



Division of Taxation: 2018 Legislation Overview

The Colorado Department of Revenue (CDOR) identified and tracked 10 bills during the 2018 legislative session that made changes impacting state and/or local sales and use tax; of those, 6 passed and were signed.

- 3 bills expanded the definition or qualification for an existing exemption; of those, all 3 passed and were signed into law.
- 2 bills created a new exemption from state sales and use tax; of those, neither became law.
- 1 bill authorized a local taxing jurisdiction (district); this bill did not become law.
- 3 bills non-substantively reorganized existing exemptions or clarified legislative intent regarding exemptions; of those, 2 passed and were signed into law.
- 1 bill directed CDOR to initiate a request for information (RFI) for an electronic sales and use tax simplification system ; this bill was passed and signed into law and is being executed by the department.

2018 Legislation that Passed with Impact to Sales and Use Tax

Bill Number	Short Title	Sponsors	Effective date of tax change
HB18-1022	DOR RFI For Sales Tax Simplification Task Force	Sias and Kraft-Tharp --Jahn and Neville T.	Upon passage and signature
HB18-1218	Definition Of Veterans' Organizations For Sales And Use Tax	Carver and Melton, --Crowder and Todd	July 1, 2018
HB18-1315	Manufactured Home Sales Tax Exemption	McLachlan and Becker J. --Kefalas and Lundberg	July 1, 2019
HB18-1350	Machine Tool Sales Tax Exemption For Scrap Metal	Kraft-Tharp --Priola	Act subject to petition, August 8, 2018
SB18-088	Taxation Of Retail Marijuana Sales	Gardner --Becker, KC	July 1, 2017
SB18-129	Reorganize Drugs & Medical Devices Sales Tax Exemption	Moreno --Arndt	Act subject to petition, August 8, 2018

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Sales and Use Tax Legislative Notes

- To avoid revenue changes and budget issues for local governments, most changes or additions to state sales and use tax exemptions require an "opt-in" for local usage.
 - This means each new state exemption results in varied local adoption throughout the state's local jurisdictions (currently 756 jurisdictions statewide), furthering the fragmentation of the tax base.
- CDOR produces the Tax Profile and Expenditure Report every two years. *(last updated in 2016)*
 - The report has identified 82 sales and use tax expenditures (primarily exemptions) at the state level.
 - Each new exemption results in increased complexities and compliance costs for businesses, as well as education challenges for CDOR.

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Division of Taxation: Administrative Updates

- CDOR staff has conducted an analysis of sales and use tax definitions for the state; cross-referencing statutory definitions, regulations and special regulations, Streamlines Sales and Use Tax Agreement (SSUTA) definitions, and the uniform definitions developed by Colorado Municipal League (CML) members to identify areas of opportunity for uniformity.
- Currently CDOR has 4 certified electronic address databases.
 - (see: colorado.gov/pacific/tax/local-sales-use-tax-by-address)
- CDOR is currently working through legal and stakeholder processes to evaluate potential impacts for the recent supreme court decision in South Dakota v. Wayfair, Inc.

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Questions?

Please visit CDOR's website:

<https://www.colorado.gov/revenue>

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