

# Colorado Sales & Use Tax Simplification





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Director

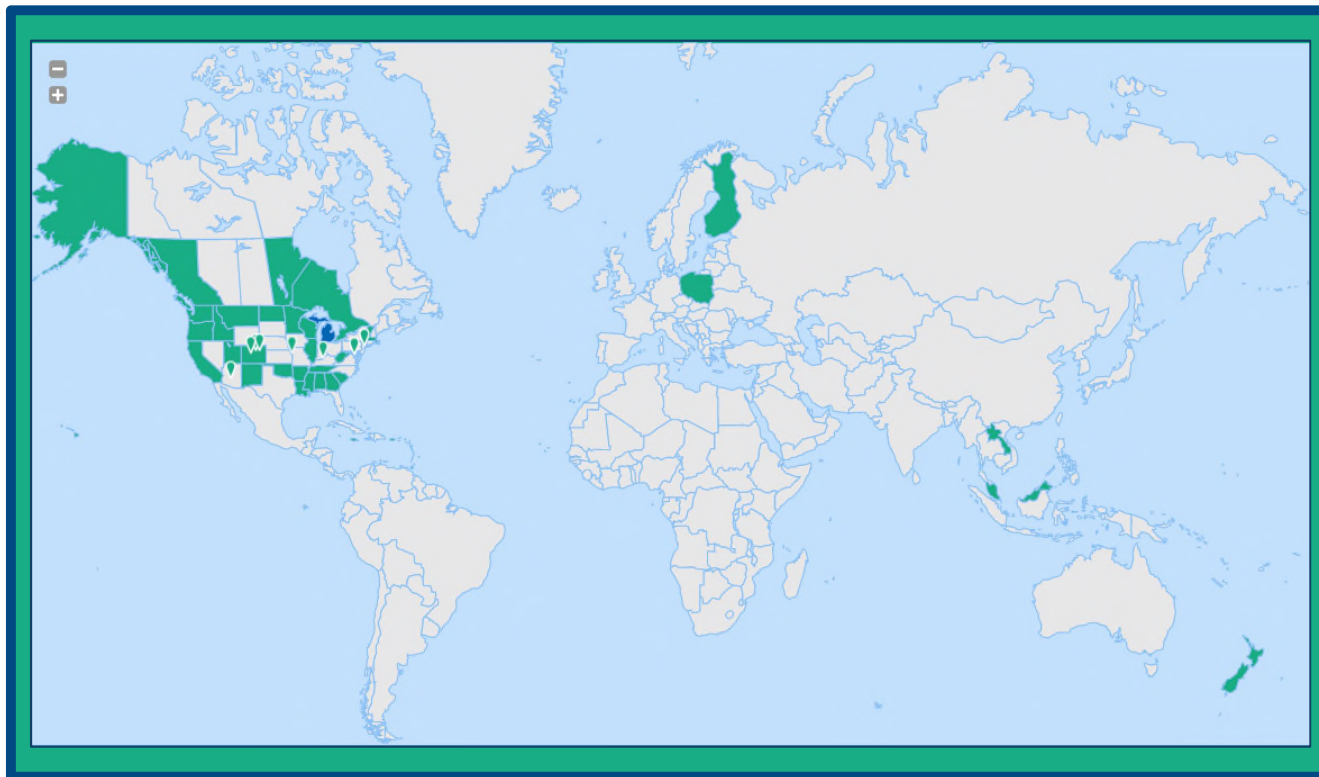


The logo for FAST, consisting of the word "FAST" in a bold, white, sans-serif font, set against a background of overlapping blue and green geometric shapes.

## Who is Fast?

-  Centennial, Colorado Based Company
-  Implement Tax, DMV, Unemployment Insurance
-  Provide customer and back-end software
-  Always successful

# Fast Tax Implementations



**FAST**

## Colorado Projects (State)

**2007 – 2012 Original Project**  
60+ Tax Types Migrated to Single System

**2012 – Current**  
Production Support

**2015 – 2018 Original Project**  
Driver, Vehicle, Hearings, Hosting

**2018 - 2029**  
Production Support, Hosting



**FAST**

# Colorado Local Government



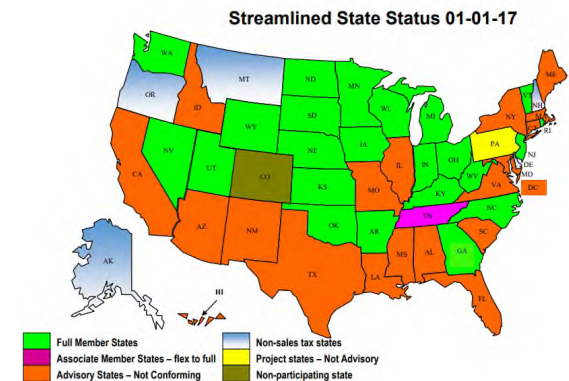
# General Consideration

- ▶ To increase ease of use and reduce complexity, Colorado should consider if adopting Streamlined Sales Tax legislation makes sense.

