

Second Regular Session
Seventy-second General Assembly
STATE OF COLORADO

REENGROSSED

*This Version Includes All Amendments
Adopted in the House of Introduction*

20-0319.01 Esther van Mourik x4215

HOUSE BILL 20-1022

HOUSE SPONSORSHIP

Kraft-Tharp and Van Winkle,

SENATE SPONSORSHIP

Williams A. and Tate,

House Committees

Business Affairs & Labor
Appropriations

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING THE SALES AND USE TAX SIMPLIFICATION TASK FORCE,**
102 **AND, IN CONNECTION THEREWITH, EXTENDING THE TASK FORCE,**
103 **MODIFYING THE TASK FORCE'S DUTIES, ██████ REMOVING THE**
104 **REQUIREMENT THAT THE TASK FORCE UNDERGO AN**
105 **EVALUATION BY THE DEPARTMENT OF REGULATORY AGENCIES**
106 **PRIOR TO THE TASK FORCE'S REPEAL, AND MAKING AN**
107 **APPROPRIATION.**

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/>.)

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

HOUSE
3rd Reading Unamended
February 27, 2020

HOUSE
Amended 2nd Reading
February 21, 2020

Sales and Use Tax Simplification Task Force. The bill continues the sales and use tax simplification task force for 5 years, modifies the task force's duties, and removes the requirement that the task force undergo an evaluation by the department of regulatory agencies prior to the task force's repeal.

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

2 **SECTION 1.** In Colorado Revised Statutes, 39-26-802, **amend**
3 **(3); repeal and reenact, with amendments, (1)(b); and add (2.5)** as
4 follows:

5 **39-26-802. Sales and use tax simplification task force -**
6 **creation - definition.** (1) (b) (I) THE TASK FORCE SHALL STUDY SALES
7 AND USE TAX SIMPLIFICATION BETWEEN THE STATE AND LOCAL
8 GOVERNMENTS, INCLUDING HOME RULE MUNICIPALITIES, TO IDENTIFY
9 OPPORTUNITIES AND CHALLENGES WITHIN EXISTING FISCAL FRAMEWORKS
10 TO ADOPT "FEASIBLE SOLUTIONS", WHICH ARE SOLUTIONS THAT ARE
11 PRACTICAL, REVENUE-NEUTRAL, AND DO NOT REQUIRE CONSTITUTIONAL
12 AMENDMENTS OR VOTER APPROVAL.

13 (II) THE TASK FORCE SHALL CONSIDER WHETHER THERE ARE
14 FEASIBLE SOLUTIONS FOR:

15 (A) MAKING AUDITS OF RETAILERS MORE UNIFORM FOR ALL STATE
16 AND LOCAL TAXING JURISDICTIONS IN THE STATE;

17 (B) THE UTILIZATION OF A SINGLE SALES AND USE TAX RETURN
18 FOR STATE AND LOCAL TAXING JURISDICTIONS AS A PART OF THE SALES
19 AND USE TAX SIMPLIFICATION SYSTEM DESCRIBED IN SENATE BILL 19-006,
20 ENACTED IN 2019;

21 (C) STREAMLINING THE REQUIREMENTS FOR STATE AND LOCAL
22 SALES TAX LICENSES, USE TAX LICENSES, AND BUSINESS LICENSES USED

1 FOR PURPOSES OF COLLECTING SALES AND USE TAXES;

2 (D) MAKING UNIFORM AND POSSIBLY INCREASING THE FILING
3 THRESHOLD AMOUNT FOR MONTHLY SALES TAX FILINGS BETWEEN THE
4 STATE AND LOCAL GOVERNMENTS, INCLUDING HOME RULE
5 MUNICIPALITIES;

6 (E) SIMPLIFYING USE TAXES LEVIED BY THE STATE AND LOCAL
7 GOVERNMENTS, INCLUDING HOME RULE MUNICIPALITIES;

8 (F) STREAMLINING AND POSSIBLY MAKING UNIFORM THE STATE
9 AND LOCAL SALES TAX EXEMPTIONS FOR MEDICAL DEVICES, INCLUDING
10 REVIEWING BEST PRACTICES AMONG STATES IN THIS AREA;

11 (G) SIMPLIFYING THE PROCESS BY WHICH STATE AND LOCAL SALES
12 AND USE TAXES ARE COLLECTED FOR THE PURCHASE OF A MOTOR VEHICLE;

13 (H) SIMPLIFYING THE ISSUANCE OF LOCAL BUILDING PERMITS AND
14 THE LEVYING OF USE TAX ON BUILDING MATERIALS AND ON MOBILE AND
15 SMALL MOBILE CONSTRUCTION EQUIPMENT;

16 (I) SIMPLIFYING THE PROCESS TO CLAIM AND ADMINISTER THE
17 VARIOUS STATE SALES AND USE TAX EXEMPTIONS; AND

18 (J) SIMPLIFYING THE SALES TAX COLLECTION AND REMITTANCE
19 REQUIREMENTS FOR NONPROFIT ORGANIZATIONS.

