

**First Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO**

INTRODUCED

LLS NO. 23-0116.01 Ed DeCecco x4216

HOUSE BILL 23-1017

HOUSE SPONSORSHIP

Kipp and Bockenfeld,

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Bridges and Van Winkle,

House Committees
Finance

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A BILL FOR AN ACT

101 **CONCERNING IMPROVEMENTS TO THE ELECTRONIC SALES AND USE TAX**
102 **SIMPLIFICATION SYSTEM.**

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. As part of an effort to simplify the sales and use tax system, the department of revenue (department) created the electronic sales and use tax simplification system (SUTS), which is a one-stop portal designed to facilitate the collection and remittance of sales and use tax. As soon as possible, but no later than January 1, 2025, the bill requires the department to modify SUTS to:

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.

- Notify a local taxing jurisdiction when there has been a change in an account's attributes or when an account has been closed;
- Populate a local account number on all returns and summary reports, if the retailer filing the return has a number and provides the number in SUTS;
- Ensure that the missing license tool is working properly;
- Facilitate the automation of the filing process;
- Develop a simplified spreadsheet filing system or a filing option that does not use a spreadsheet;
- Provide taxpayers with a bulk testing option for address files;
- Create a simplified process for filing a zero return; and
- Include additional use taxes, additional information about deductions, filtering options, and certain tabs.

The bill permits the department to modify SUTS to:

- Require retailers to register with a local taxing jurisdiction in which taxes are due before using SUTS; and
- Prohibit a retailer from filing a return in SUTS unless the retailer has the correct local number on the account.

With the exception of charges for payments by credit cards, the bill prohibits the department from imposing a convenience fee or any other type of charge for a payment through SUTS and from passing those charges on to local taxing jurisdictions.

The bill also requires the department to:

- Create a campaign to promote SUTS for the purpose of increasing the awareness, participation, and compliance by retailers and local taxing jurisdictions; and
- Solicit and consider feedback from interested stakeholders about enhancements to SUTS that lead to greater local taxing jurisdiction participation and greater compliance by retailers.

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

2 **SECTION 1.** In Colorado Revised Statutes, 39-26-802.7, **add**
 3 (2)(d), (2)(e), (2)(f), and (5) as follows:

4 **39-26-802.7. Electronic sales and use tax simplification system**
 5 **- sourcing method - implementation - legislative intent - definitions.**

6 (2) (d) AS SOON AS POSSIBLE, BUT NO LATER THAN JANUARY 1, 2025, THE
 7 DEPARTMENT SHALL MODIFY THE ELECTRONIC SALES AND USE TAX

1 SIMPLIFICATION SYSTEM TO:

2 (I) NOTIFY A LOCAL TAXING JURISDICTION WHEN THERE HAS BEEN
3 A CHANGE IN AN ACCOUNT'S ATTRIBUTES, SUCH AS AN ADDRESS OR FILING
4 FREQUENCY, OR WHEN AN ACCOUNT HAS BEEN CLOSED;

5 (II) POPULATE A LOCAL ACCOUNT NUMBER ON ALL RETURNS AND
6 SUMMARY REPORTS, IF THE RETAILER FILING THE RETURN HAS A NUMBER
7 AND PROVIDES THE NUMBER IN THE SALES AND USE TAX SIMPLIFICATION
8 SYSTEM;

9 (III) ENSURE THAT THE MISSING LICENSE TOOL IS WORKING
10 PROPERLY;

11 (IV) FACILITATE THE AUTOMATION OF THE FILING PROCESS;

12 (V) DEVELOP A SIMPLIFIED SPREADSHEET FILING SYSTEM OR A
13 FILING OPTION THAT DOES NOT USE A SPREADSHEET;

14 (VI) PROVIDE RETAILERS WITH A BULK TESTING OPTION FOR
15 ADDRESS FILES;

16 (VII) CREATE A SIMPLIFIED PROCESS FOR FILING A ZERO RETURN;

17 (VIII) INCLUDE:

18 (A) THE USE TAX FOR A LOCAL TAXING JURISDICTION FOR WHICH
19 THE STATE IS REQUIRED TO COLLECT THE LOCAL TAXING JURISDICTION'S
20 SALES TAX AND A PARTICIPATING HOME RULE, SELF-COLLECTING LOCAL
21 TAXING JURISDICTION THAT DOES NOT HAVE A COMBINED SALES AND USE
22 TAX FORM;

23 (B) A COLUMN TO ALLOW A DESCRIPTION FOR A DEDUCTION THAT
24 IS DESCRIBED AS "OTHER";

25 (C) FILTERING OPTIONS FOR LOCAL TAXING JURISDICTIONS TO
26 SORT RETAILERS AND CREATE REPORTS THAT ARE EXPORTABLE AS
27 SPREADSHEETS;

1 (D) LOCAL ACCOUNT NUMBERS ON A DETAIL TAB FOR RETAILERS;

2 AND

3 (E) A TAB FOR A RETAILER'S FILING HISTORY AND PAYMENTS.