National effort to standardize sales tax goods definitions, communicate rates and simplify the tax return process.

Allows certified vendors to submit electronic returns on behalf of their clients.

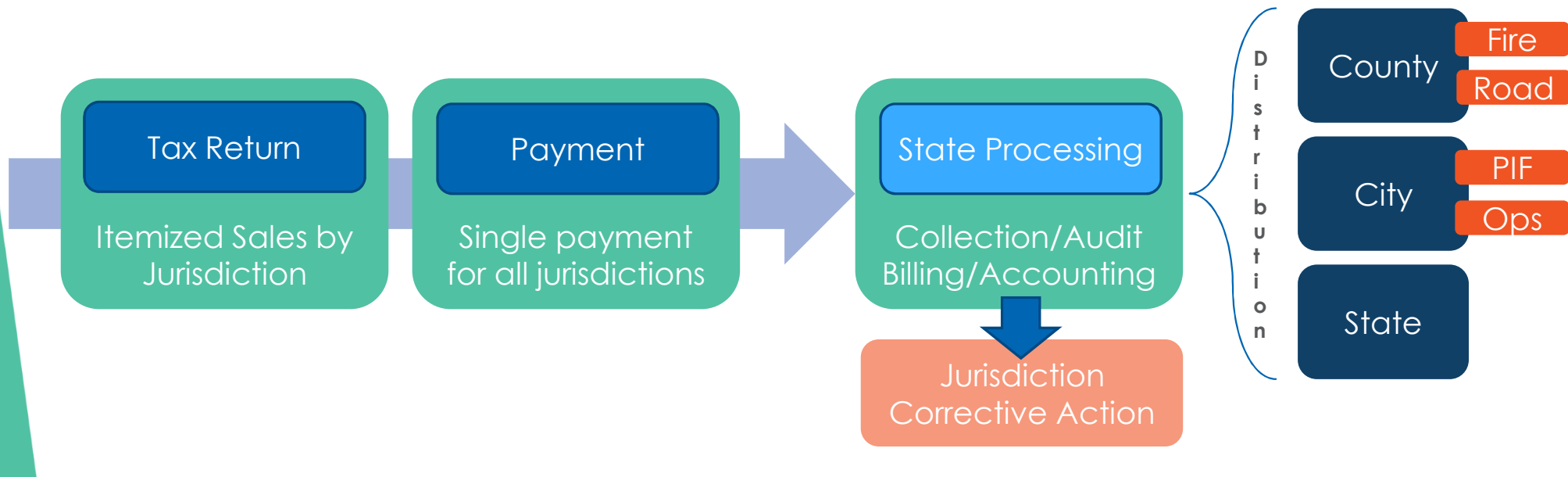
Could be a good simplification guide using best practices of other states.



