

**First Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO**

REVISED

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

LLS NO. 23-0116.01 Ed DeCecco x4216

HOUSE BILL 23-1017

HOUSE SPONSORSHIP

Kipp and Bockenfeld, Bird, Catlin, Jodeh, Joseph, Marshall, McCluskie, Sirota, Snyder, Soper, Taggart, Titone, Valdez, Wilson

SENATE SPONSORSHIP

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House Committees

Finance
Appropriations

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A BILL FOR AN ACT

101 **CONCERNING IMPROVEMENTS TO THE ELECTRONIC SALES AND USE TAX**
102 **SIMPLIFICATION SYSTEM, AND, IN CONNECTION THEREWITH,**
103 **MAKING 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/>.)

Sales and Use Tax Simplification Task Force. As part of an effort to simplify the sales and use tax system, the department of revenue (department) created the electronic sales and use tax simplification system (SUTS), which is a one-stop portal designed to facilitate the collection and remittance of sales and use tax. As soon as possible, but no later than

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
*Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words or numbers indicate deletions from existing law.*

SENATE
Amended 2nd Reading
May 4, 2023

HOUSE
3rd Reading Unamended
April 24, 2023

HOUSE
Amended 2nd Reading
April 21, 2023

January 1, 2025, the bill requires the department to modify SUTS to:

- Notify a local taxing jurisdiction when there has been a change in an account's attributes or when an account has been closed;
- Populate a local account number on all returns and summary reports, if the retailer filing the return has a number and provides the number in SUTS;
- Ensure that the missing license tool is working properly;
- Facilitate the automation of the filing process;
- Develop a simplified spreadsheet filing system or a filing option that does not use a spreadsheet;
- Provide taxpayers with a bulk testing option for address files;
- Create a simplified process for filing a zero return; and
- Include additional use taxes, additional information about deductions, filtering options, and certain tabs.

The bill permits the department to modify SUTS to:

- Require retailers to register with a local taxing jurisdiction in which taxes are due before using SUTS; and
- Prohibit a retailer from filing a return in SUTS unless the retailer has the correct local number on the account.

With the exception of charges for payments by credit cards, the bill prohibits the department from imposing a convenience fee or any other type of charge for a payment through SUTS and from passing those charges on to local taxing jurisdictions.

The bill also requires the department to:

- Create a campaign to promote SUTS for the purpose of increasing the awareness, participation, and compliance by retailers and local taxing jurisdictions; and
- Solicit and consider feedback from interested stakeholders about enhancements to SUTS that lead to greater local taxing jurisdiction participation and greater compliance by retailers.

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

2 **SECTION 1.** In Colorado Revised Statutes, 39-26-802.7, **add**
3 (2)(d), (2)(e), (2)(f), and (5) as follows:

4 **39-26-802.7. Electronic sales and use tax simplification system**
5 **- sourcing method - implementation - legislative intent - definitions.**

6 (2) (d) AS SOON AS POSSIBLE, BUT NO LATER THAN JANUARY 1, 2025, THE

1 DEPARTMENT SHALL MODIFY THE ELECTRONIC SALES AND USE TAX
2 SIMPLIFICATION SYSTEM;

3

4 (I) TO POPULATE A LOCAL ACCOUNT NUMBER ON ALL RETURNS
5 AND SUMMARY REPORTS, IF THE RETAILER FILING THE RETURN HAS A
6 NUMBER AND PROVIDES THE NUMBER IN THE SALES AND USE TAX
7 SIMPLIFICATION SYSTEM;

8 (II) BY DEVELOPING A SIMPLIFIED USER INTERFACE FOR FILING
9 RETURNS AS AN ALTERNATIVE TO THE CURRENT SPREADSHEET METHOD,
10 AND, IN DOING SO, THE DEPARTMENT SHALL TAKE INTO CONSIDERATION
11 THE FEATURES OF OTHER SALES AND USE TAX FILING INTERFACES THAT
12 HAVE FAVORABLE USER RECOMMENDATIONS;

13 (III) TO PROVIDE RETAILERS WITH A BULK TESTING OPTION FOR
14 ADDRESS FILES; AND

15

16 (IV) TO INCLUDE:

17

18 (A) A COLUMN TO ALLOW A DESCRIPTION FOR A DEDUCTION THAT
19 IS DESCRIBED AS "OTHER";

20 (B) FILTERING OPTIONS FOR LOCAL TAXING JURISDICTIONS TO
21 SORT RETAILERS AND CREATE REPORTS THAT ARE EXPORTABLE AS
22 SPREADSHEETS;

23 (C) LOCAL ACCOUNT NUMBERS ON A DETAIL TAB FOR RETAILERS;

24 AND

25 (D) A TAB FOR A RETAILER'S FILING HISTORY AND PAYMENTS.

