

First Regular Session
Seventy-first General Assembly
STATE OF COLORADO

ENGROSSED

*This Version Includes All Amendments Adopted
on Second Reading in the House of Introduction*

LLS NO. 17-1026.01 Esther van Mourik x4215

SENATE BILL 17-238

SENATE SPONSORSHIP

Holbert,

HOUSE SPONSORSHIP

Neville P. and Wist, Everett

Senate Committees

Finance
Appropriations

House Committees

A BILL FOR AN ACT

101 CONCERNING THE NOTIFICATIONS THAT RETAILERS THAT DO NOT
102 COLLECT COLORADO SALES TAX MUST PROVIDE, AND, IN
103 CONNECTION THEREWITH, REDUCING 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>.)

Current law requires retailers that do not collect Colorado sales tax to provide notification to all Colorado purchasers showing certain information. The notification must be sent separately to all Colorado purchasers by first-class mail. The bill specifies that the notification must instead be sent to the email address used to complete the purchase and not

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

SENATE
Amended 2nd Reading
April 13, 2017

be included with any other emails to the purchaser regarding the purchase.

The bill also repeals the notification requirement that the retailer that does not collect Colorado sales tax must send to the department of revenue for each Colorado purchaser that specifies the total amount paid for Colorado purchases.

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

2 **SECTION 1.** In Colorado Revised Statutes, 39-21-112, **amend**
3 **(3.5)(d)(I)(B); repeal (3.5)(d)(II) and (3.5)(d)(III)(B); and add (3.5)(e)**
4 **as follows:**

5 **39-21-112. Duties and powers of executive director.**
6 (3.5) (d) (I) (B) The notification specified in ~~sub-subparagraph (A)~~ of
7 ~~this subparagraph (F)~~ SUBSECTION (3.5)(d)(I)(A) OF THIS SECTION shall be
8 sent separately to all Colorado purchasers ~~by first-class mail~~ TO THE
9 EMAIL ADDRESS USED TO COMPLETE THE PURCHASE and shall not be
10 included with any other ~~shipments~~ EMAILS TO THE PURCHASER
11 REGARDING THE PURCHASE. The notification shall include the words
12 "Important Tax Document Enclosed". ~~on the exterior of the mailing.~~ The
13 notification shall include the name of the retailer.

14 (II) (A) ~~Each retailer that does not collect Colorado sales tax shall~~
15 ~~file an annual statement for each purchaser to the department of revenue~~
16 ~~on such forms as are provided or approved by the department showing the~~
17 ~~total amount paid for Colorado purchases of such purchasers during the~~
18 ~~preceding calendar year or any portion thereof, and such annual statement~~
19 ~~shall be filed on or before March 1 of each year.~~

20 (B) ~~The executive director of the department of revenue may~~
21 ~~require any retailer that does not collect Colorado sales tax that makes~~
22 ~~total Colorado sales of more than one hundred thousand dollars in a year~~

1 to file the annual statement described in sub-subparagraph (A) of this
2 subparagraph (H) by magnetic media or another machine-readable form
3 for that year.

4 (III) (B) Failure to file the annual statement required in
5 sub-subparagraph (A) of subparagraph (H) of this paragraph (d) shall
6 subject the retailer to a penalty of ten dollars for each purchaser that
7 should have been included in such annual statement, unless the retailer
8 shows reasonable cause for such failure.

9 (e) (I) IN ORDER TO PROPERLY EDUCATE COLORADO TAXPAYERS
10 OF THEIR OBLIGATION TO PAY SALES TAX ON INTERNET PURCHASES, THE
11 DEPARTMENT SHALL CREATE A "KNOW WHAT YOU OWE" EDUCATIONAL
12 CAMPAIGN ON THEIR WEBSITE COMMENCING ON THE EFFECTIVE DATE OF
13 THIS SUBSECTION (3.5)(e) THROUGH JULY 2021. THE CAMPAIGN MUST
14 EXPLAIN THAT PURCHASING ITEMS FROM AN OUT-OF-STATE RETAILER
15 SUCH AS THOSE PURCHASED OVER THE INTERNET OR BY CATALOG MAY
16 REQUIRE TAXES TO BE PAID TO THE STATE AND CERTAIN SPECIAL DISTRICTS
17 ON THE PURCHASE PRICE. THE CAMPAIGN MUST ALSO DISPLAY THE
18 "SPECIAL DISTRICT RATES AND BOUNDARIES TABLE". THE CAMPAIGN
19 MUST BE WRITTEN AT AN 4TH GRADE READING LEVEL SO ALL TAXPAYERS
20 CAN UNDERSTAND HOW TO CALCULATE THE TAXES THEY OWE ON THEIR
21 OUT-OF-STATE RETAIL PURCHASES FROM ONLINE AND BY CATALOG
22 RETAILERS THAT DO NOT COLLECT COLORADO SALES TAX.

23 (II) COMMENCING WITH THE 2018 COLORADO INCOME TAX FILING
24 GUIDE BOOKLET, AND EACH INCOME TAX FILING GUIDE BOOKLET
25 THEREAFTER, THE DEPARTMENT SHALL ADD A DEDICATED "KNOW WHAT
26 YOU OWE" SECTION TO EACH BOOKLET SENT TO ALL TAXPAYERS. THE
27 "KNOW WHAT YOU OWE" SECTION MUST EXPLAIN THAT PURCHASING

1 ITEMS FROM AN OUT-OF-STATE RETAILER OVER THE INTERNET OR BY
2 CATALOG MAY REQUIRE TAXES TO BE PAID TO THE STATE AND CERTAIN
3 SPECIAL DISTRICTS ON THE PURCHASE PRICE. THE SECTION MUST ALSO
4 INCLUDE THE "SPECIAL DISTRICT RATES AND BOUNDARIES TABLE". THE
5 SECTION MUST BE WRITTEN AT AN 4TH GRADE READING LEVEL SO ALL
6 TAXPAYERS CAN UNDERSTAND HOW TO CALCULATE THE TAXES THEY OWE
7 ON THEIR OUT-OF-STATE RETAIL PURCHASES FROM ONLINE AND BY
8 CATALOG RETAILERS THAT DO NOT COLLECT COLORADO SALES TAX.

9 **SECTION 2. Appropriation - adjustments to 2017 long bill.** To
10 implement this act, the general fund appropriation made in the annual
11 general appropriation act for the 2017-18 state fiscal year to the
12 department of revenue for use by the taxation and compliance division for
13 personal services is decreased by \$20,387 and the related FTE is
14 decreased by 0.5 FTE.

15 **SECTION 3. Applicability.** This act applies to all purchases
16 made by Colorado purchasers on or after the effective date of this act
17 from each retailer that does not collect Colorado sales tax.

18 **SECTION 4. Safety clause.** The general assembly hereby finds,
19 determines, and declares that this act is necessary for the immediate
20 preservation of the public peace, health, and safety.