

Second Regular Session  
Seventy-third General Assembly  
STATE OF COLORADO

**ENGROSSED**

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

LLS NO. 22-0152.01 Jason Gelender x4330

**SENATE BILL 22-032**

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**SENATE SPONSORSHIP**

**Bridges and Woodward,**

**HOUSE SPONSORSHIP**

**Kipp and Van Winkle,**

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**Senate Committees**

Business, Labor, & Technology  
Appropriations

**House Committees**

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**A BILL FOR AN ACT**

101 **CONCERNING SIMPLIFICATION OF LOCAL SALES AND USE TAX**  
102 **COMPLIANCE AND ADMINISTRATION FOR RETAILERS THAT MAKE**  
103 **RETAIL SALES IN LOCAL TAXING JURISDICTIONS WHERE THEY**  
104 **HAVE LIMITED PHYSICAL PRESENCE, AND, IN CONNECTION**  
105 **THEREWITH, MAKING 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/>.)*

**Sales and Use Tax Simplification Task Force.** In order to enable the streamlining of the imposition, collection, and administration of sales

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.

SENATE  
Amended 2nd Reading  
March 4, 2022

and use taxes imposed by local taxing jurisdictions on retail sales made by retailers that have a state standard retail license and either do not have physical presence in a local taxing jurisdiction or have only incidental physical presence in a local taxing jurisdiction through the streamlining of application requirements for and elimination of fees for local general business licenses, the bill requires the department of revenue (department) to require sufficient information to be collected from such a retailer, when the retailer applies for or renews a state standard retail business license through the state's electronic sales and use tax simplification system (SUTS) or by other means or at any other time to the extent necessary, and made available to local taxing jurisdictions to ensure that concerns of local taxing jurisdictions, including but not limited to concerns relating to administrative efficiency, retailer compliance, and collection of sales and use tax revenue are addressed. The department is required to consult with local taxing jurisdictions when determining what information to collect and how to make the information collected available to local taxing jurisdictions and making and testing modifications. The department is also required to consult with retailers and to address any reasonable concerns they may have. The department is required to accomplish these tasks expeditiously so that no later than July 1, 2023, and sooner if feasible, a retailer that has a state standard retail license and either does not have physical presence within a local taxing jurisdiction or has only incidental physical presence can make retail sales within the local taxing jurisdiction without having to obtain a general business license from the local taxing jurisdiction.

On and after July 1, 2022, a local taxing jurisdiction is prohibited from charging a fee for a local general business license to a retailer that has a state standard retail license, makes retail sales within the local taxing jurisdiction, and either does not have physical presence within the local taxing jurisdiction or has only incidental physical presence within the local taxing jurisdiction. On and after July 1, 2023, a local taxing jurisdiction is prohibited from requiring such a retailer to apply separately to the local taxing jurisdiction for a general business license. A local taxing jurisdiction must automatically issue a general business license to such a retailer unless the local taxing jurisdiction has previously revoked a general business license held by the retailer for a violation of its local code.

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

2           **SECTION 1.** In Colorado Revised Statutes, **add** 39-26-802.9 as  
3 follows:

4           **39-26-802.9. Retailers without physical presence or with only**

1 **incidental physical presence in local taxing jurisdictions - streamlined**  
2 **application process and no fee for local general business license -**  
3 **legislative declaration - definitions. (1) THE GENERAL ASSEMBLY**

4 HEREBY FINDS AND DECLARES THAT:

5 (a) LICENSING OF RETAILERS THAT ARE SUBJECT TO PAYMENT OF  
6 SALES AND USE TAXES IN ONE OR MORE LOCAL TAXING JURISDICTIONS BUT  
7 EITHER DO NOT HAVE PHYSICAL PRESENCE IN OR HAVE ONLY INCIDENTAL  
8 PHYSICAL PRESENCE IN THOSE LOCAL TAXING JURISDICTIONS IS A MATTER  
9 OF STATEWIDE CONCERN;

