

CHAPTER 58

TAXATION

HOUSE BILL 20-1182

BY REPRESENTATIVE(S) Arndt and McKean, Valdez D., Benavidez, Exum, McLachlan, Snyder, Titone, Woodrow;
also SENATOR(S) Moreno, Woodward, Zenzinger, Gonzales, Hansen.

AN ACT**CONCERNING THE REPEAL OF THE SALES TAX EXEMPTION FOR SALES TO RESIDENTS OF BORDERING STATES WITHOUT RETAIL SALES TAXES.**

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

SECTION 1. Legislative declaration. (1) The general assembly finds and declares that:

(a) The sales tax exemption for sales to residents of bordering states may only be claimed by residents who, among other requirements, are from states that border Colorado and that do not have a retail sales tax.

(b) At the time the exemption was enacted, Nebraska was the only state bordering Colorado that did not have a retail sales tax, and since the exemption was created, Nebraska has begun assessing a retail sales tax.

(c) Thus, no taxpayer can qualify for the exemption because all of the states that border Colorado assess a sales tax.

(2) Therefore, it is the intent of the general assembly to simplify the administration of taxes for the state of Colorado by repealing tax expenditures that are obsolete and can no longer be claimed.

SECTION 2. In Colorado Revised Statutes, 39-26-704, **amend** (2) as follows:

39-26-704. Miscellaneous sales tax exemptions - governmental entities - hotel residents - schools - exchange of property. (2) There shall be exempt from taxation under the provisions of part 1 of this ~~article~~ **ARTICLE 26** all sales that the state of Colorado is prohibited from taxing under the constitution or laws of the

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.

United States or the state of Colorado. ~~and all retail sales within a distance of twenty miles within the boundaries of this state to persons resident, excluding corporations, of adjoining states, which adjoining states do not impose or levy a retail sales tax on such sales, if the residents of the adjoining states are in this state for the express purpose of making purchases and not as tourists.~~

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 (August 5, 2020, if adjournment sine die is on May 6, 2020); 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 2020 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.

Approved: March 20, 2020