

Second Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO

Bill C

LLS NO. 24-0380.01 Megan McCall x4215

HOUSE BILL

HOUSE SPONSORSHIP

Taggart and Kipp,

SENATE SPONSORSHIP

Bridges and Van Winkle,

House Committees

Senate Committees

A BILL FOR AN ACT

101 CONCERNING THE SIMPLIFICATION OF PROCESSES RELATED TO TAXES
102 IMPOSED BY LOCAL GOVERNMENTS, AND, IN CONNECTION
103 THEREWITH, REQUIRING LOCAL TAXING JURISDICTIONS TO
104 REPORT TO THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OF
105 REVENUE INFORMATION ON LOCAL LODGING TAX AND BUILDING
106 PERMIT-RELATED SALES OR USE TAX INFORMATION, REQUIRING
107 THE EXECUTIVE DIRECTOR TO PUBLISH THAT INFORMATION,
108 MODIFYING THE SCOPE OF THE SALES AND USE TAX
109 SIMPLIFICATION TASK FORCE TO INCLUDE SIMPLIFICATION OF
110 LOCAL LODGING TAX, AND REQUIRING THE SALES AND USE TAX
111 SIMPLIFICATION TASK FORCE TO RECEIVE INFORMATION
112 RELATED TO THE FEASIBILITY AND IMPLEMENTATION OF AN
113 ELECTRONIC PORTAL FOR THE COLLECTION AND REMITTANCE

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.

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. Section 1 of the bill requires local taxing jurisdictions that impose a local lodging tax or a sales or use tax on building or construction materials that integrate such taxes into building permits (applicable sales or use tax) to file with the executive director of the department of revenue (executive director) a copy of the resolution or ordinance, and any amendments thereto, imposing such taxes and, if not included in the resolution, ordinance, or amendments, certain additional information related to each type of tax. For local lodging taxes, the bill requires local taxing jurisdictions to report the rate and calculation of the tax. For the applicable sales or use tax, the bill requires local taxation jurisdictions to report the rate and calculation, what information is included on building permits, the timing for remittance of the tax, and whether the tax is imposed on asphalt equipment, storage of equipment, or services.

By not later than July 1, 2025, and by not later than January 1 and July 1 of each year thereafter, the executive director must publish the information in the local taxing jurisdiction's reports relating to the local lodging tax and applicable sales or use tax.

Sections 2, 3, and 4 modify the scope of the sales and use tax simplification task force (task force) to include simplification of local lodging tax systems and require that in the 2024 interim, the task force receive testimony and proposals related to the feasibility and implementation of an electronic system for the collection and remittance of local lodging taxes in the same manner or in a manner similar to the electronic sales and use tax simplification system. The task force may propose legislation for the 2025 legislative session to implement or create such an electronic portal. The department of revenue is required to issue a request for information for an electronic system for the collection and remittance of local lodging taxes and present the information received to the task force by not later than September 1, 2024.

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

1 **SECTION 1.** In Colorado Revised Statutes, 39-21-112, **add** (11)
2 as follows:

3 **39-21-112. Duties and powers of executive director - reporting**
4 **of information related to local lodging tax and sales or use tax on**
5 **building or construction materials - definitions - repeal.** (11) (a) As
6 USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES:

7 (I) "APPLICABLE SALES OR USE TAX" MEANS A SALES OR USE TAX
8 ON BUILDING OR CONSTRUCTION MATERIALS IMPOSED BY A LOCAL TAXING
9 JURISDICTION.

10 (II) "BUILDING PERMIT-RELATED APPLICABLE SALES OR USE TAX
11 INFORMATION" MEANS THE FOLLOWING INFORMATION:

12 (A) THE TAX RATE OF ALL APPLICABLE SALES OR USE TAXES,
13 INCLUDING APPLICABLE SALES OR USE TAXES IMPOSED ON THE ITEMS
14 IDENTIFIED IN SUBSECTION (11)(a)(II)(E) OF THIS SECTION;

15 (B) THE TIMING OF WHEN THE APPLICABLE SALES OR USE TAX
16 MUST BE PAID TO THE LOCAL TAXING JURISDICTION AND IF THE LOCAL
17 TAXING JURISDICTION REQUIRES PRE-PAYMENT OF THE APPLICABLE SALES
18 OR USE TAX, THE PERCENTAGE BASIS FOR THE PRE-PAID AMOUNT
19 REQUIRED;

20 (C) ANY EXEMPTIONS ON PURCHASES SUBJECT TO THE APPLICABLE
21 SALES OR USE TAX;