4 (e) THE DEPARTMENT MAY MODIFY THE ELECTRONIC SALES AND
5 USE TAX SIMPLIFICATION SYSTEM TO:

6 (I) REQUIRE RETAILERS TO REGISTER WITH A LOCAL TAX
7 JURISDICTION IN WHICH TAXES ARE DUE BEFORE USING THE ELECTRONIC
8 SALES AND USE TAX SIMPLIFICATION SYSTEM; AND

9 (II) PROHIBIT A RETAILER FROM FILING A RETURN IN THE
10 ELECTRONIC SALES AND USE TAX SIMPLIFICATION SYSTEM UNLESS THE
11 TAXPAYER HAS THE CORRECT STATE ACCOUNT NUMBER.

12 (f) WITH THE EXCEPTION OF A CHARGE FOR A PAYMENT BY CREDIT
13 CARDS, THE DEPARTMENT SHALL NOT IMPOSE A CONVENIENCE FEE OR ANY
14 OTHER TYPE OF CHARGE FOR A PAYMENT THROUGH THE ELECTRONIC
15 SALES AND USE TAX SIMPLIFICATION SYSTEM. THE DEPARTMENT SHALL
16 NOT DEDUCT AN AMOUNT FROM THE AMOUNTS DISTRIBUTED TO THE
17 LOCAL TAXING JURISDICTIONS IN LIEU OF THE CONVENIENCE FEE OR OTHER
18 CHARGES THAT ARE PROHIBITED BY THIS SUBSECTION (2)(f).

19 (5)(a) THE DEPARTMENT SHALL CREATE A CAMPAIGN TO PROMOTE
20 THE ELECTRONIC SALES AND USE TAX SIMPLIFICATION SYSTEM FOR THE
21 PURPOSE OF INCREASING AWARENESS, PARTICIPATION, AND COMPLIANCE
22 BY RETAILERS AND LOCAL TAXING JURISDICTIONS. THE CAMPAIGN MUST
23 INCLUDE INFORMATION FOR TAXPAYERS ABOUT THE ZERO RETURN
24 PROCESS AND ADDITIONAL REQUIREMENTS THAT MAY APPLY WHEN FILING
25 A RETURN FOR A HOME RULE LOCAL TAXING JURISDICTION, AND IT MUST
26 ALSO INCLUDE DEMONSTRATIONS FOR CITIES OF THE REGISTRATION AND
27 FILING PROCESSES FROM A RETAILER'S PERSPECTIVE.

1 (b) THE DEPARTMENT SHALL SOLICIT AND CONSIDER FEEDBACK
2 FROM INTERESTED STAKEHOLDERS OF THE ELECTRONIC SALES AND USE
3 TAX SIMPLIFICATION SYSTEM, SUCH AS LOCAL TAXING JURISDICTIONS,
4 ORGANIZATIONS REPRESENTING LOCAL TAXING JURISDICTIONS,
5 REPRESENTATIVES OF THE BUSINESS COMMUNITY, AND RETAILERS, ABOUT
6 ADDITIONAL POTENTIAL ENHANCEMENTS TO THE SYSTEM THAT WILL LEAD
7 TO GREATER LOCAL TAXING JURISDICTION PARTICIPATION AND GREATER
8 COMPLIANCE BY RETAILERS.

9 **SECTION 2. Act subject to petition - effective date.** This act
10 takes effect at 12:01 a.m. on the day following the expiration of the
11 ninety-day period after final adjournment of the general assembly; except
12 that, if a referendum petition is filed pursuant to section 1 (3) of article V
13 of the state constitution against this act or an item, section, or part of this
14 act within such period, then the act, item, section, or part will not take
15 effect unless approved by the people at the general election to be held in
16 November 2024 and, in such case, will take effect on the date of the
17 official declaration of the vote thereon by the governor.