

CHAPTER 5

TAXATION

HOUSE BILL 99-1005

BY REPRESENTATIVES Larson, Berry, Dean, Decker, Lawrence, Lee, McKay, Paschall, Stengel, and Swenson;
also SENATORS Chlouber, Andrews, and Reeves.

AN ACT

CONCERNING THE USE OF A DIRECT PAYMENT PERMIT NUMBER BY A QUALIFIED PURCHASER IN
CONNECTION WITH SALES THAT ARE SUBJECT TO SALES AND USE TAX.

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

SECTION 1. 39-26-102, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SUBSECTION to read:

39-26-102. Definitions. As used in this article, unless the context otherwise requires:

(7.5) "QUALIFIED PURCHASER" MEANS A PERSON DOMICILED IN COLORADO WHO HAS BEEN ISSUED A DIRECT PAYMENT PERMIT NUMBER PURSUANT TO SECTION 39-26-103.5.

SECTION 2. Part 1 of article 26 of title 39, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SECTION to read:

39-26-103.5. Qualified purchaser - direct payment permit number - qualifications. (1) THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OF REVENUE MAY ISSUE A DIRECT PAYMENT PERMIT NUMBER TO ANY PERSON THAT SUBMITS AN APPLICATION TO THE EXECUTIVE DIRECTOR DEMONSTRATING THAT:

(a) FOR THE PRECEDING TWELVE-MONTH PERIOD, SUCH PERSON HAS PURCHASED IN COLORADO IN THE AGGREGATE AT LEAST SEVEN MILLION DOLLARS OF COMMODITIES, SERVICES, OR TANGIBLE PERSONAL PROPERTY THAT ARE SUBJECT TO THE TAX IMPOSED BY THIS ARTICLE. PURCHASES OF COMMODITIES OR TANGIBLE PERSONAL PROPERTY TO BE ERECTED UPON OR AFFIXED TO REAL PROPERTY, INCLUDING, BUT NOT LIMITED TO, BUILDING AND CONSTRUCTION MATERIALS AND

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

FIXTURES, SHALL BE EXCLUDED FROM THE AGGREGATE TOTAL OF PURCHASES OF COMMODITIES, SERVICES, OR TANGIBLE PERSONAL PROPERTY DESCRIBED IN THIS PARAGRAPH (a).

(b) (I) EXCEPT AS PROVIDED IN SUBSECTION (2) OF THIS SECTION, IF SUCH PERSON HAS BEEN SUBJECT TO THE COLLECTION, REMITTANCE, OR REPORTING REQUIREMENTS IMPOSED BY THIS ARTICLE OR ANY OTHER ARTICLE IN THIS TITLE ADMINISTERED BY THE DEPARTMENT OF REVENUE FOR THE PRECEDING THREE YEARS, SUCH PERSON TIMELY FILED THE REQUIRED RETURNS AND TIMELY REMITTED THE TAX SHOWN DUE ON SUCH RETURNS DURING SAID THREE-YEAR PERIOD; OR

(II) IF SUCH PERSON HAS BEEN SUBJECT TO THE COLLECTION, REMITTANCE, OR REPORTING REQUIREMENTS IMPOSED BY THIS ARTICLE OR ANY OTHER ARTICLE IN THIS TITLE ADMINISTERED BY THE DEPARTMENT OF REVENUE FOR LESS THAN THE THREE PRECEDING YEARS, FOR THE PERIOD BEGINNING ON THE DATE WHEN SUCH PERSON BECAME SUBJECT TO SUCH REQUIREMENTS, SUCH PERSON TIMELY FILED THE REQUIRED RETURNS AND TIMELY REMITTED THE TAX SHOWN DUE ON SUCH RETURNS; AND

(c) SUCH PERSON HAS IN PLACE AN ACCOUNTING SYSTEM, ACCEPTABLE TO THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OF REVENUE, THAT WILL ENABLE THE DEPARTMENT TO FULLY AND ACCURATELY COLLECT AND ALLOCATE TO MUNICIPALITIES, COUNTIES, AND OTHER LOCAL TAXING ENTITIES ALL SALES TAXES THAT THE DEPARTMENT COLLECTS FOR SUCH MUNICIPALITIES, COUNTIES, AND OTHER LOCAL TAXING ENTITIES.

