

CHAPTER 365

TAXATION

HOUSE BILL 23-1017

BY REPRESENTATIVE(S) Kipp and Bockenfeld, Bird, Catlin, Jodeh, Joseph, Marshall, Sirota, Snyder, Soper, Taggart, Titone, Valdez, Wilson, McCluskie, Amabile, Brown, Dickson, Frizell, Story;
also SENATOR(S) Bridges and Van Winkle, Cutter, Hinrichsen, Jaquez Lewis, Kolker, Mullica, Priola, Roberts, Zenzinger, Fenberg.

AN ACT

CONCERNING IMPROVEMENTS TO THE ELECTRONIC SALES AND USE TAX SIMPLIFICATION SYSTEM, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

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

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

39-26-802.7. Electronic sales and use tax simplification system - sourcing method - implementation - legislative intent - definitions. (2) (d) AS SOON AS POSSIBLE, BUT NO LATER THAN JANUARY 1, 2025, THE DEPARTMENT SHALL MODIFY THE ELECTRONIC SALES AND USE TAX SIMPLIFICATION SYSTEM:

(I) TO 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 THE SALES AND USE TAX SIMPLIFICATION SYSTEM;

(II) BY DEVELOPING A SIMPLIFIED USER INTERFACE FOR FILING RETURNS AS AN ALTERNATIVE TO THE CURRENT SPREADSHEET METHOD, AND, IN DOING SO, THE DEPARTMENT SHALL TAKE INTO CONSIDERATION THE FEATURES OF OTHER SALES AND USE TAX FILING INTERFACES THAT HAVE FAVORABLE USER RECOMMENDATIONS;

(III) TO PROVIDE RETAILERS WITH A BULK TESTING OPTION FOR ADDRESS FILES;
AND

(IV) TO INCLUDE:

Capital letters or bold & italic numbers indicate new material added to existing law; dashes through words or numbers indicate deletions from existing law and such material is not part of the act.

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

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

(C) LOCAL ACCOUNT NUMBERS ON A DETAIL TAB FOR RETAILERS; AND

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

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

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

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

SECTION 2. Appropriation. (1) For the 2023-24 state fiscal year, \$5,445,751 is appropriated to the department of revenue. This appropriation is from the general fund. To implement this act, the department may use this appropriation as follows:

(a) \$52,500 to the executive director's office for personal services related to administration and support;

(b) \$200,000 to the executive director's office for operating expenses related to administration and support;

(c) \$5,123,726 for operating expenses related to taxation services; and

(d) \$69,525 for tax administration IT system (GenTax) support.

SECTION 3. Act subject to petition - effective date. This act takes effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final

adjournment of the general assembly; except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against this act or an item, section, or part of this act within such period, then the act, item, section, or part will not take effect unless approved by the people at the general election to be held in November 2024 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.

Approved: June 5, 2023