22 (D) WHETHER THE LOCAL TAXING JURISDICTION INCLUDES THE
23 APPLICABLE SALES OR USE TAX DUE ON A BUILDING PERMIT AND WHETHER
24 ANY OTHER INFORMATION IS INCLUDED ON BUILDING PERMITS; AND

25 (E) WHETHER THE LOCAL TAXING JURISDICTION IMPOSES A SALES
26 OR USE TAX ON CONSTRUCTION EQUIPMENT BROUGHT INTO THE LOCAL
27 TAXING JURISDICTION, ON STORAGE OF EQUIPMENT WITHIN THE LOCAL

1 TAXING JURISDICTION, OR ON SERVICES.

2 (III) "CONSTRUCTION EQUIPMENT" MEANS ANY EQUIPMENT,
3 INCLUDING MOBILE MACHINERY AND MOBILE EQUIPMENT, WHICH IS USED
4 TO ERECT, INSTALL, ALTER, DEMOLISH, REPAIR, REMODEL, OR OTHERWISE
5 MAKE IMPROVEMENTS TO ANY REAL PROPERTY, BUILDING, STRUCTURE OR
6 INFRASTRUCTURE.

7 (IV) "LOCAL LODGING TAX" HAS THE SAME MEANING AS SET
8 FORTH IN SECTION 39-26-802 (1)(a.5)(III).

9 (V) "LOCAL LODGING TAX INFORMATION" MEANS THE TAX RATE
10 OF ANY LOCAL LODGING TAX IMPOSED BY THE LOCAL TAXING
11 JURISDICTION.

12 (VI) "LOCAL TAXING JURISDICTION" MEANS A COUNTY, HOME
13 RULE COUNTY, STATUTORY TOWN OR CITY, HOME RULE TOWN OR CITY,
14 CITY AND COUNTY, OR TERRITORIAL CHARTER TOWN OR CITY THAT
15 IMPOSES A LOCAL LODGING TAX OR IMPOSES AN APPLICABLE SALES OR USE
16 TAX.

17 (b) BY NOT LATER THAN JULY 1, 2025, AND BY NOT LATER THAN
18 JANUARY 1 AND JULY 1 OF EACH YEAR THEREAFTER, THE EXECUTIVE
19 DIRECTOR SHALL, IN A FORM AND IN A MANNER PRESCRIBED BY THE
20 DEPARTMENT, PUBLISH LOCAL LODGING TAX INFORMATION AND BUILDING
21 PERMIT-RELATED APPLICABLE SALES OR USE TAX INFORMATION.

22 (c) (I) FOR THE PURPOSE OF ADMINISTRATION BY THE EXECUTIVE
23 DIRECTOR OF THE PROVISIONS IN THIS SUBSECTION (11), EACH LOCAL
24 TAXING JURISDICTION SHALL FILE WITH THE EXECUTIVE DIRECTOR A COPY
25 OF EACH ORDINANCE OR RESOLUTION, OR ANY AMENDMENT THERETO,
26 THAT IMPOSES AN APPLICABLE SALES OR USE TAX OR LOCAL LODGING TAX
27 NO LATER THAN FORTY-FIVE DAYS BEFORE THE EFFECTIVE DATE OF THE

1 ORDINANCE OR RESOLUTION, OR ANY AMENDMENT THERETO. IF A LOCAL
2 TAXING JURISDICTION'S ORDINANCE OR RESOLUTION DOES NOT CONTAIN
3 BUILDING PERMIT-RELATED APPLICABLE SALES OR USE TAX INFORMATION
4 OR LOCAL LODGING TAX INFORMATION, THE LOCAL TAXING JURISDICTION
5 SHALL FILE WITH THE EXECUTIVE DIRECTOR DOCUMENTATION CONTAINING
6 SUCH INFORMATION AS SET FORTH IN SUBSECTIONS (11)(a)(II) AND
7 (11)(a)(V) OF THIS SECTION.