10 (b) THE STATE'S ELECTRONIC TAX ADMINISTRATION  
11 INFRASTRUCTURE, INCLUDING THE ELECTRONIC SALES AND USE TAX  
12 SIMPLIFICATION SYSTEM CREATED AND BROUGHT ONLINE PURSUANT TO  
13 SECTION 39-26-802.7 AND COMMONLY KNOWN AS SUTS, CAN BE USED TO  
14 MAKE THE IMPOSITION, COLLECTION, AND ADMINISTRATION OF LOCAL  
15 SALES AND USE TAXES COLLECTED BY RETAILERS THAT EITHER DO NOT  
16 HAVE PHYSICAL PRESENCE OR HAVE ONLY INCIDENTAL PHYSICAL  
17 PRESENCE IN THE LOCAL TAXING JURISDICTIONS IMPOSING THE TAXES  
18 SIMPLER AND MORE EFFICIENT SO LONG AS:

19 (I) EACH LOCAL TAXING JURISDICTION IS REQUIRED TO GRANT A  
20 GENERAL BUSINESS LICENSE, FREE OF CHARGE, TO ANY RETAILER THAT  
21 HAS A STATE STANDARD RETAIL LICENSE AND EITHER DOES NOT HAVE  
22 PHYSICAL PRESENCE OR HAS ONLY INCIDENTAL PHYSICAL PRESENCE  
23 WITHIN THE LOCAL TAXING JURISDICTION SO LONG AS THE LOCAL TAXING  
24 JURISDICTION HAS NOT PREVIOUSLY REVOKED THE RETAILER'S GENERAL  
25 BUSINESS LICENSE DUE TO THE RETAILER'S FAILURE TO COMPLY WITH THE  
26 LOCAL TAXING JURISDICTION'S REQUIREMENTS FOR HOLDING A GENERAL  
27 BUSINESS LICENSE; AND

1           (II) SUFFICIENT INFORMATION ABOUT ANY SUCH RETAILER IS  
2 COLLECTED WHEN THE RETAILER APPLIES FOR A STATE STANDARD RETAIL  
3 LICENSE TO ADDRESS ANY LOCAL TAXING JURISDICTION CONCERNS,  
4 INCLUDING BUT NOT LIMITED TO CONCERNS RELATING TO ADMINISTRATIVE  
5 EFFICIENCY, RETAILER COMPLIANCE, AND COLLECTION OF SALES AND USE  
6 TAX REVENUE;

7           (c) BECAUSE IT IS IMPORTANT TO ENSURE THAT THE CONCERNS OF  
8 LOCAL TAXING JURISDICTIONS ARE ADDRESSED, IT IS NECESSARY AND  
9 APPROPRIATE TO REQUIRE THE DEPARTMENT OF REVENUE TO CONSULT  
10 WITH LOCAL TAXING JURISDICTIONS WHEN MODIFYING APPLICATION  
11 REQUIREMENTS FOR THE STATE STANDARD RETAIL LICENSE AS REQUIRED  
12 BY THIS SECTION; AND

13           (d) IT IS APPROPRIATE TO ELIMINATE THE COST OF A GENERAL  
14 BUSINESS LICENSE TO A RETAILER THAT HAS A STATE STANDARD RETAIL  
15 LICENSE AND EITHER DOES NOT HAVE PHYSICAL PRESENCE IN A LOCAL  
16 TAXING JURISDICTION OR HAS ONLY INCIDENTAL PHYSICAL PRESENCE  
17 WITHIN THE LOCAL TAXING JURISDICTION BY PROHIBITING A LOCAL  
18 TAXING JURISDICTION FROM CHARGING A FEE FOR A GENERAL BUSINESS  
19 LICENSE TO SUCH A RETAILER UNTIL SUCH TIME AS THE LOCAL TAXING  
20 JURISDICTION IS REQUIRED TO ALLOW ANY SUCH RETAILER TO MAKE  
21 RETAIL SALES WITHIN THE LOCAL TAXING JURISDICTION WITHOUT  
22 APPLYING SEPARATELY TO THE LOCAL TAXING JURISDICTION FOR A  
23 GENERAL BUSINESS LICENSE.

24           (2) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE  
25 REQUIRES:

26           (a) "DEPARTMENT" MEANS THE DEPARTMENT OF REVENUE.

