



Legislative
Council Staff

Nonpartisan Services for Colorado's Legislature

Bill 3

FISCAL NOTE

Drafting Number: LLS 20-0321
Prime Sponsors:

Date: October 17, 2019
Bill Status: Bill Request
Fiscal Analyst: Meredith Moon | 303-866-2633
Meredith.Moon@state.co.us

Bill Topic: CONTINGENT REPEAL OF SALES & USE TAX DATABASE LAW

**Summary of
Fiscal Impact:**

- State Revenue
- State Expenditure (*minimal*)
- State Transfer
- TABOR Refund
- Local Government
- Statutory Public Entity

Once a new GIS database is implemented, this bill repeals the current hold harmless provision for vendors using current electronic databases for determining the jurisdictions to which sales tax is owed. This bill will minimally increase workload for the Department of Revenue and Office of Information Technology.

**Appropriation
Summary:** No appropriation is required.

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

Summary of Legislation

This bill repeals the current hold harmless provision for vendors that use the currently-available state-certified electronic address databases, used for determining the jurisdiction(s) to which sales tax is owed, contingent upon the implementation of the new state Geographic Information System (GIS) database. Vendors using data from the current databases to remit sales tax to the state are not liable for incorrectly remitted taxes based on information found in these databases. The Department of Revenue (DOR) is responsible for ensuring that current electronic database providers' address information is up-to-date and at least 95 percent accurate.

DOR is required to notify the revisor of statutes 15 days after the new state GIS database is operational in order to repeal the hold harmless provision.

Background

Senate Bill 19-006, recommended by the Sales and Use Tax Task Force and enacted during the 2019 session, mandated the creation of a sale and use tax simplification system, including a GIS database. The Governor's Office of Information Technology is undertaking the development of the new GIS database. Bill 2, recommended by the Sales and Use Tax Task Force during the 2019 interim, creates a new hold harmless provision for vendors using the new state-developed GIS database or the data from this database.

State Expenditures

The bill will minimally increase workload for the Department of Revenue and the Office of Information Technology to notify the revisor of statutes and update rules and informational material related to the hold harmless provisions affecting vendors. No additional appropriation is needed.

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