26

27 (e) WITH THE EXCEPTION OF A CHARGE FOR A PAYMENT BY CREDIT

1 CARDS, THE DEPARTMENT SHALL NOT IMPOSE A CONVENIENCE FEE OR ANY
2 OTHER TYPE OF CHARGE FOR A PAYMENT THROUGH THE ELECTRONIC
3 SALES AND USE TAX SIMPLIFICATION SYSTEM. THE DEPARTMENT SHALL
4 NOT DEDUCT AN AMOUNT FROM THE AMOUNTS DISTRIBUTED TO THE
5 LOCAL TAXING JURISDICTIONS IN LIEU OF THE CONVENIENCE FEE OR OTHER
6 CHARGES THAT ARE PROHIBITED BY THIS SUBSECTION (2)(e).

7 (5) (a) THE DEPARTMENT SHALL CREATE A CAMPAIGN TO PROMOTE
8 THE ELECTRONIC SALES AND USE TAX SIMPLIFICATION SYSTEM FOR THE
9 PURPOSE OF INCREASING AWARENESS, PARTICIPATION, AND COMPLIANCE
10 BY RETAILERS AND LOCAL TAXING JURISDICTIONS. THE CAMPAIGN MUST
11 INCLUDE INFORMATION FOR TAXPAYERS ABOUT THE ZERO RETURN
12 PROCESS AND ADDITIONAL REQUIREMENTS THAT MAY APPLY WHEN FILING
13 A RETURN FOR A HOME RULE LOCAL TAXING JURISDICTION, AND IT MUST
14 ALSO INCLUDE DEMONSTRATIONS FOR CITIES OF THE REGISTRATION AND
15 FILING PROCESSES FROM A RETAILER'S PERSPECTIVE.

16 (b) THE DEPARTMENT SHALL SOLICIT AND CONSIDER FEEDBACK
17 FROM INTERESTED STAKEHOLDERS OF THE ELECTRONIC SALES AND USE
18 TAX SIMPLIFICATION SYSTEM, SUCH AS LOCAL TAXING JURISDICTIONS,
19 ORGANIZATIONS REPRESENTING LOCAL TAXING JURISDICTIONS,
20 REPRESENTATIVES OF THE BUSINESS COMMUNITY, AND RETAILERS, ABOUT
21 ADDITIONAL POTENTIAL ENHANCEMENTS TO THE SYSTEM THAT WILL LEAD
22 TO GREATER LOCAL TAXING JURISDICTION PARTICIPATION AND GREATER
23 COMPLIANCE BY RETAILERS.

24 **SECTION 2. Appropriation. (1) For the 2023-24 state fiscal**
25 **year, \$5,445,751 is appropriated to the department of revenue. This**
26 **appropriation is from the general fund. To implement this act, the**
27 **department may use this appropriation as follows:**

1 (a) \$52,500 to the executive director's office for personal services
2 related to administration and support;

3 (b) \$200,000 to the executive director's office for operating
4 expenses related to administration and support;

5 (c) \$5,123,726 for operating expenses related to taxation services;
6 and

7 (d) \$69,525 for tax administration IT system (GenTax) support.

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9 **SECTION 3. Act subject to petition - effective date.** This act
10 takes effect at 12:01 a.m. on the day following the expiration of the
11 ninety-day period after final adjournment of the general assembly; except
12 that, if a referendum petition is filed pursuant to section 1 (3) of article V
13 of the state constitution against this act or an item, section, or part of this
14 act within such period, then the act, item, section, or part will not take
15 effect unless approved by the people at the general election to be held in
16 November 2024 and, in such case, will take effect on the date of the
17 official declaration of the vote thereon by the governor.