# Sales Tax Models

## Central Administration

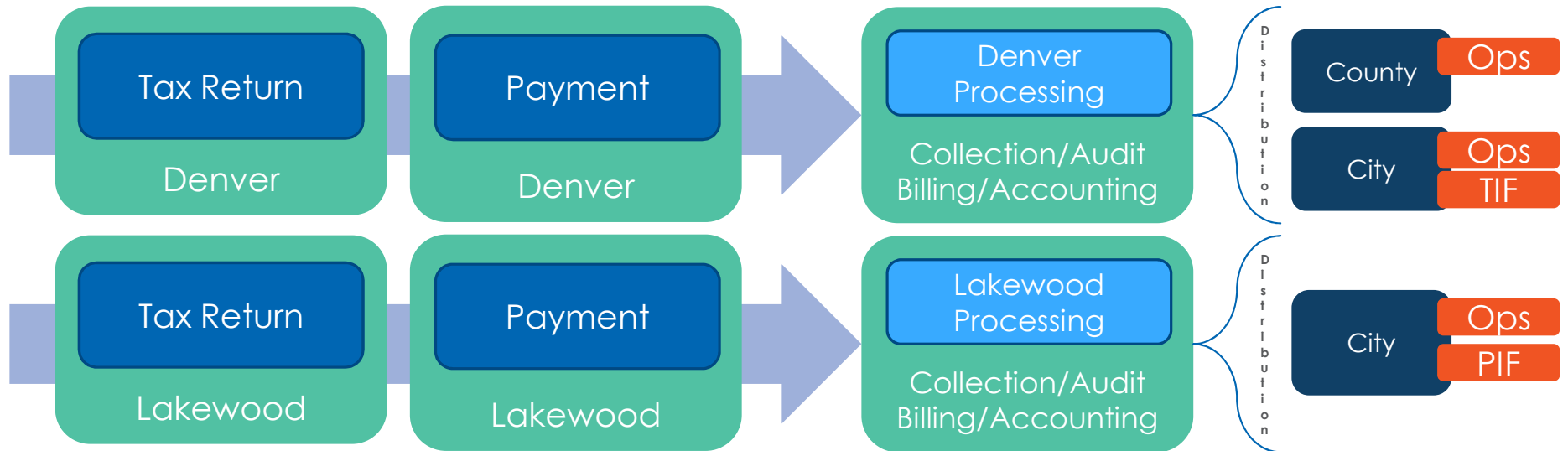
Centralized sales tax return and payment.  
 Disbursement occurs semi-frequently (monthly, weekly, etc.)



# Sales Tax Models

## “Home Rule” Model

De-centralized sales tax return and payment. Taxpayers remit separate returns and payments directly to taxing jurisdictions.





## Who's Doing What?

### Home Rule

Alamosa, Arvada, Aspen, Aurora, Avon, Black Hawk, Boulder, Breckenridge, Brighton, Broomfield, Bromfield Flatiron ID, Broomfield Arista ID, Canon City, Carbondale, Castle Rock, Centennial, Central City, Cherry Hills Village, Colorado Springs, Commerce City, Cortez, Crested Bute, Dacono, Delta, Denver, Durango, Edgewater, Englewood, Evans, Federal Heights, Fort Collins, Frisco, Glendale, Glenwood Springs, Golden, Grand Junction, Greeley, Greenwood Village, Gunnison, Gypsum, Lafayette, La Junta, Lakewood, Lamar, Larkspur, Littleton, Lone Tree, Longmont, Louisville, Loveland, Montrose, Mt. Crested Butte, Mountain Village, Northglenn, Parker, Pueblo, Ridgway, Rifle, Sheridan, Silverthorne, Snowmass Village, Steamboat Springs, Sterling, Telluride, Thornton, Timnath, Vail, Westminster, Wheatridge, Windsor, Winter Park, Woodland Park

### Central Administration

Everyone else

Based on Sale Location...

PIF	TIF	RTD	RTA
CLD	LMD	HSD	MDT
PSI	MHA	MTS	SCFD

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## Ideas for Simplification

Central  
Administration

Technology  
Solution

## Central Administration

Simplest  
approach for  
taxpayer

Built-in single  
point of  
contact

Single  
maintenance  
point

State has  
processing  
costs

Distributions  
timely and  
accurate

Supports  
Streamlined  
Sales Tax

## Central Administration

- ▶ Probably not very popular in Colorado because home rule jurisdictions administer taxes.
- ▶ The State has become much better at tax administration:
  - State made an investment in a modern Tax Administration System that already includes e-Services such as consolidated online filing and payment. Many home rule cities struggle to afford adequate tax administration software.
  - Jurisdictions using State processing have access to detailed reporting information on tax collections, distributions and the filing status of individual taxpayers.
  - Distributions are current and efficient.
  - State return processing and fund distribution does not preclude home rule jurisdictions from performing separate collection, audit and enforcement efforts.

## Technology Solution

State/Denver  
have worked  
on this

Who funds?  
Who  
maintains?

A viable  
approach

Not simple to  
implement

Broadens  
customer  
service load

Participation  
from  
Jurisdictions

## Technology Solution - Challenges

Taxpayer  
structure

Geographic  
Information  
System (GIS)

Payment  
distribution

Interfaces

Return and  
processing  
differences

Resource  
constraints of  
State and  
Jurisdictions

## Technology Solution - Vendors

Beware vendors claiming sales tax is easy! It's not.

Require vendors to prove their experience administering sales tax in real life.

Do not underestimate interfaces. Not everyone is technologically ready – many jurisdictions use outdated or manual systems.

If easing burden on taxpayers is key, make filing and payment free.



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# Contact Information

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