

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

REREVISED

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

LLS NO. 20-0319.01 Esther van Mourik x4215

HOUSE BILL 20-1022

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A BILL FOR AN ACT

101 **CONCERNING THE SALES AND USE TAX SIMPLIFICATION TASK FORCE,**
102 **AND, IN CONNECTION THEREWITH, EXTENDING THE TASK FORCE,**
103 **MODIFYING THE TASK FORCE'S DUTIES, AND REMOVING THE**
104 **REQUIREMENT THAT THE TASK FORCE UNDERGO AN**
105 **EVALUATION BY THE DEPARTMENT OF REGULATORY AGENCIES**
106 **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.

SENATE
3rd Reading Unamended
June 4, 2020

SENATE
Amended 2nd Reading
June 3, 2020

HOUSE
3rd Reading Unamended
February 27, 2020

HOUSE
Amended 2nd Reading
February 21, 2020

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.

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

2 **SECTION 1.** In Colorado Revised Statutes, 39-26-802, **amend**
3 (1)(a), (3), and (5); repeal and reenact, with amendments, (1)(b); and
4 **add (2.5)** as follows:

5 **39-26-802. Sales and use tax simplification task force -**
6 **creation - definition.** (1) (a) (I) Notwithstanding section 2-3-303.3,
7 there is created the sales and use tax simplification task force, referred to
8 in this part 8 as the "task force". ~~which~~ THE TASK FORCE shall meet as
9 necessary during any legislative session or any interim between legislative
10 sessions to study the necessary components of a simplified sales and use
11 tax system for both the state and local governments, including home rule
12 municipalities and counties.

13 (II) (A) NOTWITHSTANDING SUBSECTION (1)(a)(I) OF THIS
14 SECTION, THE TASK FORCE SHALL NOT MEET DURING THE 2020 INTERIM.

15 (B) THIS SUBSECTION (1)(a)(II) IS REPEALED, EFFECTIVE JULY 1,
16 2021.

17 (b) (I) THE TASK FORCE SHALL STUDY SALES AND USE TAX
18 SIMPLIFICATION BETWEEN THE STATE AND LOCAL GOVERNMENTS,
19 INCLUDING HOME RULE MUNICIPALITIES, TO IDENTIFY OPPORTUNITIES AND
20 CHALLENGES WITHIN EXISTING FISCAL FRAMEWORKS TO ADOPT "FEASIBLE
21 SOLUTIONS", WHICH ARE SOLUTIONS THAT ARE PRACTICAL,
22 REVENUE-NEUTRAL, AND DO NOT REQUIRE CONSTITUTIONAL AMENDMENTS
23 OR VOTER APPROVAL.

1 (II) THE TASK FORCE SHALL CONSIDER WHETHER THERE ARE
2 FEASIBLE SOLUTIONS FOR:

3 (A) MAKING AUDITS OF RETAILERS MORE UNIFORM FOR ALL STATE
4 AND LOCAL TAXING JURISDICTIONS IN THE STATE;

5 (B) THE UTILIZATION OF A SINGLE SALES AND USE TAX RETURN
6 FOR STATE AND LOCAL TAXING JURISDICTIONS AS A PART OF THE SALES
7 AND USE TAX SIMPLIFICATION SYSTEM DESCRIBED IN SENATE BILL 19-006,
8 ENACTED IN 2019;

9 (C) STREAMLINING THE REQUIREMENTS FOR STATE AND LOCAL
10 SALES TAX LICENSES, USE TAX LICENSES, AND BUSINESS LICENSES USED
11 FOR PURPOSES OF COLLECTING SALES AND USE TAXES;

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

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

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

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

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

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

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

3 (III) THE TASK FORCE SHALL:

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

8 (B) ONCE THE ELECTRONIC SALES AND USE TAX SIMPLIFICATION
9 SYSTEM DESCRIBED IN SENATE BILL 19-006, ENACTED IN 2019, IS ONLINE,
10 MONITOR AND ENCOURAGE PARTICIPATION BY BUSINESSES AND HOME
11 RULE MUNICIPALITIES;