(2) THE EXECUTIVE DIRECTOR MAY WAIVE THE REQUIREMENTS OF PARAGRAPH (b) OF SUBSECTION (1) OF THIS SECTION IF THE PERSON SUBMITTING THE APPLICATION CAN SHOW THAT ANY FAILURE TO COMPLY WITH SUCH COLLECTION, REMITTANCE, OR REPORTING REQUIREMENTS WAS DUE TO REASONABLE CAUSE.

(3) NOTHING IN SUBSECTION (1) OF THIS SECTION SHALL BE CONSTRUED TO REQUIRE THAT A PERSON MUST BE SUBJECT TO THE COLLECTION, REMITTANCE, OR REPORTING REQUIREMENTS IMPOSED BY THIS ARTICLE IN ORDER TO OBTAIN A DIRECT PAYMENT PERMIT NUMBER.

(4) A PERSON SHALL BECOME A QUALIFIED PURCHASER UPON RECEIPT OF A DIRECT PAYMENT PERMIT NUMBER.

(5) A DIRECT PAYMENT PERMIT NUMBER SHALL BE IN FORCE AND EFFECT UNTIL DECEMBER 31 OF THE THIRD YEAR FOLLOWING THE YEAR IN WHICH IT IS ISSUED, UNLESS SOONER REVOKED. SUCH PERMIT NUMBER SHALL BE GRANTED OR RENEWED ONLY UPON THE FILING OF AN APPLICATION STATING THE INFORMATION DESCRIBED IN SUBSECTION (1) OF THIS SECTION.

(6) THE EXECUTIVE DIRECTOR OF THE DEPARTMENT OF REVENUE MAY REVOKE THE DIRECT PAYMENT PERMIT NUMBER OF A QUALIFIED PURCHASER THAT HAS VIOLATED ANY PROVISION OF THIS ARTICLE. THE EXECUTIVE DIRECTOR SHALL GIVE A NOTICE OF REVOCATION TO SUCH QUALIFIED PURCHASER BY FIRST-CLASS MAIL PURSUANT TO SECTION 39-21-105.5. ANY SUCH REVOCATION MAY BE APPEALED BY THE QUALIFIED PURCHASER WITHIN THIRTY DAYS OF RECEIPT OF THE NOTICE OF REVOCATION TOGETHER WITH A REQUEST FOR A HEARING ON SUCH REVOCATION BEFORE THE

EXECUTIVE DIRECTOR OR THE EXECUTIVE DIRECTOR'S DESIGNEE. THE EXECUTIVE DIRECTOR SHALL PROMULGATE RULES SPECIFYING THE PROCEDURES FOR A REVOCATION APPEAL HEARING. A REVOCATION APPEAL HEARING SHALL TAKE PLACE WITHIN A REASONABLE TIME AFTER RECEIPT OF THE REQUEST FOR HEARING BY THE EXECUTIVE DIRECTOR. THE EXECUTIVE DIRECTOR SHALL ISSUE A FINDING UPHOLDING THE REVOCATION OR REINSTATING THE DIRECT PAYMENT PERMIT NUMBER WITHIN A REASONABLE TIME AFTER THE REVOCATION APPEAL HEARING.