27           (b) "GENERAL BUSINESS LICENSE" MEANS A LICENSE ISSUED BY A

1 LOCAL TAXING JURISDICTION THAT A RETAILER MUST OBTAIN TO LEGALLY  
2 MAKE RETAIL SALES IN THE LOCAL TAXING JURISDICTION REGARDLESS OF  
3 WHETHER THE LICENSE IS CALLED A BUSINESS LICENSE, A SALES AND USE  
4 TAX LICENSE, OR BY ANOTHER NAME. AN OCCUPATIONAL LICENSE OR ANY  
5 OTHER LICENSE REQUIRED TO ENGAGE IN A BUSINESS ACTIVITY OTHER  
6 THAN MAKING RETAIL SALES OF GOODS IS NOT A GENERAL BUSINESS  
7 LICENSE.

8 (c) "INCIDENTAL PHYSICAL PRESENCE" MEANS, WITH RESPECT TO  
9 A LOCAL TAXING JURISDICTION, PHYSICAL PRESENCE AS DESCRIBED IN  
10 SUBSECTION (2)(e)(I)(B), (2)(e)(I)(C), OR (2)(e)(I)(E) OF THIS SECTION, OR  
11 ANY COMBINATION OF SAID SUBSECTIONS, WITHIN THE LOCAL TAXING  
12 JURISDICTION THAT OCCURS INFREQUENTLY AND IS NOT REGULARLY  
13 SCHEDULED WITHIN THE ORDINARY COURSE OF AN INDIVIDUAL OR  
14 ENTITY'S BUSINESS ACTIVITIES.

15 (d) "LOCAL TAXING JURISDICTION" HAS THE MEANING SET FORTH  
16 IN SECTION 39-26-802.7 (1)(b).

17 (e) (I) "PHYSICAL PRESENCE" MEANS, WITH RESPECT TO A LOCAL  
18 TAXING JURISDICTION, PERFORMING OR PROVIDING SERVICES OR SELLING,  
19 LEASING, RENTING, DELIVERING, OR INSTALLING TANGIBLE PERSONAL  
20 PROPERTY FOR STORAGE, USE, OR CONSUMPTION WITHIN THE LOCAL  
21 TAXING JURISDICTION. PHYSICAL PRESENCE INCLUDES ANY OF THE  
22 FOLLOWING ACTIVITIES:

23 (A) DIRECTLY OR INDIRECTLY BY A SUBSIDIARY MAINTAINING A  
24 BUILDING, STORE, OFFICE, SALESROOM, WAREHOUSE, OR OTHER PLACE OF  
25 BUSINESS WITHIN THE LOCAL JURISDICTION;

26 (B) SENDING ONE OR MORE EMPLOYEES, AGENTS, OR  
27 COMMISSIONED SALESPERSONS INTO THE LOCAL JURISDICTION TO SOLICIT

1 BUSINESS, TO INSTALL, ASSEMBLE, REPAIR, SERVICE, OR ASSIST IN THE USE  
2 OF ITS PRODUCTS, OR FOR DEMONSTRATION OR OTHER REASONS;

3 (C) MAINTAINING ONE OR MORE EMPLOYEES, AGENTS, OR  
4 COMMISSIONED SALESPERSONS ON DUTY AT A LOCATION WITHIN THE  
5 LOCAL TAXING JURISDICTION;

6 (D) OWNING, LEASING, RENTING, OR OTHERWISE EXERTING  
7 CONTROL OVER REAL OR PERSONAL PROPERTY SALES WITHIN THE LOCAL  
8 TAXING JURISDICTION;

9 ==  
10 (E) ENGAGING IN ACTIVITIES WITHIN THE TAXING JURISDICTION  
11 THAT ARE SUBJECT TO OTHER BUSINESS, FIRE, ZONING, OR OTHER  
12 REGULATIONS OF THE LOCAL JURISDICTION; OR

13 (F) BEING SUBJECT TO TAXABLE PRIVILEGES OTHER THAN THE  
14 REQUIREMENT TO COLLECT SALES TAX IMPOSED BY THE LOCAL TAXING  
15 JURISDICTION.

16 (II) INCIDENTAL PRESENCE BY EMPLOYEES, AGENTS, OR  
17 COMMISSIONED SALESPERSONS WITHIN A LOCAL TAXING JURISDICTION  
18 WHEN NOT OTHERWISE ENGAGED IN THE ACTIVITIES SET FORTH IN  
19 SUBSECTION (2)(e)(I) OF THIS SECTION DOES NOT CONSTITUTE PHYSICAL  
20 PRESENCE.

