



Legislative  
Council Staff

*Nonpartisan Services for Colorado's Legislature*

**FISCAL NOTE**

<b>Drafting Number:</b>	LLS 20-0320	<b>Date:</b>	January 16, 2020
<b>Prime Sponsors:</b>	Rep. Kraft-Tharp, Van Winkle Sen. Williams, Tate	<b>Bill Status:</b>	House Business
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**Bill Topic:** STATE GIS DATABASE FOR SALES & USE TAX COLLECTION

- Summary of Fiscal Impact:**
- |   |  |
|---|--|
| <input type="checkbox"/> State Revenue                | <input type="checkbox"/> TABOR Refund            |
| <input checked="" type="checkbox"/> State Expenditure | <input type="checkbox"/> Local Government        |
| <input type="checkbox"/> State Transfer               | <input type="checkbox"/> Statutory Public Entity |

Once a new geographic information system (GIS) database is implemented, this bill repeals the current hold harmless provision for vendors using current electronic databases for determining the jurisdiction(s) to which sales tax is owed and creates a hold harmless provision for vendors who choose to use the state-provided GIS database when determining to which jurisdiction(s) sales taxes are owed. This bill will create a one-time cost for the Department of Revenue.

**Appropriation Summary:** For FY 2020-21, this bill requires an appropriation of \$93,000 from the General Fund to the Department of Revenue.

**Fiscal Note Status:** This fiscal note reflects the introduced bill, which was recommended by the Sales and Use Tax Simplification Task Force.

**Table 1**  
**State Fiscal Impacts Under HB 20-1023**

		FY 2020-21	FY 2021-22
<b>Revenue</b>		-	-
<b>Expenditures</b>	General Fund	\$93,000	-
<b>Transfers</b>		-	-
<b>TABOR Refund</b>		-	-

## Summary of Legislation

This bill repeals the current hold harmless provisions for vendors that use the currently available state-certified electronic address databases, used for determining the jurisdiction(s) to which sales tax is owed, 90 days after the implementation of the new state Geographic Information System (GIS) database. Once the GIS database is implemented, the Department of Revenue (DOR) is required to immediately notify vendors that it is available for use. This bill then establishes a hold harmless provision for vendors that use the state's GIS database to determine sales and use tax rates for addresses and taxing jurisdictions. The hold harmless provision also applies to vendors that use third-party databases, which are verified as containing the most current information from the state GIS database. Vendors using the GIS database are not liable for any taxes, fees, or other charges that result from errors from using the state GIS database. The DOR is responsible for ensuring that 95 percent of the information provided in the database is accurate and up-to-date. DOR may also promulgate rules associated with administering the hold harmless provision.

## Background

Senate Bill 19-006, approved by the Sales and Use Tax Simplification Task Force and enacted during the 2019 session, mandated the creation of a sales and use tax simplification system, including a GIS database. The DOR reported that the database is scheduled to be completed by June 30, 2020.

## State Expenditures

The bill will increase state expenditures by \$93,000 for the Department of Revenue in FY 2020-21 only.

**Department of Revenue.** This bill requires that the DOR notify all vendors when the state GIS database is available for use. During FY 2020-21, the population of vendors is assumed to be 155,000. The expenditures included for DOR cover the cost of mailing notifications to all vendors, including postage costs of \$82,500 and mailing material costs of \$10,500.

This bill will also increase workload for the DOR to promulgate rules and ensure accuracy of the information in the GIS database, as well as notifying the revisor of statutes when the GIS database is implemented.

## Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

## State and Local Government Contacts

Counties  
Revenue

Information Technology  
Special Districts

Municipalities  
Regional Transportation District