SECTION 3. 39-26-105 (1), Colorado Revised Statutes, is amended, and the said 39-26-105 is further amended BY THE ADDITION OF A NEW SUBSECTION, to read:

39-26-105. Vendor liable for tax. (1) (a) EXCEPT AS PROVIDED IN PARAGRAPH (d) OF THIS SUBSECTION (1), every retailer, also in this part 1 called "vendor", shall, irrespective of the provisions of section 39-26-106, be liable and responsible for the payment of an amount equivalent to three percent of all sales made by ~~him~~ THE VENDOR of commodities or services as specified in section 39-26-104 and shall, before the twentieth day of each month, make a return to the executive director of the department of revenue for the preceding calendar month and remit an amount equivalent to said three percent on such sales to said executive director, less three and one-third percent of the sum so remitted to cover the vendor's expense in the collection and remittance of said tax; but, if any vendor is delinquent in remitting said tax, other than in unusual circumstances shown to the satisfaction of the executive director, the vendor shall not be allowed to retain any amounts to cover his expense in collecting and remitting said tax, and an amount equivalent to the full three percent, plus the amount of any local vendor expense which may be allowed by the local government to the vendor, shall be remitted to the executive director by any such delinquent vendor. Such returns of the taxpayer or ~~his~~ THE TAXPAYER'S duly authorized agent shall contain such information and be made in such manner and upon such forms as the executive director shall prescribe. Any local vendor expense remitted to the executive director shall be deposited to the state general fund.

(b) The executive director may extend the time for making a return and paying the taxes due under such reasonable rules ~~and regulations~~ as ~~he~~ THE EXECUTIVE DIRECTOR may prescribe, but no such extension shall be for a greater period than is provided for in section 39-26-109.

(c) The burden of proving that any retailer is exempt from collecting the tax on any goods sold and paying the same to the executive director, or from making such returns, shall be on the retailer or vendor under such reasonable requirements of proof as the executive director may prescribe.

(d) A RETAILER OR VENDOR WHO HAS RECEIVED IN GOOD FAITH FROM A QUALIFIED PURCHASER A DIRECT PAYMENT PERMIT NUMBER ISSUED PURSUANT TO SECTION 39-26-103.5 SHALL NOT BE LIABLE OR RESPONSIBLE FOR THE COLLECTION AND REMITTANCE OF THE TAX IMPOSED BY THIS ARTICLE ON ANY SALE MADE TO THE QUALIFIED PURCHASER THAT IS PAID FOR DIRECTLY FROM SUCH QUALIFIED PURCHASER'S FUNDS AND NOT THE PERSONAL FUNDS OF ANY INDIVIDUAL.

(3) (a) A QUALIFIED PURCHASER MAY PROVIDE A DIRECT PAYMENT PERMIT NUMBER TO A VENDOR OR RETAILER THAT IS LIABLE AND RESPONSIBLE FOR

COLLECTING AND REMITTING THE TAX IMPOSED BY THIS ARTICLE ON ANY SALE MADE TO THE QUALIFIED PURCHASER. A QUALIFIED PURCHASER HOLDING A DIRECT PAYMENT PERMIT NUMBER SHALL, BEFORE THE TWENTIETH DAY OF EACH MONTH SUBSEQUENT TO THE MONTH IN WHICH ANY SALE TO THE QUALIFIED PURCHASER WAS MADE FOR WHICH THE QUALIFIED PURCHASER'S DIRECT PAYMENT PERMIT NUMBER WAS USED, MAKE A RETURN AND REMIT DIRECTLY TO THE EXECUTIVE DIRECTOR THE AMOUNT OF SUCH TAX OWING ON ALL SUCH SALES TO THE QUALIFIED PURCHASER MADE IN THE PRECEDING MONTH. SUCH RETURNS OF THE QUALIFIED PURCHASER OR DULY AUTHORIZED AGENT SHALL CONTAIN SUCH INFORMATION AND BE MADE IN SUCH MANNER AND UPON SUCH FORMS AS THE EXECUTIVE DIRECTOR SHALL PRESCRIBE.

