



COALITION TO SIMPLIFY COLORADO SALES TAX

WWW.SIMPLIFYCOSALETAX.ORG

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MISSION

The mission of the coalition is to reform Colorado’s excessively complex sales and use tax system with multiple goals: fairness, simplicity, and predictability for business; revenue neutrality to avoid any adverse impact on local and state public services; and a competitive economic environment in Colorado that will attract employers. This coalition of businesses, trade organizations, and other interested taxpayers will drive reforms to achieve these goals.

PARTNERSHIP

The Simplify Colorado Sales & Use Tax Coalition (Simplify) is committed to working all stakeholders including CML, CCI, Legislature, cities, counties, private companies, business organizations and others as we embark on simplifying Colorado’s sales and use tax system. Partnership is essential in making this effort work.

HB17-1216 SALES & UES TAX TASK FORCE GOALS & OBJECTIVES

HB17-1216 Sales & Use Tax Task Force created to study simplifications between State and local governments; including municipalities, to identify opportunities and challenges within existing fiscal frameworks to adopt innovative revenue-neutral solutions that do not require constitutional amendments or voter approval. Per HB1216 task force shall consider the feasibility of:

- Having a third-party entity responsible for state and local sales & use tax administration, return processing and audits
- Making audits of retailers more uniform for all state and local taxing jurisdictions in the state
- Utilization of a certified software for sales and use tax administration and collection of state and local sales and use tax and;
- Utilization of a single sales and use tax return for state and local taxing jurisdictions

SPECIFIC ISSUE	OBJECTIVE
<p>Multiple sales tax licenses and separate remittancetoeachof 69 self-collectinghome-rule cities</p>	<ul style="list-style-type: none"> • Establish a single sales/use tax license. • Remit sales/use taxes to a single entity with timely delivery of revenue to local taxing jurisdictions <p>Questions for the Task Force?</p> <ul style="list-style-type: none"> ➤ What are geographic hurdles when someone isn’t sure where a business is located and where to remit sales/use tax? ➤ Possible database solution? Where?

	<p>SOS? DOR? Other?</p> <ul style="list-style-type: none"> ➤ Are there third-party entity options that have database options that can assist in keeping definitions accurate and can help keep differing interpretations amongst various jurisdictions so the system works for business and the taxing jurisdictions? ➤ Who keeps definitions up to date in the database? What recourse does a taxpayer have if a jurisdiction doesn't provide accurate law changes to third party entities?
<p>Conflicting definitions of what is taxable across home-rule and state-collected jurisdictions. Clear proactive guidance (i.e., before an audit) is lacking. Often cities "reinterpret" existing law based on new types of businesses on audit, but not at the administrative level. Therefore, no guidance is provided to taxpayers.</p> <p>Often cities prefer or refuse to provide written guidance, thus keeping taxpayers in the dark about interpretations of ordinance definitions and taxable items.</p> <p>2014 Senate Joint Resolution (SJR-038) passed requesting municipalities to adopt uniform definitions. Businesses would like to encourage cities to adopt local ordinances.</p>	<ul style="list-style-type: none"> • Establish uniform tax definitions and/or a uniform base. <ul style="list-style-type: none"> - <u>Definitions</u> establish standard categories of items/goods (including exemptions) - <u>Base</u> establishes what is taxable and non-taxable (could vary and be managed by technology if definitions are standard) • Localities could still vary rates to achieve tax revenue objectives. • Establish one entity to provide guidance, clarifications and maintain common definitions. <p>Questions for the Task Force?</p> <ul style="list-style-type: none"> ➤ How do we make sure that the definitions remain dynamic in an ever changing business environment? Who does this?
<p>Lack of accurate central database of sales/use tax information on which businesses can rely without penalty.</p>	<ul style="list-style-type: none"> • Authorize a single database, searchable by address across all taxing areas and hold businesses harmless if they rely on it (for rates included in the database as well as identification of relevant jurisdictions) – for all industries and for all jurisdictions.
<p>Exposure to multiple audits at any time.</p>	<ul style="list-style-type: none"> • Consolidate audits under one entity.