8 (II) (A) NOTWITHSTANDING THE PROVISIONS OF SUBSECTION
9 (11)(c)(I) OF THIS SECTION, LOCAL TAXING JURISDICTIONS SHALL FILE
10 WITH THE EXECUTIVE DIRECTOR A COPY OF EACH ORDINANCE OR
11 RESOLUTION, OR ANY AMENDMENT THERETO, THAT IMPOSES AN
12 APPLICABLE SALES OR USE TAX OR LOCAL LODGING TAX ON OR BEFORE
13 JUNE 15, 2025. IF A LOCAL TAXING JURISDICTION'S ORDINANCE OR
14 RESOLUTION DOES NOT CONTAIN BUILDING PERMIT-RELATED APPLICABLE
15 SALES OR USE TAX INFORMATION OR LOCAL LODGING TAX INFORMATION,
16 THE LOCAL TAXING JURISDICTION SHALL FILE WITH THE EXECUTIVE
17 DIRECTOR DOCUMENTATION CONTAINING SUCH INFORMATION AS SET
18 FORTH IN SUBSECTIONS (11)(a)(II) AND (11)(a)(V) OF THIS SECTION.

19 (B) THIS SUBSECTION (11)(c)(II) IS REPEALED, EFFECTIVE
20 JANUARY 1, 2027.

21 **SECTION 2.** In Colorado Revised Statutes, 39-26-801, **amend**
22 (1)(b); and **add** (1)(a.5) as follows:

23 **39-26-801. Legislative declaration.** (1) The general assembly
24 hereby finds and declares that:

25 (a.5) COLORADO HAS A UNIQUE AND COMPLEX LOCAL LODGING
26 TAX SYSTEM;

27 (b) Home rule jurisdictions have exercised their constitutional

1 authority to establish their own sales and use tax systems, including their
2 own licensing requirements, rates, taxable and nontaxable items, and
3 definitions, AND TO ESTABLISH THEIR OWN LOCAL LODGING TAX SYSTEMS;

4 **SECTION 3.** In Colorado Revised Statutes, 39-26-802, **amend**
5 (1)(a)(I), (1)(b)(I), (1)(b)(II)(I), (1)(b)(II)(J), and (1)(b)(III)(D); and **add**
6 (1)(a.5), (1)(b)(II)(K), (1)(b)(II)(L), and (1)(c) as follows:

7 **39-26-802. Sales and use tax simplification task force -**
8 **creation - definitions - repeal.** (1) (a) (I) Notwithstanding section
9 2-3-303.3, there is created the sales and use tax simplification task force,
10 referred to in this part 8 as the "task force". The task force shall meet as
11 necessary during any legislative session or any interim between legislative
12 sessions to study the necessary components of a simplified sales and use
13 tax system AND A SIMPLIFIED LOCAL LODGING TAX SYSTEM for both the
14 state and local governments, including home rule municipalities and
15 counties.

16 (a.5) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE
17 REQUIRES:

18 (I) "DEPARTMENT" MEANS THE DEPARTMENT OF REVENUE.

19 (II) "ELECTRONIC SALES AND USE TAX SIMPLIFICATION SYSTEM"
20 MEANS THE ELECTRONIC SYSTEM DESCRIBED IN SECTION 39-26-802.7 FOR
21 THE COLLECTION AND REMITTANCE OF SALES AND USE TAXES.

22 (III) "LOCAL LODGING TAX" MEANS:

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

26 (B) ANY OTHER TAX OR FEE THAT IS IMPOSED UPON THE
27 TRANSACTION OF FURNISHING ROOMS OR ACCOMMODATIONS IN EXCHANGE

1 FOR CONSIDERATION AND THAT IS NOT A TAX SPECIFIED IN SUBSECTION
2 (1)(a.5)(III)(A) OF THIS SECTION WHETHER IMPOSED UPON THE LESSOR OR
3 THE LESSEE.

4 (b) (I) The task force shall study BOTH sales and use tax
5 simplification between the state and local governments, including home
6 rule municipalities, AND LOCAL LODGING TAX SIMPLIFICATION to identify
7 opportunities and challenges within existing fiscal frameworks to adopt
8 "feasible solutions", which are solutions that are practical,
9 revenue-neutral, and do not require constitutional amendments or voter
10 approval.

11 (II) The task force shall consider whether there are feasible
12 solutions for:

13 (I) Simplifying the process to claim and administer the various
14 state sales and use tax exemptions; ~~and~~

15 (J) Simplifying the sales tax collection and remittance
16 requirements for nonprofit organizations;

17 (K) SIMPLIFYING LOCAL LODGING TAXES LEVIED BY LOCAL
18 GOVERNMENTS, INCLUDING HOME RULE MUNICIPALITIES; AND

19 (L) ADDING THE ACCEPTANCE OF RETURNS AND PROCESSING
20 PAYMENT OF ANY LOCAL LODGING TAX TO THE ELECTRONIC SALES AND
21 USE TAX SIMPLIFICATION SYSTEM OR, ALTERNATIVELY, CREATING AN
22 ELECTRONIC LOCAL LODGING TAX SYSTEM THAT IS A ONE-STOP PORTAL
23 DESIGNED TO FACILITATE THE COLLECTION AND REMITTANCE OF LOCAL
24 LODGING TAXES IN THE SAME MANNER IN WHICH THE ELECTRONIC SALES
25 AND USE TAX SIMPLIFICATION SYSTEM FACILITATES THE COLLECTION AND
26 REMITTANCE OF LOCAL SALES AND USE TAXES.

