

Second Regular Session
Seventy-second General Assembly
STATE OF COLORADO

DRAFT
10.10.19

BILL 10

LLS NO. 20-0233.01 Pierce Lively x2059

INTERIM COMMITTEE BILL

Tax Expenditure Evaluation Interim Study Committee

BILL TOPIC: "Residents Of Bordering States Sales Tax Exemption"

A BILL FOR AN ACT

101 **CONCERNING THE REPEAL OF THE SALES TAX EXEMPTION FOR SALES**
102 **TO RESIDENTS OF BORDERING STATES WITHOUT RETAIL SALES**
103 **TAXES.**

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/>.)

Tax Expenditure Evaluation Interim Study Committee. Under current law, the sales tax exemption for sales to residents of bordering states without retail sales taxes exempts from state sales tax all retail sales made within 20 miles of the Colorado border to residents of states which border Colorado and do not have a retail sales tax, so long as those

*Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

residents are in Colorado for the primary purpose of making the purchase. The bill repeals this exemption.

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

2 **SECTION 1. Legislative declaration.** (1) The general assembly
3 finds and declares that:

4 (a) The sales tax exemption for sales to residents of bordering
5 states may only be claimed by residents who, among other requirements,
6 are from states which border Colorado and which do not have a retail
7 sales tax.

8 (b) At the time the exemption was enacted, Nebraska was the only
9 state bordering Colorado that did not have a retail sales tax, and since the
10 exemption was created, Nebraska has begun assessing a retail sales tax.

11 (c) Thus, no taxpayer can qualify for the exemption because all of
12 the states which border Colorado assess a sales tax.

13 (2) Therefore, it is the intent of the general assembly to simplify
14 the administration of taxes for the state of Colorado by repealing tax
15 expenditures that are obsolete and can no longer be claimed.

16 **SECTION 2.** In Colorado Revised Statutes, 39-26-704, **amend**
17 (2) as follows:

18 **39-26-704. Miscellaneous sales tax exemptions - governmental**
19 **entities - hotel residents - schools - exchange of property.** (2) There
20 shall be exempt from taxation under the provisions of part 1 of this article
21 ARTICLE 26 all sales that the state of Colorado is prohibited from taxing
22 under the constitution or laws of the United States or the state of
23 Colorado. ~~and all retail sales within a distance of twenty miles within the~~
24 ~~boundaries of this state to persons resident, excluding corporations, of~~
25 ~~adjoining states, which adjoining states do not impose or levy a retail~~

1 ~~sales tax on such sales, if the residents of the adjoining states are in this~~
2 ~~state for the express purpose of making purchases and not as tourists.~~

3 **SECTION 3. Act subject to petition - effective date.** This act
4 takes effect at 12:01 a.m. on the day following the expiration of the
5 ninety-day period after final adjournment of the general assembly (August
6 5, 2020, if adjournment sine die is on May 6, 2020); except that, if a
7 referendum petition is filed pursuant to section 1 (3) of article V of the
8 state constitution against this act or an item, section, or part of this act
9 within such period, then the act, item, section, or part will not take effect
10 unless approved by the people at the general election to be held in
11 November 2020 and, in such case, will take effect on the date of the
12 official declaration of the vote thereon by the governor.