

First Regular Session  
Seventy-second General Assembly  
STATE OF COLORADO

DRAFT  
9.6.18

**BILL 1**

LLS NO. 19-0225.01 Esther van Mourik x4215

**INTERIM COMMITTEE BILL**

**Sales and Use Tax Simplification Task Force**

**BILL TOPIC: "Electronic Sales & Use Tax Simplification System"**

**A BILL FOR AN ACT**

101 **CONCERNING AN ELECTRONIC SALES AND USE TAX SIMPLIFICATION**  
102 **SYSTEM, AND, IN CONNECTION THEREWITH, REQUIRING THE**  
103 **SOLICITATION FOR BIDS AND DEVELOPMENT OF THE SYSTEM AND**  
104 **ESTABLISHING THE IMPLEMENTATION OF THE SYSTEM FOR THE**  
105 **ADMINISTRATION AND COLLECTION OF SALES AND USE TAX**  
106 **LEVIED BY THE STATE AND ANY LOCAL TAXING JURISDICTIONS.**

**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.** The bill requires

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

the department of revenue to solicit bids for the development of an electronic sales and use tax simplification system (system). The bill specifies that the bids may be sought through the state procurement process or through an open and transparent cooperative agreement outside of the procurement process that is reviewed and approved by a newly created evaluation committee.

The bill defines the system as providing, at a minimum, among other things:

- Accurate address location information;
- A single application process for sales tax licenses;
- A uniform sales and use tax remittance form;
- A single point of remittance; and
- A taxability or exemption matrix.

The bill creates a 5-member evaluation committee consisting of:

- Two legislative members of the sales and use tax simplification task force, one from the majority party and one from the minority party;
- One representative of the department of revenue;
- One representative of the Colorado municipal league; and
- One representative of the business community.

The bill establishes deadlines, with possible extensions, as approved by the evaluation committee, for:

- When bids must be received for the development of the system;
- When any contract for the development of the system must be entered into; and
- When the system must be online for use by the state for state sales and use tax and by the state for state-collected local sales and use tax.

The bill specifies that it is the general assembly's intent that a certain number of local taxing jurisdictions with home rule charters voluntarily use the system when the system comes online. Additionally, the bill states that it is the general assembly's intent that all local taxing jurisdictions with home rule charters voluntarily use the system within a specified number of years.

---

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

2           **SECTION 1. Legislative declaration.** (1) The general assembly  
3 hereby finds and declares that:

4           (a) The sales and use tax simplification task force (task force) has  
5 met several times in the interim between the 2018 and 2019 legislative

1 sessions and has again heard testimony from both businesses and local  
2 governments about the complex nature of our state and local sales and use  
3 tax system;

4 (b) In enacting this act, the task force's objective is to take the next  
5 step toward the development and implementation of an electronic sales  
6 and use tax simplification system to be used by the state and local taxing  
7 jurisdictions for the administration and collection of sales and use tax;

8 (c) It is the task force's intent that the electronic sales and use tax  
9 simplification system allow for various payment options, including  
10 contributions by the state, local taxing jurisdictions, or retailers; and

11 (d) It is the task force's intent to move forward with simplifying  
12 certain administrative details of the state and local sales and use tax  
13 system for the state and local taxing jurisdictions, but on an elective basis  
14 for any municipality or county with a home rule charter in order to protect  
15 the important legal authority of such entities as set forth in section 6 of  
16 article XX of the state constitution.

17 **SECTION 2.** In Colorado Revised Statutes, **add** 39-26-802.7 as  
18 follows:

19 **39-26-802.7. Electronic sales and use tax simplification system**  
20 **- solicitation for bids - development - implementation - legislative**  
21 **intent - definitions.** (1) AS USED IN THIS SECTION, UNLESS THE CONTEXT  
22 OTHERWISE REQUIRES:

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

24 (b) "ELECTRONIC SALES AND USE TAX SIMPLIFICATION SYSTEM" OR  
25 "SYSTEM" MEANS A COMPUTER SOFTWARE SYSTEM THAT AT A MINIMUM:

26 (I) PROVIDES ACCURATE ADDRESS LOCATION INFORMATION TO BE  
27 USED BY A RETAILER TO DETERMINE THE CORRECT LOCAL TAXING

1 JURISDICTION, OR LOCAL TAXING JURISDICTIONS, FOR WHICH THE RETAILER  
2 SHOULD COLLECT AND REMIT SALES OR USE TAX;

3 (II) PROVIDES A SINGLE APPLICATION PROCESS FOR STATE SALES  
4 TAX LICENSES AND SALES TAX LICENSES FOR ALL LOCAL TAXING  
5 JURISDICTIONS;

6 (III) PROVIDES A UNIFORM SALES AND USE TAX REMITTANCE FORM  
7 FOR THE STATE AND ALL LOCAL TAXING JURISDICTIONS;

8 (IV) PROVIDES A SINGLE POINT OF REMITTANCE FOR STATE SALES  
9 OR USE TAX AND ANY SALES OR USE TAX LEVIED BY A LOCAL TAXING  
10 JURISDICTION;

