

Second 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. 18-0273.01 Esther van Mourik x4215

HOUSE BILL 18-1022

HOUSE SPONSORSHIP

Sias and Kraft-Tharp,

SENATE SPONSORSHIP

Jahn and Neville T.,

House Committees
Business Affairs and Labor

Senate Committees

A BILL FOR AN ACT

101 CONCERNING A REQUIREMENT THAT THE DEPARTMENT OF REVENUE
102 ISSUE A REQUEST FOR INFORMATION FOR AN ELECTRONIC SALES
103 AND USE TAX SIMPLIFICATION SYSTEM.

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/>.)

Sales and Use Tax Simplification Task Force. The bill requires the department of revenue to issue a request for information for an electronic sales and use tax simplification system that the state or any local government that levies a sales or use tax, including a home rule municipality and county, could choose to use that would provide

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.

HOUSE
2nd Reading Unamended
January 23, 2018

administrative simplification to the state and local sales and use tax system.

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 sales and use tax simplification task force (task force) has
5 met several times in the interim between the 2017 and 2018 legislative
6 sessions and has heard testimony from both businesses and local
7 governments about the complex nature of our state and local sales and use
8 tax system;

9 (b) The task force's objective with the bill is to take the first step
10 towards a sourcing method for the building of an electronic sales and use
11 tax simplification system that could be paid for by business subscribers;
12 and

13 (c) It is the task force's intent to simplify certain administrative
14 details of the state and local sales and use tax system that could be piloted
15 on an elective basis while still protecting the important legal authority of
16 any home rule municipality or county set forth in section 6 of article XX
17 of the state constitution.

18 **SECTION 2.** In Colorado Revised Statutes, **add** 39-26-802.5 as
19 follows:

20 **39-26-802.5. Sales and use tax simplification - request for**
21 **information.** (1) (a) NO LATER THAN JUNE 30, 2018, THE DEPARTMENT
22 OF REVENUE SHALL ISSUE A REQUEST FOR INFORMATION, IN ACCORDANCE
23 WITH THE PROCUREMENT CODE, ARTICLES 101 TO 112 OF TITLE 24, AND
24 WITHIN THE DEPARTMENT'S EXISTING RESOURCES, FOR AN ELECTRONIC
25 SALES AND USE TAX SIMPLIFICATION SYSTEM THAT THE STATE OR ANY

1 LOCAL GOVERNMENT THAT LEVIES A SALES OR USE TAX, INCLUDING HOME
2 RULE MUNICIPALITIES AND COUNTIES, COULD CHOOSE TO USE THAT WOULD
3 PROVIDE:

4 (I) ACCURATE ADDRESS LOCATION INFORMATION TO BE USED BY
5 A RETAILER TO DETERMINE THE CORRECT TAXING JURISDICTION FOR
6 WHICH THE RETAILER SHOULD COLLECT AND REMIT SALES OR USE TAX;

7 (II) A SINGLE APPLICATION PROCESS FOR STATE AND LOCAL SALES
8 TAX LICENSES;

9 (III) A UNIFORM SALES AND USE TAX REMITTANCE FORM;

10 (IV) A SINGLE POINT OF REMITTANCE FOR STATE AND LOCAL SALES
11 AND USE TAX; AND

12 (V) A TAXABILITY OR EXEMPTION MATRIX.

13 (b) THE ELECTRONIC SALES AND USE TAX SIMPLIFICATION SYSTEM
14 MUST PROVIDE ACCESS TO THE DATA THAT THE STATE OR ANY LOCAL
15 GOVERNMENT MAY NEED FOR PURPOSES OF AUDITING TAXPAYERS OR FOR
16 RECONCILING SALES AND USE TAX REVENUE PROJECTIONS.

17 (c) THE REQUEST FOR INFORMATION PROCESS MUST:

18 (I) IDENTIFY INITIAL COSTS FOR THE ELECTRONIC SALES AND USE
19 TAX SIMPLIFICATION SYSTEM AND ANY POSSIBLE ONGOING ANNUAL COSTS;

20 (II) EXPLAIN HOW, TO THE MAXIMUM EXTENT PRACTICABLE, THE
21 SYSTEM COULD BE ABLE TO INTERFACE WITH ALL EXISTING ACCOUNTING
22 SYSTEMS USED BY THE RETAILERS, THE STATE, OR LOCAL GOVERNMENTS;

23 (III) ALLOW FOR VARIOUS PAYMENT OPTIONS TO PAY FOR THE
24 COST OF THE DEVELOPMENT OR IMPLEMENTATION OF THE ELECTRONIC
25 SALES AND USE TAX SIMPLIFICATION SYSTEM, INCLUDING CONTRIBUTIONS
26 BY THE STATE, LOCAL GOVERNMENTS, OR RETAILERS, OR ANY
27 COMBINATION THEREOF;

1 (IV) ANTICIPATE THAT THE SALES AND USE TAX BASE OR RATES
2 OF THE STATE OR ANY LOCAL GOVERNMENT THAT LEVIES A SALES OR USE
3 TAX MAY CHANGE OVER TIME AND MAINTAIN A HISTORY OF THOSE
4 CHANGES, INCLUDING THE EFFECTIVE DATE OF SUCH CHANGES; AND

5 (V) ANTICIPATE THAT THE JURISDICTIONAL BOUNDARIES OF A
6 LOCAL GOVERNMENT THAT LEVIES A SALES OR USE TAX MAY CHANGE
7 OVER TIME AND MAINTAIN A HISTORY OF THOSE CHANGES, INCLUDING THE
8 EFFECTIVE DATE OF SUCH CHANGES.

9 (d) A RESPONDER TO THE REQUEST FOR INFORMATION SHALL NOT
10 EXPECT OR ANTICIPATE THAT THE STATE OR ANY LOCAL GOVERNMENT
11 THAT LEVIES A SALES OR USE TAX AND THAT MIGHT USE THE ELECTRONIC
12 SALES AND USE TAX SIMPLIFICATION SYSTEM WILL, FOR SIMPLIFICATION
13 PURPOSES:

14 (I) ADJUST THEIR SALES AND USE TAX BASE OR RATE;

15 (II) ADOPT UNIFORM DEFINITIONS; OR

16 (III) UNIFY THEIR AUDIT AUTHORITY AND PROCESS IN ANY
17 FASHION.

18 (2) WHEN THE REQUEST FOR INFORMATION ISSUANCE IS COMPLETE,
19 THE DEPARTMENT OF REVENUE SHALL NOTIFY THE SALES AND USE TAX
20 SIMPLIFICATION TASK FORCE CREATED IN SECTION 39-26-802. THE TASK
21 FORCE SHALL HOLD A MEETING WITHIN NINETY DAYS OF THE NOTIFICATION
22 TO REVIEW THE INFORMATION RECEIVED PURSUANT TO THE REQUEST FOR
23 INFORMATION AND DETERMINE NEXT STEPS. THE TASK FORCE SHALL
24 INVITE A REPRESENTATIVE OF THE DEPARTMENT OF REVENUE'S
25 PURCHASING DEPARTMENT TO HELP ENSURE THAT ALL PROCUREMENT
26 ISSUES ARE CONSIDERED WHEN THE TASK FORCE DETERMINES ITS NEXT
27 STEPS.

1 **SECTION 3. Safety clause.** The general assembly hereby finds,
2 determines, and declares that this act is necessary for the immediate
3 preservation of the public peace, health, and safety.