

Public Comment on HB22-1118 Sales and Use Tax Refunds – March 30, 2022

My name is Laura Williams and I am a Sales & Use Tax Analyst at Martin Marietta. I regret a scheduling conflict prevents me from providing this testimony in person.

We are a building material supplier and I've navigated exemption documents and assisted with our customer's refund requests in Colorado for the last 10 years.

Every year we have multiple contractors with exempt projects that start work before receiving their permits or exempt certificates. Colorado Revised Statute 39-26-703 says that if there is any dispute on tax due between a seller and buyer then the buyer will pay the tax and request a refund from the State. We invoice sales tax until the exemption is received.

There are cases where a long delay receiving the contractor's exemption certificate from the State leads to a significant amount of tax invoiced which later becomes a refund request to the State. We assist our customer's refund requests by providing support files showing invoiced taxes and proof of tax payment using our sales tax licenses. In my experience, the current refund reprocess can take from 9 months to more than 2 years to complete. This timeline is pre-COVID.

Applying for a refund is not preferred by our customers. Contractors bid jobs knowing the lowest bid will get the work. They watch their finances closely and waiting on refunds becomes a monthly burden when bills are due. Collecting the necessary paperwork for a refund request is cumbersome and time consuming. This is not including the extra paperwork necessary if the project is located in a home rule city. We already have customers who regularly short pay the tax on their invoices instead of following the current statute. They avoid the need for a refund request by placing their tax burden on us. We end up paying the taxes invoiced to them until the exemption is received.

We understand the State receives thousands of refund requests. Incomplete or duplicate requests create extra work and delay as State resources need time to wade through all requests in the order they are received. One suggestion to help increase completely supported refund requests would be to provide clear directions on this process. Maybe a topic guide in layman's terms to help those requesting a refund. We do not want legislation to negatively impact our customer's ability to recover the sales tax paid to Martin Marietta prior to receiving the approved exemption documentation.

Future rule making and stakeholder sessions will allow more companies or consumers to express their opinions to improve refund requests. We will participate when this process is available.

Thank you for your time and attention. I am available if you have any additional questions about this testimony. My email address is laura.williams@martinmarietta.com.



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Coalition to Simplify Colorado Sales & Use Tax