A BILL FOR AN ACT

CONCERNING THE SALES AND USE TAX SIMPLIFICATION TASK FORCE,

AND, IN CONNECTION THEREWITH, EXTENDING THE TASK FORCE,

MODIFYING THE TASK FORCE'S DUTIES, AND REMOVING THE

REQUIREMENT THAT THE TASK FORCE UNDERGO AN

EVALUATION BY THE DEPARTMENT OF REGULATORY AGENCIES

PRIOR TO THE TASK FORCE'S REPEAL.

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 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 continues

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.
the sales and use tax simplification task force for 5 years, modifies the task force's duties, and removes the requirement that the task force undergo an evaluation by the department of regulatory agencies prior to the task force's repeal.

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

SECTION 1. In Colorado Revised Statutes, 39-26-802, amend (3); repeal and reenact, with amendments, (1)(b); and add (2.5) as follows:

39-26-802. Sales and use tax simplification task force - creation - definition. (1) (b) (I) The task force shall study sales and use tax simplification between the state and local governments, including home rule municipalities, to identify opportunities and challenges within existing fiscal frameworks to adopt "feasible solutions", which are solutions that are practical, revenue-neutral, and do not require constitutional amendments or voter approval.

(II) The task force shall consider whether there are feasible solutions for:

(A) Making audits of retailers more uniform for all state and local taxing jurisdictions in the state;

(B) 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 system described in Senate Bill 19-006, enacted in 2019;

(C) 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;
(D) MAKING UNIFORM AND POSSIBLY INCREASING THE FILING THRESHOLD AMOUNT FOR MONTHLY SALES TAX FILINGS BETWEEN THE STATE AND LOCAL GOVERNMENTS, INCLUDING HOME RULE MUNICIPALITIES;

(E) SIMPLIFYING USE TAXES LEVIED BY THE STATE AND LOCAL GOVERNMENTS, INCLUDING HOME RULE MUNICIPALITIES;

(F) STREAMLINING AND POSSIBLY MAKING UNIFORM THE STATE AND LOCAL SALES TAX EXEMPTIONS FOR MEDICAL DEVICES, INCLUDING REVIEWING BEST PRACTICES AMONG STATES IN THIS AREA;

(G) SIMPLIFYING THE PROCESS BY WHICH STATE AND LOCAL SALES AND USE TAXES ARE COLLECTED FOR THE PURCHASE OF A MOTOR VEHICLE;

(H) SIMPLIFYING THE ISSUANCE OF LOCAL BUILDING PERMITS AND THE LEVYING OF USE TAX ON BUILDING MATERIALS AND ON MOBILE AND SMALL MOBILE CONSTRUCTION EQUIPMENT;

(I) SIMPLIFYING THE PROCESS TO CLAIM AND ADMINISTER THE VARIOUS STATE SALES AND USE TAX EXEMPTIONS; AND

(J) SIMPLIFYING THE SALES TAX COLLECTION AND REMITTANCE REQUIREMENTS FOR NONPROFIT ORGANIZATIONS.

(III) THE TASK FORCE SHALL:

(A) SEEK REGULAR UPDATES FROM THE OFFICE OF INFORMATION TECHNOLOGY AND THE DEPARTMENT OF REVENUE REGARDING THE DEVELOPMENT OF THE ELECTRONIC SALES AND USE TAX SIMPLIFICATION SYSTEM DESCRIBED IN SENATE BILL 19-006, ENACTED IN 2019;

(B) ONCE THE ELECTRONIC SALES AND USE TAX SIMPLIFICATION SYSTEM DESCRIBED IN SENATE BILL 19-006, ENACTED IN 2019, IS ONLINE, MONITOR AND ENCOURAGE PARTICIPATION BY BUSINESSES AND HOME RULE MUNICIPALITIES;
(C) Seek regular updates from the Office of Information Technology and the Department of Revenue regarding the purchase and development of a Geographic Information System (GIS) database to maintain jurisdictional boundaries of sales tax districts and to calculate appropriate sales and use tax rates for individual addresses for which the Department of Revenue received an appropriation in Senate Bill 19-006, enacted in 2019;