21 (f) "STATE STANDARD RETAIL LICENSE" MEANS A LICENSE ISSUED  
22 UNDER SECTION 39-26-103 THAT AUTHORIZES A RETAILER TO MAKE  
23 RETAIL SALES IN THE STATE.

24 (g) "SUTS" MEANS THE ELECTRONIC SALES AND USE TAX  
25 SIMPLIFICATION SYSTEM CREATED AND BROUGHT ONLINE PURSUANT TO  
26 SECTION 39-26-802.7.

27 (3) (a) IN ORDER TO ENABLE THE STREAMLINING OF THE

1 IMPOSITION, COLLECTION, AND ADMINISTRATION OF SALES AND USE TAXES  
2 IMPOSED BY LOCAL TAXING JURISDICTIONS ON RETAIL SALES MADE BY  
3 RETAILERS THAT HAVE A STATE STANDARD RETAIL LICENSE AND EITHER  
4 DO NOT HAVE PHYSICAL PRESENCE WITHIN A LOCAL TAXING JURISDICTION  
5 OR HAVE ONLY INCIDENTAL PHYSICAL PRESENCE WITHIN A LOCAL TAXING  
6 JURISDICTION BY STREAMLINING THE APPLICATION PROCESS FOR AND  
7 ELIMINATING THE EXPENSE OF GENERAL BUSINESS LICENSES FOR SUCH  
8 RETAILERS, THE DEPARTMENT OF REVENUE SHALL REQUIRE SUFFICIENT  
9 INFORMATION TO BE COLLECTED FROM SUCH A RETAILER, WHEN THE  
10 RETAILER APPLIES FOR OR RENEWS A STATE STANDARD RETAIL BUSINESS  
11 LICENSE THROUGH SUTS OR BY OTHER MEANS OR AT ANY OTHER TIME TO  
12 THE EXTENT NECESSARY, AND MADE AVAILABLE TO LOCAL TAXING  
13 JURISDICTIONS TO ENSURE THAT CONCERNS OF LOCAL TAXING  
14 JURISDICTIONS, INCLUDING BUT NOT LIMITED TO CONCERNS RELATING TO  
15 ADMINISTRATIVE EFFICIENCY, RETAILER COMPLIANCE, AND COLLECTION  
16 OF SALES AND USE TAX REVENUE, ARE ADDRESSED. IN DETERMINING WHAT  
17 INFORMATION TO COLLECT AND HOW TO MAKE THE INFORMATION  
18 COLLECTED AVAILABLE TO LOCAL TAXING JURISDICTIONS AS REQUIRED BY  
19 THIS SUBSECTION (3)(a), THE DEPARTMENT SHALL CONSULT WITH LOCAL  
20 TAXING JURISDICTIONS, INCLUDING BUT NOT LIMITED TO LARGE, MEDIUM,  
21 AND SMALL HOME RULE AND NONHOME RULE MUNICIPALITIES AND LARGE,  
22 MEDIUM, AND SMALL COUNTIES. THE DEPARTMENT SHALL ALSO CONSULT  
23 WITH RETAILERS TO ADDRESS ANY REASONABLE CONCERNS THEY MAY  
24 HAVE.

25 (b) THE DEPARTMENT SHALL ACCOMPLISH THE TASKS SET FORTH  
26 IN SUBSECTION (3)(a) OF THIS SECTION EXPEDITIOUSLY SO THAT NO LATER  
27 THAN JULY 1, 2023, AND SOONER IF FEASIBLE, A RETAILER THAT HAS A

1 STATE STANDARD RETAIL LICENSE AND EITHER DOES NOT HAVE PHYSICAL  
2 PRESENCE WITHIN A LOCAL TAXING JURISDICTION OR HAS ONLY  
3 INCIDENTAL PHYSICAL PRESENCE WITHIN A LOCAL TAXING JURISDICTION  
4 CAN MAKE RETAIL SALES WITHIN THE LOCAL TAXING JURISDICTION  
5 WITHOUT HAVING TO APPLY SEPARATELY TO THE LOCAL TAXING  
6 JURISDICTION FOR A GENERAL BUSINESS LICENSE.