11 (V) PROVIDES A TAXABILITY OR EXEMPTION MATRIX;

12 (VI) PROVIDES ACCESS TO THE DATA THAT THE STATE OR ANY  
13 LOCAL TAXING JURISDICTION MAY NEED FOR PURPOSES OF AUDITING  
14 TAXPAYERS OR FOR RECONCILING SALES AND USE TAX REVENUE  
15 PROJECTIONS;

16 (VII) IS ABLE TO INTERFACE WITH ALL EXISTING ACCOUNTING  
17 SYSTEMS USED BY THE RETAILERS, THE STATE, OR LOCAL TAXING  
18 JURISDICTIONS;

19 (VIII) ALLOWS FOR VARIOUS PAYMENT OPTIONS TO PAY FOR THE  
20 COST OF THE DEVELOPMENT AND IMPLEMENTATION OF THE SYSTEM,  
21 INCLUDING CONTRIBUTIONS BY THE STATE, LOCAL TAXING JURISDICTIONS,  
22 OR RETAILERS, OR ANY COMBINATION THEREOF;

23 (IX) ALLOWS FOR CHANGES TO THE SALES AND USE TAX BASE OR  
24 RATES OF THE STATE OR ANY LOCAL TAXING JURISDICTION, AND  
25 MAINTAINS A HISTORY OF THOSE CHANGES, INCLUDING THE EFFECTIVE  
26 DATE OF SUCH CHANGES; AND

27 (X) ALLOWS FOR CHANGES TO THE JURISDICTIONAL BOUNDARIES

1 OF A LOCAL TAXING JURISDICTION OVER TIME AND MAINTAINS A HISTORY  
2 OF THOSE CHANGES, INCLUDING THE EFFECTIVE DATE OF SUCH CHANGES.

3 (c) "EVALUATION COMMITTEE" MEANS THE EVALUATION  
4 COMMITTEE CREATED IN SUBSECTION (2) OF THIS SECTION.

5 (d) "LOCAL TAXING JURISDICTION" MEANS A CITY, TOWN,  
6 MUNICIPALITY, COUNTY, SPECIAL DISTRICT, OR AUTHORITY AUTHORIZED  
7 TO LEVY A SALES OR USE TAX PURSUANT TO TITLE 24, 25, 29, 30, 31, 32,  
8 37, 42, OR 43, AND ANY COUNTY, CITY AND COUNTY, OR MUNICIPALITY  
9 GOVERNED BY A HOME RULE CHARTER.

10 (e) "SALES AND USE TAX SIMPLIFICATION TASK FORCE" OR "TASK  
11 FORCE" MEANS THE SALES AND USE TAX SIMPLIFICATION TASK FORCE  
12 CREATED IN SECTION 39-26-802.

13 (2) (a) THERE IS HEREBY CREATED A FIVE-MEMBER EVALUATION  
14 COMMITTEE CONSISTING OF:

15 (I) TWO LEGISLATIVE MEMBERS OF THE SALES AND USE TAX  
16 SIMPLIFICATION TASK FORCE, ONE FROM THE MAJORITY PARTY AND ONE  
17 FROM THE MINORITY PARTY, APPOINTED BY THE LEGISLATIVE MEMBERS OF  
18 THE TASK FORCE;

19 (II) ONE REPRESENTATIVE OF THE DEPARTMENT OF REVENUE WHO  
20 IS WELL VERSED IN SALES AND USE TAX COLLECTION AND REMITTANCE  
21 ISSUES, APPOINTED BY THE GOVERNOR;

22 (III) ONE REPRESENTATIVE OF THE COLORADO MUNICIPAL  
23 LEAGUE, APPOINTED BY THE LEAGUE; AND

24 (IV) ONE REPRESENTATIVE OF THE BUSINESS COMMUNITY WHO IS  
25 WELL VERSED IN SALES AND USE TAX COLLECTION AND REMITTANCE  
26 ISSUES, APPOINTED BY A MAJORITY OF ALL THE MEMBERS OF THE SALES  
27 AND USE TAX SIMPLIFICATION TASK FORCE.

1           (b) APPOINTMENTS TO THE EVALUATION COMMITTEE MUST BE  
2 MADE NO LATER THAN FIFTEEN DAYS AFTER THE EFFECTIVE DATE OF THIS  
3 SECTION.

4           (3) (a) THE DEPARTMENT, WITHIN EXISTING RESOURCES, SHALL  
5 SOLICIT BIDS FOR THE DEVELOPMENT OF AN ELECTRONIC SALES AND USE  
6 TAX SIMPLIFICATION SYSTEM. THE SOLICITATION FOR BIDS MAY, AS  
7 APPROPRIATE, BE SOUGHT IN ACCORDANCE WITH THE APPLICABLE  
8 PROVISIONS OF THE "PROCUREMENT CODE", ARTICLES 101 TO 112 OF  
9 TITLE 24, OR MAY BE SOUGHT THROUGH A COOPERATIVE AGREEMENT  
10 OUTSIDE OF THE PROCUREMENT PROCESS. THE EVALUATION COMMITTEE  
11 SHALL DETERMINE THE APPROPRIATE BID PROCESS.

