

First Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO

DRAFT
9.6.22

BILL 3

LLS NO. 23-0117.01 Ed DeCecco x4216

INTERIM COMMITTEE BILL

Sales and Use Tax Simplification Task Force

BILL TOPIC: "Electronic Local Lodging Tax System"

A BILL FOR AN ACT

101 **CONCERNING THE CREATION OF AN ELECTRONIC LOCAL LODGING TAX**
102 **SYSTEM, AND, IN CONNECTION THEREWITH, REQUIRING THE**
103 **DEPARTMENT OF REVENUE TO CREATE THE SYSTEM, WHICH IS**
104 **MODELED ON AND INTEROPERABLE WITH THE ELECTRONIC**
105 **SALES 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. On or before July 1, 2024, the bill requires the department of revenue (department) to create

*Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

an electronic local lodging tax system (lodging tax system), which is a one-stop portal designed to facilitate the collection and remittance of local lodging taxes, just as the electronic sales and use tax simplification system (SUTS) does for sales and use taxes.

To the extent possible, the department is required to include in the lodging tax system any of the features in SUTS that are applicable to local lodging taxes and to design the system so that there is interoperability between the 2 electronic systems. The department is also required to update SUTS to include a link to the lodging tax system, and likewise modify SUTS so that it is interoperable with the lodging tax system.

The bill also requires the department to determine the cost of the creation, maintenance, and administration of the electronic local lodging tax system and retain that amount up to 3 1/3% from the local lodging taxes collected through the system. The amount retained is in lieu of amounts that the department is otherwise authorized to retain for the net incremental cost of the collection, administration, and enforcement of the local lodging taxes.

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 (1)(a.5) and (2)(d) as follows:

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

6 (1) As used in this section, unless the context otherwise requires:

7 (a.5) "ELECTRONIC LOCAL LODGING TAX SYSTEM" MEANS THE
8 ELECTRONIC FILING SYSTEM CREATED IN SECTION 39-26-802.8.

9 (2) (d) ON OR BEFORE JULY 1, 2024, THE DEPARTMENT SHALL
10 UPDATE THE ELECTRONIC SALES AND USE TAX SIMPLIFICATION SYSTEM TO
11 INCLUDE A LINK TO THE ELECTRONIC LOCAL LODGING TAX SYSTEM AND
12 MODIFY THE ELECTRONIC SALES AND USE TAX SIMPLIFICATION SYSTEM AS
13 NECESSARY SO THAT THERE IS INTEROPERABILITY BETWEEN THE TWO
14 ELECTRONIC SYSTEMS.

15 **SECTION 2.** In Colorado Revised Statutes, **add** 39-26-802.8 as
16 follows:

1 **39-26-802.8. Electronic lodging tax system - definitions.** (1) As
2 USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES:

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

4 (b) "ELECTRONIC LOCAL LODGING TAX SYSTEM" MEANS THE
5 ELECTRONIC FILING SYSTEM CREATED IN SUBSECTION (2) OF THIS SECTION.

6 (c) "ELECTRONIC SALES AND USE TAX SIMPLIFICATION SYSTEM"
7 MEANS THE ELECTRONIC FILING SYSTEM DESCRIBED IN SECTION
8 39-26-802.7.

9 (d) "LOCAL LODGING TAX" MEANS:

10 (I) A TAX IMPOSED BY A LOCAL MARKETING DISTRICT PURSUANT
11 TO SECTION 29-25-112 (1)(a) OR A BY A COUNTY PURSUANT TO SECTION
12 30-11-107.5; AND

13 (II) ANY OTHER TAX THAT IS RELATED TO THE TRANSACTION OF
14 FURNISHING ROOMS OR ACCOMMODATIONS IN EXCHANGE FOR
15 CONSIDERATION AND THAT IS NOT A TAX SPECIFIED IN SUBSECTION
16 (1)(d)(I) OF THIS SECTION OR A STATE OR LOCAL SALES OR USE TAX.

17 (e) "LOCAL TAXING JURISDICTION" MEANS A LOCAL GOVERNMENT
18 THAT LEVIES A LOCAL LODGING TAX.

19 (2) ON OR BEFORE JULY 1, 2024, THE DEPARTMENT SHALL CREATE
20 AN ELECTRONIC LOCAL LODGING TAX SYSTEM AS A ONE-STOP PORTAL TO
21 ALLOW A USER TO REMIT LOCAL LODGING TAXES THROUGH A SINGLE POINT
22 OF REMITTANCE. TO THE EXTENT POSSIBLE, THE DEPARTMENT SHALL
23 INCLUDE IN THE SYSTEM ANY OF THE FEATURES IN THE ELECTRONIC SALES
24 AND USE TAX SIMPLIFICATION SYSTEM THAT ARE APPLICABLE TO LOCAL
25 LODGING TAXES AND DESIGN THE SYSTEM SO THAT THERE IS
26 INTEROPERABILITY BETWEEN THE TWO ELECTRONIC SYSTEMS.