(D) 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;

(E) 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, enacted in 2014, to determine if any simplification might be achieved between the two sets of definitions;

(F) Examine the effects of the changes to the vendor fee implemented pursuant to House Bill 19-1245, enacted in 2019;

(G) Review any evaluations of sales and use tax
EXPENDITURES PREPARED BY THE OFFICE OF THE STATE AUDITOR THAT ARE COMPLETED PURSUANT TO SECTION 39-21-305, UNLESS A TAX COMMISSION, LEGISLATIVE INTERIM STUDY COMMITTEE, OR OTHER TYPE OF LEGISLATIVE COMMITTEE, TASK FORCE, OR STUDY GROUP IS FORMED TO REVIEW SUCH EVALUATIONS. IF A TAX COMMISSION, LEGISLATIVE INTERIM STUDY COMMITTEE, OR OTHER TYPE OF LEGISLATIVE COMMITTEE, TASK FORCE, OR STUDY GROUP IS FORMED TO REVIEW SUCH EVALUATIONS, THE TASK FORCE SHALL SEEK REGULAR UPDATES FROM SUCH COMMISSION OR COMMITTEE REGARDING ANY DECISIONS THAT SUCH COMMISSION OR COMMITTEE MIGHT MAKE RELATED TO ANY SALES OR USE TAX EXPENDITURE EVALUATED BY THE OFFICE OF THE STATE AUDITOR.

(H) EXPLORE OPTIONS FOR ELIMINATING A DEPARTMENT OF REVENUE REQUIREMENT FOR TAXPAYERS TO USE BRANCH ID REPORTING;

(I) DETERMINE WHETHER THE STATE SHOULD ADOPT A SALES TAX EXEMPTION FOR AN ISOLATED OR OCCASIONAL SALE OF A BUSINESS IN AN ASSET SALE;

(J) REGULARLY REVIEW THE BUSINESS IMPACT OF THE DESTINATION SOURCING RULES SET FORTH IN SECTION 39-26-104 (3), INCLUDING THE THRESHOLDS THAT TRIGGER THE REQUIREMENT FOR DESTINATION SOURCING; AND

(K) ANALYZE OR REVIEW ANY OTHER RELEVANT TOPIC RELATED TO THE SIMPLIFICATION OF SALES AND USE TAX ADMINISTRATION IN THE STATE.

(2.5) ALL APPOINTMENTS DESCRIBED IN SUBSECTION (2) OF THIS SECTION MUST BE MADE NO LATER THAN JUNE 5, 2020, AND EACH JUNE 5 THEREAFTER. MEMBERS OF THE TASK FORCE SERVE AT THE PLEASURE OF THE APPLICABLE APPOINTING AUTHORITY OR UNTIL THE MEMBER NO
LONGER SERVES IN THE POSITION FOR WHICH HE OR SHE WAS APPOINTED TO THE TASK FORCE, AT WHICH TIME A VACANCY IS DEEMED TO EXIST ON THE TASK FORCE. IF A VACANCY ARISES ON THE TASK FORCE, THE APPROPRIATE APPOINTING AUTHORITY SHALL APPOINT A REPLACEMENT MEMBER THAT MEETS THE REQUIREMENTS SET FORTH IN SUBSECTION (2) OF THIS SECTION FOR THE VACANT POSITION.

(3) The task force shall meet at least eight times, with the first meeting occurring no later than July 12, 2017 JULY 17, 2020. Task force meetings shall be open to the public and the task force shall solicit the testimony of the members of the public.

SECTION 2. In Colorado Revised Statutes, amend 39-26-804 as follows:

39-26-804. Repeal of task force. This part is repealed, effective July 1, 2020. Before its repeal, this part is scheduled for review in accordance with section 2-3-1201 JULY 1, 2025.

SECTION 3. In Colorado Revised Statutes, 2-3-1203, repeal (10)(a)(III) as follows:

2-3-1203. Sunset review of advisory committees - legislative declaration - definition - repeal. (10) (a) The following statutory authorizations for the designated advisory committees will repeal on July 1, 2020:

(III) The sales and use tax simplification task force created in section 39-26-802:

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