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 |

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit: leg.colorado.gov/fiscalnotes.