27 (3) ON AND AFTER THE DATE THE ELECTRONIC LOCAL LODGING

1 TAX SYSTEM IS ONLINE, AND NOTWITHSTANDING ANY LAW TO THE
2 CONTRARY, THE DEPARTMENT SHALL ACCEPT ANY RETURNS AND
3 PAYMENTS PROCESSED THROUGH THE SYSTEM FOR ANY LOCAL LODGING
4 TAXES THAT ARE COLLECTED BY THE DEPARTMENT ON BEHALF OF ANY
5 LOCAL TAXING JURISDICTION. A LOCAL TAXING JURISDICTION THAT SELF-
6 COLLECTS A LOCAL LODGING TAX MAY VOLUNTARILY USE THE SYSTEM
7 FOR COLLECTING RETURNS AND PROCESSING PAYMENTS OF THAT TAX.

8 (4) THE DEPARTMENT SHALL PERFORM, ON AN ANNUAL BASIS, AN
9 ANALYSIS TO DETERMINE THE COST OF THE CREATION, MAINTENANCE, AND
10 ADMINISTRATION OF THE ELECTRONIC LOCAL LODGING TAX SYSTEM. THE
11 DEPARTMENT SHALL RETAIN ONLY THE AMOUNT DETERMINED TO BE
12 NECESSARY BY THE COST ANALYSIS FROM THE LOCAL LODGING TAXES
13 COLLECTED THROUGH THE SYSTEM; EXCEPT THAT THE AMOUNT SHALL NOT
14 EXCEED THREE AND ONE-THIRD PERCENT OF THE AMOUNT COLLECTED.
15 THE DEPARTMENT SHALL TRANSMIT THE AMOUNT RETAINED TO THE STATE
16 TREASURER WHO SHALL CREDIT IT TO THE GENERAL FUND, AND THE
17 AMOUNT IS SUBJECT TO APPROPRIATION BY THE GENERAL ASSEMBLY FOR
18 THE COSTS RELATED TO THE CREATION, MAINTENANCE, AND
19 ADMINISTRATION OF THE SYSTEM.

20 **SECTION 3.** In Colorado Revised Statutes, 29-25-112, **amend**
21 (1)(b)(II) as follows:

22 **29-25-112. Power to levy tax.** (1) (b) (II) The department of
23 revenue shall perform, on an annual basis, an analysis to determine the
24 net incremental cost of such collection, administration, and enforcement.
25 The department of revenue shall retain only the amount determined to be
26 necessary by the cost analysis, and in no event shall that amount exceed
27 three and one-third percent of the amount collected. Such amount retained

1 shall be transmitted to the state treasurer who shall credit the same to the
2 general fund, and such amount shall be subject to appropriation by the
3 general assembly for the net incremental cost of such collection,
4 administration, and enforcement. THE DETERMINATION OF THE NET
5 INCREMENTAL COST UNDER THIS SECTION SHALL NOT INCLUDE ANY COSTS
6 RELATED TO THE CREATION, MAINTENANCE, AND ADMINISTRATION OF THE
7 ELECTRONIC LOCAL LODGING TAX SYSTEM, AND THE DEPARTMENT SHALL
8 NOT RETAIN THE AMOUNT DETERMINED UNDER THIS SUBSECTION (1)(b)(II)
9 FROM AMOUNTS REMITTED THROUGH THE SYSTEM.

10 **SECTION 4.** In Colorado Revised Statutes, 30-11-107.5, **amend**
11 (2)(b) as follows:

12 **30-11-107.5. Lodging tax.** (2) (b) The department of revenue
13 shall perform, on an annual basis, an analysis to determine the net
14 incremental cost of such collection, administration, and enforcement. The
15 department of ~~revenue~~ shall retain only the amount determined to be
16 necessary by the cost analysis, and in no event shall that amount exceed
17 three and one-third percent of the amount collected. Such amount retained
18 shall be transmitted to the state treasurer, who shall credit the same to the
19 general fund, and such amount shall be subject to appropriation by the
20 general assembly for the net incremental cost of such collection,
21 administration, and enforcement. THE DETERMINATION OF THE NET
22 INCREMENTAL COST UNDER THIS SECTION SHALL NOT INCLUDE ANY COSTS
23 RELATED TO THE CREATION, MAINTENANCE, AND ADMINISTRATION OF THE
24 ELECTRONIC LOCAL LODGING TAX SYSTEM, AND THE DEPARTMENT SHALL
25 NOT RETAIN THE AMOUNT DETERMINED UNDER THIS SUBSECTION (2)(b)
26 FROM AMOUNTS REMITTED THROUGH THE SYSTEM.

27 **SECTION 5. Act subject to petition - effective date.** This act

1 takes effect at 12:01 a.m. on the day following the expiration of the
2 ninety-day period after final adjournment of the general assembly; except
3 that, if a referendum petition is filed pursuant to section 1 (3) of article V
4 of the state constitution against this act or an item, section, or part of this
5 act within such period, then the act, item, section, or part will not take
6 effect unless approved by the people at the general election to be held in
7 November 2024 and, in such case, will take effect on the date of the
8 official declaration of the vote thereon by the governor.