

First Regular Session  
Seventy-first General Assembly  
STATE OF COLORADO

**REENGROSSED**

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

LLS NO. 17-1026.01 Esther van Mourik x4215

**SENATE BILL 17-238**

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**SENATE SPONSORSHIP**

**Holbert,**

**HOUSE SPONSORSHIP**

**Neville P. and Wist,** Everett

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**Senate Committees**

Finance  
Appropriations

**House Committees**

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**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.**

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**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  
3rd Reading Unamended  
April 17, 2017

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.

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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.