(b) FROM THE AMOUNT OF THE TAX REQUIRED TO BE REMITTED PURSUANT TO PARAGRAPH (a) OF THIS SUBSECTION (3), A QUALIFIED PURCHASER SHALL BE ENTITLED TO RETAIN THE AMOUNT SPECIFIED IN PARAGRAPH (a) OF SUBSECTION (1) OF THIS SECTION THAT A VENDOR OR RETAILER WOULD OTHERWISE BE ENTITLED TO RETAIN TO COVER THE VENDOR'S OR RETAILER'S EXPENSE IN COLLECTING AND REMITTING THE TAX IMPOSED BY THIS ARTICLE IF THE QUALIFIED PURCHASER HAD NOT PROVIDED A DIRECT PAYMENT PERMIT NUMBER TO THE VENDOR OR RETAILER.

SECTION 4. 39-26-117 (1) (a), Colorado Revised Statutes, is amended, and the said 39-26-117 (1) is further amended BY THE ADDITION OF A NEW PARAGRAPH, to read:

39-26-117. Tax lien - exemption from lien. (1) (a) Except as provided in ~~paragraph~~ PARAGRAPHS (b) AND (f) of this subsection (1), the tax imposed by this part 1 shall be a first and prior lien upon the goods and business fixtures of or used by any retailer OR QUALIFIED PURCHASER under lease, title retaining contract, or other contract arrangement, excepting stock of goods sold or for sale in the ordinary course of business, and shall take precedence on all such property over other liens or claims of whatsoever kind or nature.

(f) ANY QUALIFIED PURCHASER THAT PROVIDES A DIRECT PAYMENT PERMIT NUMBER ISSUED PURSUANT TO SECTION 39-26-103.5 TO A VENDOR OR RETAILER SHALL BE SUBJECT TO THE LIEN CREATED IN PARAGRAPH (a) OF THIS SUBSECTION (1) TO THE EXTENT OF ANY TAX OWED AS A RESULT OF PURCHASES MADE BY THE QUALIFIED PURCHASER PLUS ANY PENALTY AND INTEREST ASSESSED PURSUANT TO THIS ARTICLE OR ARTICLE 21 OF THIS TITLE.

SECTION 5. 29-2-106 (3), Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW PARAGRAPH to read:

29-2-106. Collection - administration - enforcement. (3) (c) (I) A QUALIFIED PURCHASER MAY PROVIDE A DIRECT PAYMENT PERMIT NUMBER ISSUED PURSUANT TO SECTION 39-26-103.5, C.R.S., TO ANY VENDOR OR RETAILER THAT IS LIABLE AND RESPONSIBLE FOR COLLECTING AND REMITTING ANY COUNTYWIDE SALES TAX OR CITY OR TOWN SALES TAX IMPOSED ON ANY SALE MADE TO THE QUALIFIED PURCHASER PURSUANT TO THE PROVISIONS OF THIS ARTICLE. A VENDOR OR RETAILER THAT HAS RECEIVED IN GOOD FAITH FROM A QUALIFIED PURCHASER A DIRECT PAYMENT PERMIT NUMBER SHALL NOT BE LIABLE OR RESPONSIBLE FOR COLLECTION AND REMITTANCE OF ANY SALES TAX IMPOSED ON SUCH SALE THAT IS PAID FOR DIRECTLY FROM SUCH QUALIFIED PURCHASER'S FUNDS AND NOT THE PERSONAL FUNDS OF ANY INDIVIDUAL.

(II) A QUALIFIED PURCHASER THAT PROVIDES A DIRECT PAYMENT PERMIT NUMBER TO A VENDOR OR RETAILER SHALL BE LIABLE AND RESPONSIBLE FOR THE AMOUNT OF SALES TAX IMPOSED ON ANY SALE MADE TO THE QUALIFIED PURCHASER PURSUANT TO THIS ARTICLE IN THE SAME MANNER AS LIABILITY WOULD BE IMPOSED ON A QUALIFIED PURCHASER FOR STATE SALES TAX PURSUANT TO SECTION 39-26-105 (3), C.R.S.