12 (C) SEEK REGULAR UPDATES FROM THE OFFICE OF INFORMATION
13 TECHNOLOGY AND THE DEPARTMENT OF REVENUE REGARDING THE
14 PURCHASE AND DEVELOPMENT OF A GEOGRAPHIC INFORMATION SYSTEM
15 (GIS) DATABASE TO MAINTAIN JURISDICTIONAL BOUNDARIES OF SALES
16 TAX DISTRICTS AND TO CALCULATE APPROPRIATE SALES AND USE TAX
17 RATES FOR INDIVIDUAL ADDRESSES FOR WHICH THE DEPARTMENT OF
18 REVENUE RECEIVED AN APPROPRIATION IN SENATE BILL 19-006, ENACTED
19 IN 2019;

20 (D) REVIEW THE WAY IN WHICH SPECIAL DISTRICTS AND SPECIALLY
21 ASSESSED SALES TAXES ADD TO THE COMPLEXITY OF THE STATE'S SALES
22 AND USE TAX STRUCTURE, INCLUDING, AT MINIMUM, THE REGIONAL
23 TRANSPORTATION DISTRICT, THE SCIENTIFIC AND CULTURAL FACILITIES
24 DISTRICT, ANY LOCAL IMPROVEMENT DISTRICTS, ANY REGIONAL
25 TRANSPORTATION AUTHORITY, ANY MULTI-JURISDICTIONAL HOUSING
26 AUTHORITY, AND ANY HEALTH SERVICES DISTRICT, AND ANY MASS
27 TRANSPORTATION SYSTEM TAX, PUBLIC SAFETY IMPROVEMENT TAX,

1 METROPOLITAN DISTRICT TAX, LOCAL MARKETING DISTRICT TAX, AND
2 COUNTY LODGING DISTRICT TAX;

3 (E) REVIEW AND COMPARE THE STATE'S SALES AND USE TAX
4 DEFINITIONS WITH THE STANDARD SALES TAX DEFINITIONS DEVELOPED
5 AND ADOPTED BY LOCAL TAXING JURISDICTIONS PURSUANT TO SENATE
6 JOINT RESOLUTION 14-038, ENACTED IN 2014, TO DETERMINE IF ANY
7 SIMPLIFICATION MIGHT BE ACHIEVED BETWEEN THE TWO SETS OF
8 DEFINITIONS;

9 (F) EXAMINE THE EFFECTS OF THE CHANGES TO THE VENDOR FEE
10 IMPLEMENTED PURSUANT TO HOUSE BILL 19-1245, ENACTED IN 2019;

11 (G) REVIEW ANY EVALUATIONS OF SALES AND USE TAX
12 EXPENDITURES PREPARED BY THE OFFICE OF THE STATE AUDITOR THAT
13 ARE COMPLETED PURSUANT TO SECTION 39-21-305, UNLESS A TAX
14 COMMISSION, LEGISLATIVE INTERIM STUDY COMMITTEE, OR OTHER TYPE
15 OF LEGISLATIVE COMMITTEE, TASK FORCE, OR STUDY GROUP IS FORMED TO
16 REVIEW SUCH EVALUATIONS. IF A TAX COMMISSION, LEGISLATIVE INTERIM
17 STUDY COMMITTEE, OR OTHER TYPE OF LEGISLATIVE COMMITTEE, TASK
18 FORCE, OR STUDY GROUP IS FORMED TO REVIEW SUCH EVALUATIONS, THE
19 TASK FORCE SHALL SEEK REGULAR UPDATES FROM SUCH COMMISSION OR
20 COMMITTEE REGARDING ANY DECISIONS THAT SUCH COMMISSION OR
21 COMMITTEE MIGHT MAKE RELATED TO ANY SALES OR USE TAX
22 EXPENDITURE EVALUATED BY THE OFFICE OF THE STATE AUDITOR.

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

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

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

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

8 (2.5) (a) ALL APPOINTMENTS DESCRIBED IN SUBSECTION (2) OF
9 THIS SECTION MUST BE MADE NO LATER THAN JUNE 1, 2021, AND EACH
10 JUNE 1 THEREAFTER. MEMBERS OF THE TASK FORCE SERVE AT THE
11 PLEASURE OF THE APPLICABLE APPOINTING AUTHORITY OR UNTIL THE
12 MEMBER NO LONGER SERVES IN THE POSITION FOR WHICH HE OR SHE WAS
13 APPOINTED TO THE TASK FORCE, AT WHICH TIME A VACANCY IS DEEMED TO
14 EXIST ON THE TASK FORCE. IF A VACANCY ARISES ON THE TASK FORCE, THE
15 APPROPRIATE APPOINTING AUTHORITY SHALL APPOINT A REPLACEMENT
16 MEMBER THAT MEETS THE REQUIREMENTS SET FORTH IN SUBSECTION (2)
17 OF THIS SECTION FOR THE VACANT POSITION.

