



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

FISCAL NOTE

Drafting Number: LLS 20-0319
Prime Sponsors:

Date: October 18, 2019
Bill Status: Bill Draft
Fiscal Analyst: Matt Bishop | 303-866-4796
Matt.Bishop@state.co.us

Bill Topic: SALES AND USE TAX SIMPLIFICATION TASK FORCE

- Summary of Fiscal Impact:
- State Revenue
- State Expenditure
- State Transfer
- TABOR Refund
- Local Government
- Statutory Public Entity

The bill continues the Sales and Use Tax Simplification Task Force for five years. The bill increases state expenditures and potentially state revenue through FY 2024-25.

Appropriation Summary: For FY 2020-21, the bill requires an appropriation of \$31,112 to the Legislative Department.

Fiscal Note Status: The fiscal note reflects the bill draft requested by the Sales and Use Tax Simplification Task Force.

Table 1
State Fiscal Impacts Under Bill 1

Table with 3 columns: Category, FY 2020-21, FY 2021-22. Rows include Revenue, Expenditures (General Fund, Centrally Appropriated, Total), Total FTE, Transfers, and TABOR Refund.

Summary of Legislation

The Sales and Use Tax Simplification Task Force was created by House Bill 17-1612 to study the necessary components of a simplified sales and use tax system for state and local governments. Under current law, the task force is repealed on July 1, 2020.

This bill continues the task force until July 1, 2025, and eliminates a requirement that the Department of Regulatory Agencies perform a sunset review of the task force prior to its repeal. The bill makes no changes to the makeup of the task force. Appointments must be made no later than June 5 of each year.

The bill modifies the scope of the task force's duties to include, among other duties, a review of:

- new sales tax collection rules and destination sourcing;
- Senate Bill 19-006, which instructs the Office of Information Technology and the Department of Revenue to develop a electronic sales and use tax simplification system; and
- House Bill 19-1245, which implemented changes to the vendor fee. The vendor fee is an amount that a retailer is permitted to retain for its expenses related to tax collection and remittance.

State Revenue

The bill potentially increases Legislative Department Cash Fund revenue for FY 2020-21 through FY 2024-25. The task force is authorized to seek gifts, grants, and donations. No gifts, grants, or donations have been identified or received. Gifts, grants, and donations are exempt from TABOR.

State Expenditures

The bill increases General Fund expenditures in the Legislative Department by \$37,593 in FY 2020-21 and by \$40,312 in FY 2021-22. Costs continue through FY 2024-25. Costs are listed in Table 2 and explained below.

Table 2
Expenditures Under Bill 1

	FY 2020-21	FY 2021-22
Legislative Department		
Personal Services - LCS	\$18,538	\$20,223
Personal Services - OLLS	\$8,898	\$9,707
Legislator Per Diem	\$1,772	\$1,772
Legislator Travel	\$1,904	\$1,904
Centrally Appropriated Costs*	\$6,481	\$6,706
FTE – LCS	0.3 FTE	0.3 FTE
FTE – OLLS	0.1 FTE	0.1 FTE
Total Cost	\$37,593	\$40,312
Total FTE	0.4 FTE	0.4 FTE

* Centrally appropriated costs are not included in the bill's appropriation.

Assumptions. Based on the current task force meeting four or five times per year, costs assume four meetings per year through FY 2024-25. The task force is made up of 11 non-legislative members and 4 legislative members. Non-legislative members do not receive compensation.

Personal services. Legislative Council Staff requires 0.3 FTE for staff, research, and fiscal note support for the committee. The Office of Legislative Legal Services requires 0.1 FTE for an attorney to provide research and bill drafting services to the committee.

Legislative per diem and travel. The cost for meetings at the Capitol includes legislator per diem and benefits of \$110.73 per member per meeting, and travel reimbursement, which averages \$119 per member per meeting. The total cost is \$3,676 for four legislators to attend four meetings in each of FY 2020-21 and FY 2021-22.

Department of Revenue. Workload for the department's representation on the task force and for the department's role in furnishing data related to the task force charge can be accomplished within existing departmental appropriations.

Office of Information Technology. Workload for the office to update the committee as required by the bill can be accomplished within existing departmental appropriations.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are estimated to be \$6,481 in FY 2020-21 and \$6,706 in FY 2021-22. Supplemental payments for legislators are computed at \$9.90 per legislator per meeting.

Local Government Impact

Local governments who are represented on the task force will continue to have additional workload for their representation on the task force. The bill requires the participation of four municipal representatives appointed pursuant to Colorado Municipal League bylaws. These officials are not reimbursed for their participation.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2020-21, the bill requires a General Fund appropriation of \$31,112 to the Legislative Department, and an allocation of 0.4 FTE.

State and Local Government Contacts

Counties
Municipalities
Special Districts

Information Technology
Legislative Legal Services

Legislative Council Staff
Revenue