

Second Regular Session
Seventy-third General Assembly
STATE OF COLORADO

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

LLS NO. 22-0729.01 Megan McCall x4215

SENATE BILL 22-006

SENATE SPONSORSHIP

Kolker and Rodriguez, Bridges, Cooke, Gardner, Hansen, Hisey, Holbert, Kirkmeyer, Lee, Liston, Lundeen, Pettersen, Priola, Rankin, Simpson, Smallwood, Woodward

HOUSE SPONSORSHIP

McLachlan and Snyder,

Senate Committees

Finance
Appropriations

House Committees

Finance
Appropriations

A BILL FOR AN ACT

101 **CONCERNING AN INCREASE IN THE AMOUNT OF SALES TAX REVENUE**
102 **THAT A RETAILER MAY RETAIN TO COVER THE RETAILER'S**
103 **EXPENSE IN COLLECTING AND REMITTING THE TAX, AND, IN**
104 **CONNECTION THEREWITH, MAKING AN APPROPRIATION.**

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/>.)

SENATE
3rd Reading Unamended
March 14, 2022

The bill permits a retailer with total taxable sales in the amount of \$100,000 or less to retain 5.3% of the sales tax reported as compensation for the retailer's expenses incurred in collecting and remitting the tax

SENATE
Amended 2nd Reading
March 11, 2022

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

(vendor fee) for sales made in 2023, rather than retaining a 4% vendor fee, which is what current law allows. The bill also clarifies that the calculation of the amount that is credited to the housing development grant fund is only based on the changes to the vendor fee from House Bill 19-1245, and not on any subsequent modifications, including those changes made in this bill.

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

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

4 (a) The ongoing COVID-19 pandemic has caused adverse impacts
5 to small businesses in Colorado and continues to do so;

6 (b) The financial viability of small businesses is critical to
7 Colorado's economic recovery from the impacts of COVID-19;

8 (c) Retail businesses in Colorado are required to collect and remit
9 sales tax revenue to the state; except that a retailer may retain a certain
10 percentage of the sales tax collected for the expense of collecting and
11 remitting the sales tax revenue; and

12 (d) The general assembly finds that in order to provide financial
13 relief to small retail businesses in the state, department of revenue shall
14 permit retailers with a certain amount of taxable sales to retain a larger
15 percentage of the sales tax they collect.

16 **SECTION 2.** In Colorado Revised Statutes, 39-21-119.5, **add (7)**

17 as follows:

18 **39-21-119.5. Mandatory electronic filing of returns -**
19 **mandatory electronic payment - penalty - waiver - definitions.**

20 **(7) (a) IN ORDER TO INDUCE THE ELECTRONIC PAYMENT OF TAXES AND**
21 **FEES ADMINISTERED UNDER SECTION 39-21-102, THE EXECUTIVE**
22 **DIRECTOR MAY DEDUCT PROCESSING COSTS FROM THE PAYMENT IN LIEU**

1 OF IMPOSING A CONVENIENCE FEE, AND IF THE PROCESSING COSTS ARE
2 DEDUCTED FROM THE PAYMENT, THE EXECUTIVE DIRECTOR SHALL CREDIT
3 THE FULL AMOUNT OF THE PAYMENT COLLECTED TO THE TAXPAYER'S
4 ACCOUNT. PROCESSING COSTS MAY BE DEDUCTED BY THE EXECUTIVE
5 DIRECTOR UNDER THIS SUBSECTION (7) REGARDLESS OF IF ELECTRONIC
6 PAYMENT IS MANDATED UNDER THIS SECTION.

7 (b) NOTWITHSTANDING ANY PROVISION TO THE CONTRARY, IF THE
8 EXECUTIVE DIRECTOR DEDUCTS PROCESSING COSTS PURSUANT TO THIS
9 SUBSECTION (7), THE STATE TREASURER SHALL CREDIT THE FULL AMOUNT
10 OF THE PAYMENT COLLECTED LESS THE DEDUCTED PROCESSING COSTS TO
11 THE APPROPRIATE FUND.

12 (c) IF THE EXECUTIVE DIRECTOR IS REQUIRED TO DISTRIBUTE
13 PAYMENT TO A LOCAL GOVERNMENT, THE EXECUTIVE DIRECTOR SHALL
14 DEDUCT THE PROCESSING COSTS FROM STATE REVENUE AND SHALL NOT
15 REDUCE THE AMOUNT DISTRIBUTED TO THE LOCAL GOVERNMENT.