SECTION 6. 30-20-604.5 (2), Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW PARAGRAPH to read:

30-20-604.5. District sales tax. (2) (a.5) (I) A QUALIFIED PURCHASER MAY PROVIDE A DIRECT PAYMENT PERMIT NUMBER ISSUED PURSUANT TO SECTION 39-26-103.5, C.R.S., TO ANY VENDOR OR RETAILER THAT IS LIABLE AND RESPONSIBLE FOR COLLECTING AND REMITTING ANY DISTRICT SALES TAX IMPOSED ON ANY SALE MADE TO THE QUALIFIED PURCHASER PURSUANT TO THE PROVISIONS OF THIS SECTION. A VENDOR OR RETAILER WHO HAS RECEIVED IN GOOD FAITH FROM A QUALIFIED PURCHASER A DIRECT PAYMENT PERMIT NUMBER SHALL NOT BE LIABLE OR RESPONSIBLE FOR COLLECTION AND REMITTANCE OF ANY SALES TAX IMPOSED ON SUCH SALE THAT IS PAID FOR DIRECTLY FROM SUCH QUALIFIED PURCHASER'S FUNDS AND NOT THE PERSONAL FUNDS OF ANY INDIVIDUAL.

(II) A QUALIFIED PURCHASER THAT PROVIDES A DIRECT PAYMENT PERMIT NUMBER TO A VENDOR OR RETAILER SHALL BE LIABLE AND RESPONSIBLE FOR THE AMOUNT OF SALES TAX IMPOSED ON ANY SALE MADE TO THE QUALIFIED PURCHASER PURSUANT TO THIS SECTION IN THE SAME MANNER AS LIABILITY WOULD BE IMPOSED ON A QUALIFIED PURCHASER FOR STATE SALES TAX PURSUANT TO SECTION 39-26-105 (3), C.R.S.

SECTION 7. 32-9-119 (2) (c), Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SUBPARAGRAPH to read:

32-9-119. Additional powers of district. (2) (c) Sales tax levied pursuant to this subsection (2) shall be collected, administered, and enforced as follows:

(I.5) (A) A QUALIFIED PURCHASER MAY PROVIDE A DIRECT PAYMENT PERMIT NUMBER ISSUED PURSUANT TO SECTION 39-26-103.5, C.R.S., TO ANY VENDOR OR RETAILER THAT IS LIABLE AND RESPONSIBLE FOR COLLECTING AND REMITTING ANY SALES TAX LEVIED ON ANY SALE MADE TO THE QUALIFIED PURCHASER PURSUANT TO THIS SUBSECTION (2). A VENDOR OR RETAILER THAT HAS RECEIVED IN GOOD FAITH FROM A QUALIFIED PURCHASER A DIRECT PAYMENT PERMIT NUMBER SHALL NOT BE LIABLE OR RESPONSIBLE FOR COLLECTION AND REMITTANCE OF ANY SALES TAX IMPOSED ON SUCH SALE THAT IS PAID FOR DIRECTLY FROM SUCH QUALIFIED PURCHASER'S FUNDS AND NOT THE PERSONAL FUNDS OF ANY INDIVIDUAL.

(B) A QUALIFIED PURCHASER THAT PROVIDES A DIRECT PAYMENT PERMIT NUMBER TO A VENDOR OR RETAILER SHALL BE LIABLE AND RESPONSIBLE FOR THE AMOUNT OF SALES TAX LEVIED ON ANY SALE MADE TO THE QUALIFIED PURCHASER PURSUANT TO THIS SUBSECTION (2) IN THE SAME MANNER AS LIABILITY WOULD BE IMPOSED ON A QUALIFIED PURCHASER FOR STATE SALES TAX PURSUANT TO SECTION 39-26-105 (3), C.R.S.