27 (III) The task force shall:

1 (D) Review the way in which special districts and specially
2 assessed sales taxes add to the complexity of the state's sales and use tax
3 structure, including, at minimum, the regional transportation district, the
4 scientific and cultural facilities district, any local improvement districts,
5 any regional transportation authority, any multi-jurisdictional housing
6 authority, and any health services district, and any mass transportation
7 system tax, public safety improvement tax, metropolitan district tax, ~~local~~
8 ~~marketing district tax, and county lodging district tax~~ AND LOCAL
9 LODGING TAX;

10 (c) (I) IN THE 2024 INTERIM, THE TASK FORCE:

11 (A) SHALL, BY NOT LATER THAN SEPTEMBER 1, 2024, RECEIVE
12 TESTIMONY FROM THE DEPARTMENT ON THE COMPLETION OF THE REQUEST
13 FOR INFORMATION REQUIRED IN SECTION 39-26-802.5 (3) AND ANY
14 INFORMATION RECEIVED PURSUANT TO THE REQUEST FOR INFORMATION;

15 (B) BY NOT LATER THAN THIRTY DAYS FOLLOWING THE
16 PRESENTATION BY THE DEPARTMENT TO THE TASK FORCE THAT IS SET
17 FORTH IN SUBSECTION (1)(c)(I)(A) OF THIS SECTION, RECEIVE PROPOSALS
18 FROM INTERESTED PARTIES REGARDING FUNDING SOURCES FOR THE
19 ELECTRONIC COLLECTION AND REMITTANCE OF LOCAL LODGING TAXES
20 DESCRIBED IN SUBSECTION (1)(b)(II)(L) OF THIS SECTION;

21 (C) SHALL RECEIVE TESTIMONY AT EACH MEETING FROM INDUSTRY
22 STAKEHOLDERS REGARDING THE STATUS OF CONVERSATIONS AND THE
23 FEASIBILITY FOR THE ELECTRONIC COLLECTION AND REMITTANCE OF
24 LOCAL LODGING TAXES DESCRIBED IN SUBSECTION (1)(b)(II)(L) OF THIS
25 SECTION; AND

26 (D) MAY RECOMMEND LEGISLATION TO BE CONSIDERED DURING
27 THE FIRST REGULAR SESSION OF THE SEVENTY-FIFTH GENERAL ASSEMBLY

1 TO IMPLEMENT OR CREATE AN ELECTRONIC SYSTEM FOR COLLECTION AND
2 REMITTANCE OF LOCAL LODGING TAXES DESCRIBED IN SUBSECTION
3 (1)(b)(II)(L) OF THIS SECTION.

4 (II) THIS SUBSECTION (1)(c) IS REPEALED, EFFECTIVE JULY 1, 2026.

5 **SECTION 4.** In Colorado Revised Statutes, 39-26-802.5, **add** (3)
6 as follows:

7 **39-26-802.5. Sales and use tax simplification - request for**
8 **information.** (3) THE DEPARTMENT OF REVENUE SHALL ISSUE A REQUEST
9 FOR INFORMATION CONCERNING AN ELECTRONIC SYSTEM FOR COLLECTION
10 AND REMITTANCE OF LOCAL LODGING TAXES AS DESCRIBED IN SECTION
11 39-26-802 (1)(b)(II)(L) IN A MANNER SUBSTANTIALLY SIMILAR TO THE
12 REQUEST FOR INFORMATION ISSUED PURSUANT TO SUBSECTION (1) OF THIS
13 SECTION. THE DEPARTMENT SHALL ISSUE THIS REQUEST IN A TIMELY
14 MANNER TO RECEIVE INFORMATION AND PRESENT THE INFORMATION
15 RECEIVED TO THE TASK FORCE BY NOT LATER THAN SEPTEMBER 1, 2024.

16 **SECTION 5. Safety clause.** The general assembly finds,
17 determines, and declares that this act is necessary for the immediate
18 preservation of the public peace, health, or safety or for appropriations for
19 the support and maintenance of the departments of the state and state
20 institutions.