



Legislative
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Nonpartisan Services for Colorado's Legislature

HB 20-1023

**REVISED
FISCAL NOTE**

(replaces fiscal note dated January 16, 2020)

Drafting Number:	LLS 20-0320	Date:	January 22, 2020
Prime Sponsors:	Rep. Kraft-Tharp, Van Winkle Sen. Williams, Tate	Bill Status:	House Second Reading
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Bill Topic: STATE GIS DATABASE FOR SALES AND 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. The bill minimally increases workload in the Department of Revenue.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: This fiscal note reflects the introduced bill, as amended by the House Business Affairs and Labor committee.

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

This bill increases the workload for the DOR to notify all vendors when the state GIS database is available for use, to promulgate rules for, and to ensure the accuracy of the information in the GIS database, as well as notifying the revisor of statutes when the GIS database is implemented. These workload requirements can be accomplished within existing appropriations.

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