SECTION 8. 32-13-110 (2), Colorado Revised Statutes, is amended to read:

32-13-110. Tax imposed - collection - administration of tax - use. (2) (a) If such sales tax is levied pursuant to the provisions of this article, the collection, administration, and enforcement of said sales tax shall be performed by the executive director of the department of revenue in the same manner as that for the collection, administration, and enforcement of the state sales tax imposed under article 26 of title 39, C.R.S., including, without limitation, the retention by a vendor of the percentage of the amount remitted to cover the vendor's expense in the collection and remittance of said tax as provided in section 39-26-105, C.R.S. The executive director shall make monthly distributions of such sales tax collections to the district. The district shall pay the net incremental cost incurred by the department of revenue in the administration and collection of such sales taxes; except that in no event shall any district pay in any given fiscal year commencing after the first full fiscal year of operation more than an amount equal to the amount paid by the district in the first full fiscal year of operation, as adjusted in accordance with changes in the consumer price index for the Denver-Boulder consolidated metropolitan statistical area. The department may make expenditures for such costs subject to annual appropriation by the general assembly.

(b) (I) A QUALIFIED PURCHASER MAY PROVIDE A DIRECT PAYMENT PERMIT NUMBER ISSUED PURSUANT TO SECTION 39-26-103.5, C.R.S., TO ANY VENDOR OR RETAILER THAT IS LIABLE AND RESPONSIBLE FOR COLLECTING AND REMITTING ANY SALES TAX LEVIED ON ANY SALE MADE TO THE QUALIFIED PURCHASER PURSUANT TO THIS ARTICLE. A VENDOR OR RETAILER THAT HAS RECEIVED IN GOOD FAITH FROM A QUALIFIED PURCHASER A DIRECT PAYMENT PERMIT NUMBER SHALL NOT BE LIABLE OR RESPONSIBLE FOR COLLECTION AND REMITTANCE OF ANY SALES TAX IMPOSED ON SUCH SALE THAT IS PAID FOR DIRECTLY FROM SUCH QUALIFIED PURCHASER'S FUNDS AND NOT THE PERSONAL FUNDS OF ANY INDIVIDUAL.

(II) A QUALIFIED PURCHASER THAT PROVIDES A DIRECT PAYMENT PERMIT NUMBER TO A VENDOR OR RETAILER SHALL BE LIABLE AND RESPONSIBLE FOR THE AMOUNT OF SALES TAX LEVIED ON ANY SALE MADE TO THE QUALIFIED PURCHASER PURSUANT TO THIS ARTICLE IN THE SAME MANNER AS LIABILITY WOULD BE IMPOSED ON A QUALIFIED PURCHASER FOR STATE SALES TAX PURSUANT TO SECTION 39-26-105 (3), C.R.S.

SECTION 9. 32-14-114 (2), Colorado Revised Statutes, is amended to read:

32-14-114. Sales tax imposed - collection - administration of tax - discontinuance. (2) (a) The collection, administration, and enforcement of the sales tax shall be performed by the executive director of the department of revenue in the same manner as that for the collection, administration, and enforcement of the state sales tax imposed pursuant to article 26 of title 39, C.R.S., including, without limitation, the retention by a vendor of the percentage of the amount remitted to cover the vendor's expense in the collection and remittance of the sales tax as provided in section 39-26-105, C.R.S. The executive director shall make monthly distributions of such sales tax collections to the district. The district shall pay the net incremental cost incurred by the department of revenue in the administration and collection of such sales tax; except that in no event shall the district pay in any given fiscal year commencing on or after July 1, 1994, more than an amount equal to the amount paid by the district in the 1993-94 fiscal year, as adjusted in accordance with changes in the consumer price index for the Denver-Boulder consolidated metropolitan statistical area. The department may make expenditures for such costs subject to annual

appropriation by the general assembly.

(b) (I) A QUALIFIED PURCHASER MAY PROVIDE A DIRECT PAYMENT PERMIT NUMBER ISSUED PURSUANT TO SECTION 39-26-103.5, C.R.S., TO ANY VENDOR OR RETAILER THAT IS LIABLE AND RESPONSIBLE FOR COLLECTING AND REMITTING ANY SALES TAX LEVIED ON ANY SALE MADE TO THE QUALIFIED PURCHASER PURSUANT TO THE PROVISIONS OF THIS ARTICLE. A VENDOR OR RETAILER THAT HAS RECEIVED IN GOOD FAITH FROM A QUALIFIED PURCHASER A DIRECT PAYMENT PERMIT NUMBER SHALL NOT BE LIABLE OR RESPONSIBLE FOR COLLECTION AND REMITTANCE OF ANY SALES TAX IMPOSED ON SUCH SALE THAT IS PAID FOR DIRECTLY FROM SUCH QUALIFIED PURCHASER'S FUNDS AND NOT THE PERSONAL FUNDS OF ANY INDIVIDUAL.