7 (4) (a) ON AND AFTER JULY 1, 2022, A LOCAL TAXING  
8 JURISDICTION SHALL NOT CHARGE A FEE FOR A GENERAL BUSINESS LICENSE  
9 TO A RETAILER THAT HAS A STATE STANDARD RETAIL LICENSE, MAKES  
10 RETAIL SALES WITHIN THE LOCAL TAXING JURISDICTION, AND EITHER DOES  
11 NOT HAVE PHYSICAL PRESENCE IN THE LOCAL TAXING JURISDICTION OR  
12 HAS ONLY INCIDENTAL PHYSICAL PRESENCE WITHIN THE LOCAL TAXING  
13 JURISDICTION.

14 (b) ON AND AFTER JULY 1, 2023, A LOCAL TAXING JURISDICTION  
15 SHALL NOT REQUIRE A RETAILER THAT HAS A STATE STANDARD RETAIL  
16 LICENSE, MAKES RETAIL SALES WITHIN THE LOCAL TAXING JURISDICTION,  
17 AND EITHER DOES NOT HAVE PHYSICAL PRESENCE IN THE LOCAL TAXING  
18 JURISDICTION TO OR HAS ONLY INCIDENTAL PHYSICAL PRESENCE WITHIN  
19 THE LOCAL TAXING JURISDICTION TO APPLY SEPARATELY TO THE LOCAL  
20 TAXING JURISDICTION FOR A GENERAL BUSINESS LICENSE. IF THE LOCAL  
21 TAXING JURISDICTION REQUIRES A GENERAL BUSINESS LICENSE, IT SHALL  
22 AUTOMATICALLY ISSUE A GENERAL BUSINESS LICENSE AT NO CHARGE TO  
23 SUCH A RETAILER USING THE INFORMATION PROVIDED BY THE  
24 DEPARTMENT PURSUANT TO SUBSECTION (3) OF THIS SECTION; EXCEPT  
25 THAT A LOCAL TAXING JURISDICTION IS NOT REQUIRED TO ISSUE A  
26 GENERAL BUSINESS LICENSE TO A RETAILER IF THE LOCAL TAXING  
27 JURISDICTION HAS PREVIOUSLY REVOKED A GENERAL BUSINESS LICENSE



1 HELD BY THE RETAILER FOR A VIOLATION OF ITS LOCAL CODE. IN  
2 ADDITION, NOTHING IN THIS SUBSECTION (4)(b) PROHIBITS A LOCAL  
3 TAXING JURISDICTION FROM SUSPENDING OR REVOKING A GENERAL  
4 BUSINESS LICENSE FOR A VIOLATION OF ITS LOCAL CODE.

5 **SECTION 2.** In Colorado Revised Statutes, 29-2-106, **amend**  
6 (4)(c)(I) and (6) as follows:

7 **29-2-106. Collection - administration - enforcement.**

8 (4) (c) (I) Notwithstanding the provisions of section 39-21-113, ~~C.R.S.~~,  
9 the executive director of the department of revenue shall report monthly  
10 to each municipality and county for which the department of revenue  
11 collects a sales tax information identifying licensed vendors within the  
12 municipality or county, INCLUDING THE LICENSING INFORMATION  
13 REQUIRED BY SECTION 39-26-802.9 (3), and, where the chief  
14 administrative officer or his designee has executed a memorandum of  
15 understanding with the department of revenue providing for control of  
16 confidential data, the status of each vendor's account including the  
17 amount of such municipality's or county's sales tax collected and paid by  
18 each such vendor. The executive director of the department may, in his  
19 discretion, provide additional information to a municipality or county  
20 concerning collection and administration of such municipality's or  
21 county's sales tax if such a memorandum has been executed.

22 (6) The executive director of the department of revenue may, in  
23 ~~his~~ THE EXECUTIVE DIRECTOR'S discretion, exchange information with the  
24 proper official of any home rule city ~~which~~ THAT imposes a sales and use  
25 tax relative to gross sales reported, changes in gross sales resulting from  
26 audits, and other information concerning licensed vendors MAKING  
27 RETAIL SALES within the jurisdiction of the home rule city, INCLUDING

1 THE LICENSING INFORMATION REQUIRED BY SECTION 39-26-802.9 (3).

2 **SECTION 3. Appropriation.** For the 2022-23 state fiscal year,  
3 \$2,100 is appropriated to the department of revenue for use by the  
4 taxation services division. This appropriation is from the general fund. To  
5 implement this act, the department may use this appropriation for  
6 personal services.

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