18 (b) STARTING IN 2021, THE TASK FORCE SHALL ELECT A CHAIR AND
19 A VICE-CHAIR AT THE FIRST MEETING HELD ON OR BEFORE JULY 16, 2021.
20 THE CHAIR AND VICE-CHAIR APPOINTMENTS MUST ALTERNATE BETWEEN
21 A MEMBER FROM THE HOUSE OF REPRESENTATIVES AND A MEMBER FROM
22 THE SENATE WITH THE FIRST CHAIR BEING FROM THE SENATE AND THE
23 FIRST VICE-CHAIR BEING FROM THE HOUSE OF REPRESENTATIVES. THE
24 PERSON SERVING AS CHAIR, OR A MEMBER OF THE SAME HOUSE IF SUCH
25 PERSON IS NO LONGER A MEMBER THEREOF, SHALL SERVE AS VICE-CHAIR
26 DURING THE NEXT LEGISLATIVE SESSION, AND THE PERSON SERVING AS
27 VICE-CHAIR, OR A MEMBER OF THE SAME HOUSE IF SUCH PERSON IS NO

1 LONGER A MEMBER THEREOF, SHALL SERVE AS CHAIR DURING THE NEXT
2 LEGISLATIVE SESSION.

3 (3) STARTING IN 2021, the task force shall meet at least eight
4 times, with the first meeting occurring no later than ~~July 12, 2017~~ JULY
5 16, 2021. Task force meetings shall be open to the public and the task
6 force shall solicit the testimony of the members of the public.

7 (5) No later than November 1, 2017 NOVEMBER 1, 2021, and no
8 later than each November 1 thereafter, the task force shall make a report
9 to the legislative council created in section 2-3-301 that may or may not
10 include recommendations for legislation.

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

13 **39-26-804. Repeal of task force.** This part 8 is repealed, effective
14 July 1, 2020. ~~Before its repeal, this part 8 is scheduled for review in~~
15 ~~accordance with section 2-3-1201~~ JULY 1, 2026.

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

18 **2-3-1203. Sunset review of advisory committees - legislative**
19 **declaration - definition - repeal.** (10) (a) The following statutory
20 authorizations for the designated advisory committees will repeal on July
21 1, 2020:

22 (III) ~~The sales and use tax simplification task force created in~~
23 ~~section 39-26-802.~~

24 **SECTION 4.** In Colorado Revised Statutes, 2-3-1704, **add** (12)
25 as follows:

26 **2-3-1704. Powers and duties of the joint technology committee.**
27 **(12) BETWEEN ADJOURNMENT SINE DIE OF THE SECOND REGULAR SESSION**

1 OF THE SEVENTY-SECOND GENERAL ASSEMBLY AND THE FIRST MEETING IN
2 2021 OF THE SALES AND USE TAX SIMPLIFICATION TASK FORCE CREATED
3 IN SECTION 39-26-802, THE COMMITTEE SHALL:

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

8 (b) ONCE THE ELECTRONIC SALES AND USE TAX SIMPLIFICATION
9 SYSTEM DESCRIBED IN SENATE BILL 19-006, ENACTED IN 2019, IS ONLINE,
10 MONITOR AND ENCOURAGE PARTICIPATION BY BUSINESSES AND HOME
11 RULE MUNICIPALITIES; AND

12 (c) SEEK REGULAR UPDATES FROM THE OFFICE OF INFORMATION
13 TECHNOLOGY AND THE DEPARTMENT OF REVENUE REGARDING THE
14 PURCHASE AND DEVELOPMENT OF A GEOGRAPHIC INFORMATION SYSTEM
15 (GIS) DATABASE TO MAINTAIN JURISDICTIONAL BOUNDARIES OF SALES
16 TAX DISTRICTS AND TO CALCULATE APPROPRIATE SALES AND USE TAX
17 RATES FOR INDIVIDUAL ADDRESSES FOR WHICH THE DEPARTMENT OF
18 REVENUE RECEIVED AN APPROPRIATION IN SENATE BILL 19-006, ENACTED
19 IN 2019. ==

20 **SECTION 5. Safety clause.** The general assembly hereby finds,
21 determines, and declares that this act is necessary for the immediate
22 preservation of the public peace, health, or safety.