(II) A QUALIFIED PURCHASER THAT PROVIDES A DIRECT PAYMENT PERMIT NUMBER TO A VENDOR OR RETAILER SHALL BE LIABLE AND RESPONSIBLE FOR THE AMOUNT OF SALES TAX LEVIED ON ANY SALE MADE TO THE QUALIFIED PURCHASER PURSUANT TO THE PROVISIONS OF THIS ARTICLE IN THE SAME MANNER AS LIABILITY WOULD BE IMPOSED ON A QUALIFIED PURCHASER FOR STATE SALES TAX PURSUANT TO SECTION 39-26-105 (3), C.R.S.

SECTION 10. 32-15-110 (2), Colorado Revised Statutes, is amended to read:

32-15-110. Sales tax imposed - collection - administration of tax - discontinuance. (2) (a) The collection, administration, and enforcement of the sales tax shall be performed by the executive director of the department of revenue in the same manner as that for the collection, administration, and enforcement of the state sales tax imposed pursuant to article 26 of title 39, C.R.S., including, without limitation, the retention by a vendor of the percentage of the amount remitted to cover the vendor's expense in the collection and remittance of the sales tax as provided in section 39-26-105, C.R.S. The executive director shall make monthly distributions of such sales tax collections to the district. The district shall pay the net incremental cost incurred by the department of revenue in the administration and collection of such sales tax.

(b) (I) A QUALIFIED PURCHASER MAY PROVIDE A DIRECT PAYMENT PERMIT NUMBER ISSUED PURSUANT TO SECTION 39-26-103.5, C.R.S., TO ANY VENDOR OR RETAILER THAT IS LIABLE AND RESPONSIBLE FOR COLLECTING AND REMITTING ANY SALES TAX LEVIED ON ANY SALE MADE TO THE QUALIFIED PURCHASER PURSUANT TO THE PROVISIONS OF THIS ARTICLE. A VENDOR OR RETAILER THAT HAS RECEIVED IN GOOD FAITH FROM A QUALIFIED PURCHASER A DIRECT PAYMENT PERMIT NUMBER SHALL NOT BE LIABLE OR RESPONSIBLE FOR COLLECTION AND REMITTANCE OF ANY SALES TAX IMPOSED ON SUCH SALE THAT IS PAID FOR DIRECTLY FROM SUCH QUALIFIED PURCHASER'S FUNDS AND NOT THE PERSONAL FUNDS OF ANY INDIVIDUAL.

(II) A QUALIFIED PURCHASER THAT PROVIDES A DIRECT PAYMENT PERMIT NUMBER TO A VENDOR OR RETAILER SHALL BE LIABLE AND RESPONSIBLE FOR THE AMOUNT OF SALES TAX LEVIED ON ANY SALE MADE TO THE QUALIFIED PURCHASER PURSUANT TO THE PROVISIONS OF THIS ARTICLE IN THE SAME MANNER AS LIABILITY WOULD BE IMPOSED ON A QUALIFIED PURCHASER FOR STATE SALES TAX PURSUANT TO SECTION 39-26-105 (3), C.R.S.

SECTION 11. Effective date. This act shall take effect January 1, 2000, unless a referendum petition is filed during the ninety-day period after final adjournment of the general assembly that is allowed for submitting a referendum petition pursuant to article V, section 1 (3) of the state constitution. If such a referendum petition is filed against this act or an item, section, or part of this act within such period, then the act, item, section, or part, if approved by the people, shall take effect on the date of the official declaration of the vote thereon by proclamation of the governor.

Approved: February 26, 1999