2020 LEGISLATIVE
18 SESSIONS, THE OFFICE AND THE DEPARTMENT SHALL REGULARLY PROVIDE
19 THE SALES AND USE TAX SIMPLIFICATION TASK FORCE WITH ANY SUCH
20 DETAILED INFORMATION REGARDING THE SOURCING METHOD PROGRESS
21 AS IS ALLOWED UNDER THE PROCUREMENT CODE.

22 [REDACTED]

23 **SECTION 3. Appropriation.** (1) For the 2019-20 state fiscal
24 year, \$9,183,000 is appropriated to the Office of the Governor for use by
25 the Office of Information Technology. This appropriation is from the
26 general fund. To implement this act, the office of information technology
27 may use this appropriation for the initial funding of the electronic sales

1 and use tax simplification system.

2 (2) (a) For the 2019-20 state fiscal year, \$817,000 is appropriated
3 to the department of revenue. This appropriation is from the general
4 fund. To implement this act, the department may use this appropriation
5 for the purchase of information technology services, specifically a global
6 information system (GIS) database to maintain jurisdictional boundaries
7 of sales tax districts and to calculate appropriate sales and use tax rates
8 for individual addresses.

9 (b) For the 2019-20 state fiscal year, \$817,000 is appropriated to
10 the office of the governor for use by the office of information technology.
11 This appropriation is from reappropriated funds received from the
12 department of revenue under subsection (2)(a) of this section. To
13 implement this act, the office may use this appropriation to provide
14 information technology services for the department of revenue as
15 specified in subsection (2)(a) of this section.

16 **SECTION 4. Safety clause.** The general assembly hereby finds,
17 determines, and declares that this act is necessary for the immediate
18 preservation of the public peace, health, and safety.