

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

ENGROSSED

*This Version Includes All Amendments Adopted
on Second Reading in the House of Introduction*

LLS NO. 20-0320.01 Esther van Mourik x4215

HOUSE BILL 20-1023

HOUSE SPONSORSHIP

Kraft-Tharp and Van Winkle,

SENATE SPONSORSHIP

Williams A. and Tate,

House Committees
Business Affairs & Labor

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING CERTAIN ADDRESS DATABASE SYSTEMS USED FOR SALES**
102 **AND USE TAX COLLECTION.**

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:

- ! Establishes a hold harmless provision for vendors who use the state's geographic information system database (GIS database) to determine the jurisdictions to which sales or use tax is owed and to calculate appropriate sales or use tax rates for individual addresses;

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 2nd Reading
January 28, 2020

- ! Requires the department of revenue to notify vendors when the GIS database is online, tested, and verified in writing by the department of revenue to be operational, supported, and available for use;
- ! Requires the department of revenue to ensure that the GIS database data is at least 95% accurate based on a statistically valid sample of addresses from the database, or based on another acceptable method of proving accuracy;
- ! Requires the executive director of the department of revenue to promulgate rules for the administration and use of the GIS database;
- ! Specifies that the statutory section regarding certified address location databases used for collecting and remitting sales and use tax is repealed 90 days after the date that the revisor of statutes is notified by the department of revenue that a geographic information system that meets the defined scope of work set forth in the request for solicitation is online, tested, and verified in writing by the department of revenue to be operational, supported, and available for use; and
- ! Requires the department of revenue to notify the revisor of statutes no later than 15 days after such a system is online, tested, and verified in writing by the department of revenue to be operational, supported, and available for use.

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

2 **SECTION 1.** In Colorado Revised Statutes, **add** 39-26-105.2 as
 3 follows:

4 **39-26-105.2. Remittance of tax - GIS - vendor held harmless**
 5 **- requirements of GIS database - rules - definition.** (1) FOR PURPOSES
 6 OF THIS SECTION, "GIS DATABASE" MEANS THE GEOGRAPHIC INFORMATION
 7 SYSTEM DATABASE THAT THE DEPARTMENT OF REVENUE OWNS AND
 8 MAINTAINS, THAT MEETS THE DEFINED SCOPE OF WORK SET FORTH IN THE
 9 REQUEST FOR SOLICITATION, AND IS PROVIDED TO VENDORS TO DETERMINE
 10 THE JURISDICTIONS TO WHICH TAX IS OWED AND TO CALCULATE
 11 APPROPRIATE SALES AND USE TAX RATES FOR INDIVIDUAL ADDRESSES.

1 (2) THE DEPARTMENT OF REVENUE SHALL IMMEDIATELY NOTIFY
2 VENDORS WHEN THE GIS DATABASE IS ONLINE, TESTED, AND VERIFIED
3 BY THE DEPARTMENT OF REVENUE TO BE OPERATIONAL, SUPPORTED, AND
4 AVAILABLE FOR USE. NOTIFICATION TO VENDORS MAY BE PROVIDED IN
5 ANY WAY THAT THE DEPARTMENT DEEMS APPROPRIATE AND MUST BE
6 ACCOMPLISHED WITHIN EXISTING RESOURCES.

7 (3) ANY VENDOR THAT COLLECTS AND REMITS SALES TAX TO THE
8 DEPARTMENT OF REVENUE AS PROVIDED BY LAW MAY USE THE GIS
9 DATABASE. ANY VENDOR THAT DIRECTLY USES THE DATA CONTAINED IN
10 THE GIS DATABASE, OR USES DATA FROM A THIRD-PARTY DATABASE THAT
11 IS VERIFIED TO USE THE MOST RECENT INFORMATION PROVIDED BY THE
12 GIS DATABASE, TO DETERMINE THE JURISDICTIONS TO WHICH TAX IS OWED
13 IS HELD HARMLESS FOR ANY TAX, CHARGE, OR FEE LIABILITY TO ANY
14 TAXING JURISDICTION THAT OTHERWISE WOULD BE DUE SOLELY AS A
15 RESULT OF AN ERROR OR OMISSION IN THE GIS DATABASE DATA.

16 (4) THE DEPARTMENT OF REVENUE SHALL ENSURE THAT THE GIS
17 DATABASE DATA IS AT LEAST NINETY-FIVE PERCENT ACCURATE BASED ON
18 A STATISTICALLY VALID SAMPLE OF ADDRESSES FROM THE DATABASE, OR
19 BASED ON ANOTHER ACCEPTABLE METHOD OF PROVING ACCURACY.

20 (5) THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OF REVENUE
21 SHALL PROMULGATE RULES FOR THE ADMINISTRATION OF THIS SECTION.
22 SUCH RULES MUST BE PROMULGATED IN ACCORDANCE WITH ARTICLE 4 OF
23 TITLE 24.

24 **SECTION 2.** In Colorado Revised Statutes, 39-26-105.3, **add** (8)
25 as follows:

26 **39-26-105.3. Remittance of tax - electronic database - vendor**
27 **held harmless - repeal.** (8) THIS SECTION IS REPEALED, EFFECTIVE

1 NINETY DAYS AFTER THE DATE THAT THE REVISOR OF STATUTES IS
2 NOTIFIED BY THE DEPARTMENT OF REVENUE THAT A GEOGRAPHIC
3 INFORMATION SYSTEM THAT MEETS THE DEFINED SCOPE OF WORK SET
4 FORTH IN THE REQUEST FOR SOLICITATION, PROVIDED BY THE STATE, IS
5 ONLINE, TESTED, AND VERIFIED [REDACTED] BY THE DEPARTMENT OF REVENUE TO
6 BE OPERATIONAL, SUPPORTED, AND AVAILABLE FOR A RETAILER TO USE TO
7 DETERMINE THE TAXING JURISDICTION IN WHICH AN ADDRESS RESIDES.
8 THE DEPARTMENT OF REVENUE SHALL NOTIFY THE REVISOR OF STATUTES
9 IN WRITING, BY EMAIL TO REVISOROFSTATUTES@STATE.CO.US, NO LATER
10 THAN FIFTEEN DAYS AFTER SUCH A SYSTEM IS ONLINE, TESTED, AND
11 VERIFIED [REDACTED] BY THE DEPARTMENT OF REVENUE TO BE OPERATIONAL,
12 SUPPORTED, AND AVAILABLE FOR USE.

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