16 (d) AS USED IN THIS SUBSECTION (7):

17 (I) "CONVENIENCE FEE" MEANS THE CONVENIENCE FEE THAT A
18 STATE GOVERNMENTAL ENTITY IS AUTHORIZED TO IMPOSE ON A PERSON
19 THAT USES ALTERNATIVE FORMS OF PAYMENT UNDER SECTION
20 24-19.5-103 (3).

21 (II) "PROCESSING COSTS" MEANS THE ACTUAL COSTS INCURRED BY
22 THE DEPARTMENT TO PROCESS A TRANSACTION BY AN ALTERNATIVE FORM
23 OF PAYMENT FOR WHICH THE DEPARTMENT IS AUTHORIZED TO IMPOSE A
24 CONVENIENCE FEE.

25 **SECTION 3.** In Colorado Revised Statutes, 39-26-105, amend
26 (1)(d)(I) as follows:

27 **39-26-105. Vendor liable for tax - definitions - repeal.**

1 (1) (d) (I) (A) For sales made on or after January 1, 2020, EXCEPT AS
2 PROVIDED IN SUBSECTION (1)(d)(I)(B) OF THIS SECTION, the amount
3 retained by a retailer to cover the retailer's expense in collecting and
4 remitting tax in accordance with this section is four percent of the tax
5 reported; except that a retailer shall not retain more than one thousand
6 dollars in any filing period.

7 (B) FOR SALES MADE ON AND AFTER JANUARY 1, 2023, BUT
8 BEFORE JANUARY 1, 2024, THE AMOUNT RETAINED BY A RETAILER TO
9 COVER THE RETAILER'S EXPENSE IN COLLECTING AND REMITTING TAX IN
10 ACCORDANCE WITH THIS SECTION FOR ANY FILING PERIOD THAT THE
11 RETAILER'S TOTAL TAXABLE SALES ARE LESS THAN OR EQUAL TO ONE
12 HUNDRED THOUSAND DOLLARS IS FIVE AND THREE-TENTHS PERCENT OF
13 THE TAX REPORTED; EXCEPT THAT A RETAILER SHOULD NOT RETAIN MORE
14 THAN ONE THOUSAND DOLLARS IN ANY FILING PERIOD. THIS SUBSECTION
15 (1)(d)(I)(B) IS REPEALED, EFFECTIVE JANUARY 1, 2032.

16 **SECTION 4.** In Colorado Revised Statutes, 39-26-123, **amend**
17 (3)(b)(I); and **repeal** (1)(a) as follows:

18 **39-26-123. Receipts - disposition - transfers of general fund**
19 **surplus - sales tax holding fund - creation - definitions.** (1) As used in
20 this section, unless the context otherwise requires:

27 (3) For any state fiscal year commencing on or after July 1, 2013,

1 the state treasurer shall credit eighty-five percent of all net revenue
2 collected under this article 26 to the old age pension fund created in
3 section 1 of article XXIV of the state constitution. The state treasurer
4 shall credit to the general fund the remaining fifteen percent of the net
5 revenue, less:

6 (b) (I) Except as set forth in subsection (3)(b)(II) of this section,
7 an amount equal to the FISCAL YEAR increase in sales and use tax revenue
8 attributable to the vendor fee changes MADE BY HOUSE BILL 19-1245,
9 ENACTED IN 2019, which amount the state treasurer shall credit to the
10 housing development grant fund created in section 24-32-721 (1).

11 **SECTION 5. Appropriation.** (1) For the 2022-23 state fiscal
12 year, \$61,980 is appropriated to the department of revenue. This
13 appropriation is from the general fund. To implement this act, the
14 department may use this appropriation as follows:

15 (a) \$16,875 for tax administration IT system (GenTax) support;

16 (b) \$6,400 for use by the executive director's office for personal
17 services;

18 (c) \$33,705 for use by the taxation services division for personal
19 services; and

20 (d) \$5,000 for use by the taxation services division for operating
21 expenses.

22 **SECTION 6. Act subject to petition - effective date.** This act
23 takes effect at 12:01 a.m. on the day following the expiration of the
24 ninety-day period after final adjournment of the general assembly; except
25 that, if a referendum petition is filed pursuant to section 1 (3) of article V
26 of the state constitution against this act or an item, section, or part of this
27 act within such period, then the act, item, section, or part will not take

1 effect unless approved by the people at the general election to be held in
2 November 2022 and, in such case, will take effect on the date of the
3 official declaration of the vote thereon by the governor.