12           (b) THE EVALUATION COMMITTEE SHALL SERVE AS THE  
13 EVALUATION COMMITTEE FOR THE PROCUREMENT PROCESS IF THAT IS THE  
14 METHOD CHOSEN FOR THE SOLICITATION OF BIDS.

15           (c) IF THE SOLICITATION OF BIDS IS SOUGHT THROUGH A  
16 COOPERATIVE AGREEMENT OUTSIDE OF THE PROCUREMENT PROCESS, THE  
17 EVALUATION COMMITTEE SHALL ACT AS THE ENTITY THAT APPROVES OR  
18 DENIES ANY COOPERATIVE AGREEMENT, AND THE EVALUATION  
19 COMMITTEE SHALL ENSURE THAT THE BIDS ARE SOUGHT IN AN OPEN AND  
20 TRANSPARENT PROCESS.

21           (4) BIDS FOR THE DEVELOPMENT OF AN ELECTRONIC SALES AND  
22 USE TAX SIMPLIFICATION SYSTEM MUST BE RECEIVED NO LATER THAN JUNE  
23 30, 2019, OR A LATER DATE AS APPROVED BY THE EVALUATION  
24 COMMITTEE.

25           (5) ANY CONTRACT FOR THE DEVELOPMENT OF AN ELECTRONIC  
26 SALES AND USE TAX SIMPLIFICATION SYSTEM MUST BE ENTERED INTO,  
27 SUBJECT TO THE APPROVAL OF THE EVALUATION COMMITTEE, NO LATER

1 THAN SEPTEMBER 1, 2019, OR A LATER DATE AS APPROVED BY THE  
2 EVALUATION COMMITTEE.

3 (6) (a) THE ELECTRONIC SALES AND USE TAX SIMPLIFICATION  
4 SYSTEM MUST BE ONLINE FOR USE NO LATER THAN JULY 1, 2020, OR A  
5 LATER DATE AS APPROVED BY THE EVALUATION COMMITTEE.

6 (b) ON AND AFTER THE DATE THE ELECTRONIC SALES AND USE TAX  
7 SIMPLIFICATION SYSTEM IS ONLINE, AND NOTWITHSTANDING ANY LAW TO  
8 THE CONTRARY, THE DEPARTMENT SHALL USE THE SYSTEM FOR STATE  
9 SALES AND USE TAX ADMINISTRATION AND COLLECTION AND FOR ANY  
10 SALES AND USE TAX ADMINISTRATION AND COLLECTION FOR SALES AND  
11 USE TAXES THAT ARE COLLECTED BY THE DEPARTMENT ON BEHALF OF ANY  
12 LOCAL TAXING JURISDICTION.

13 (c) (I) ON AND AFTER THE DATE THE ELECTRONIC SALES AND USE  
14 TAX SIMPLIFICATION SYSTEM IS ONLINE, IT IS THE GENERAL ASSEMBLY'S  
15 INTENT THAT AT LEAST THREE LOCAL GOVERNMENTS GOVERNED BY A  
16 HOME RULE CHARTER VOLUNTARILY USE THE SYSTEM FOR THEIR LOCAL  
17 SALES AND USE TAX ADMINISTRATION AND COLLECTION.

18 (II) IT IS THE GENERAL ASSEMBLY'S INTENT THAT THE VOLUNTARY  
19 USE OF THE SYSTEM INCREASE EVERY YEAR SO THAT NO LATER THAN  
20 THREE YEARS AFTER THE EFFECTIVE DATE OF THIS SECTION ALL LOCAL  
21 GOVERNMENTS GOVERNED BY A HOME RULE CHARTER ARE VOLUNTARILY  
22 USING THE SYSTEM.

23 (7) IF THE EVALUATION COMMITTEE APPROVES AN EXTENSION OF  
24 THE DEADLINES AS ALLOWED IN THIS SECTION, SUCH AN EXTENSION MAY  
25 NOT EXCEED SIX MONTHS. IF MORE THAN SIX MONTHS IS NECESSARY, THEN  
26 THE EXTENSION MUST BE APPROVED BY THE GENERAL ASSEMBLY BY BILL.

27 (8) IN THE INTERIM BETWEEN THE 2019 AND 2020 LEGISLATIVE

1 SESSIONS, THE EVALUATION COMMITTEE SHALL REGULARLY PROVIDE THE  
2 SALES AND USE TAX SIMPLIFICATION TASK FORCE WITH DETAILED  
3 INFORMATION REGARDING THE PROGRESS TOWARD MEETING THE  
4 DEADLINES SPECIFIED IN THIS SECTION.

5 **SECTION 3. Safety clause.** The general assembly hereby finds,  
6 determines, and declares that this act is necessary for the immediate  
7 preservation of the public peace, health, and safety.