20 (III) THE TASK FORCE SHALL:

21 (A) SEEK REGULAR UPDATES FROM THE OFFICE OF INFORMATION
22 TECHNOLOGY AND THE DEPARTMENT OF REVENUE REGARDING THE
23 DEVELOPMENT OF THE ELECTRONIC SALES AND USE TAX SIMPLIFICATION
24 SYSTEM DESCRIBED IN SENATE BILL 19-006, ENACTED IN 2019;

25 (B) ONCE THE ELECTRONIC SALES AND USE TAX SIMPLIFICATION
26 SYSTEM DESCRIBED IN SENATE BILL 19-006, ENACTED IN 2019, IS ONLINE,
27 MONITOR AND ENCOURAGE PARTICIPATION BY BUSINESSES AND HOME

1 RULE MUNICIPALITIES;

2 (C) SEEK REGULAR UPDATES FROM THE OFFICE OF INFORMATION
3 TECHNOLOGY AND THE DEPARTMENT OF REVENUE REGARDING THE
4 PURCHASE AND DEVELOPMENT OF A GEOGRAPHIC INFORMATION SYSTEM
5 (GIS) DATABASE TO MAINTAIN JURISDICTIONAL BOUNDARIES OF SALES
6 TAX DISTRICTS AND TO CALCULATE APPROPRIATE SALES AND USE TAX
7 RATES FOR INDIVIDUAL ADDRESSES FOR WHICH THE DEPARTMENT OF
8 REVENUE RECEIVED AN APPROPRIATION IN SENATE BILL 19-006, ENACTED
9 IN 2019;

10 (D) REVIEW THE WAY IN WHICH SPECIAL DISTRICTS AND SPECIALLY
11 ASSESSED SALES TAXES ADD TO THE COMPLEXITY OF THE STATE'S SALES
12 AND USE TAX STRUCTURE, INCLUDING, AT MINIMUM, THE REGIONAL
13 TRANSPORTATION DISTRICT, THE SCIENTIFIC AND CULTURAL FACILITIES
14 DISTRICT, ANY LOCAL IMPROVEMENT DISTRICTS, ANY REGIONAL
15 TRANSPORTATION AUTHORITY, ANY MULTI-JURISDICTIONAL HOUSING
16 AUTHORITY, AND ANY HEALTH SERVICES DISTRICT, AND ANY MASS
17 TRANSPORTATION SYSTEM TAX, PUBLIC SAFETY IMPROVEMENT TAX,
18 METROPOLITAN DISTRICT TAX, LOCAL MARKETING DISTRICT TAX, AND
19 COUNTY LODGING DISTRICT TAX;

20 (E) REVIEW AND COMPARE THE STATE'S SALES AND USE TAX
21 DEFINITIONS WITH THE STANDARD SALES TAX DEFINITIONS DEVELOPED
22 AND ADOPTED BY LOCAL TAXING JURISDICTIONS PURSUANT TO SENATE
23 JOINT RESOLUTION 14-038, ENACTED IN 2014, TO DETERMINE IF ANY
24 SIMPLIFICATION MIGHT BE ACHIEVED BETWEEN THE TWO SETS OF
25 DEFINITIONS;

26 (F) EXAMINE THE EFFECTS OF THE CHANGES TO THE VENDOR FEE
27 IMPLEMENTED PURSUANT TO HOUSE BILL 19-1245, ENACTED IN 2019;

1 (G) REVIEW ANY EVALUATIONS OF SALES AND USE TAX
2 EXPENDITURES PREPARED BY THE OFFICE OF THE STATE AUDITOR THAT
3 ARE COMPLETED PURSUANT TO SECTION 39-21-305, UNLESS A TAX
4 COMMISSION, LEGISLATIVE INTERIM STUDY COMMITTEE, OR OTHER TYPE
5 OF LEGISLATIVE COMMITTEE, TASK FORCE, OR STUDY GROUP IS FORMED TO
6 REVIEW SUCH EVALUATIONS. IF A TAX COMMISSION, LEGISLATIVE INTERIM
7 STUDY COMMITTEE, OR OTHER TYPE OF LEGISLATIVE COMMITTEE, TASK
8 FORCE, OR STUDY GROUP IS FORMED TO REVIEW SUCH EVALUATIONS, THE
9 TASK FORCE SHALL SEEK REGULAR UPDATES FROM SUCH COMMISSION OR
10 COMMITTEE REGARDING ANY DECISIONS THAT SUCH COMMISSION OR
11 COMMITTEE MIGHT MAKE RELATED TO ANY SALES OR USE TAX
12 EXPENDITURE EVALUATED BY THE OFFICE OF THE STATE AUDITOR.

13 (H) EXPLORE OPTIONS FOR ELIMINATING A DEPARTMENT OF
14 REVENUE REQUIREMENT FOR TAXPAYERS TO USE BRANCH ID REPORTING;

15 (I) DETERMINE WHETHER THE STATE SHOULD ADOPT A SALES TAX
16 EXEMPTION FOR AN ISOLATED OR OCCASIONAL SALE OF A BUSINESS IN AN
17 ASSET SALE;

18 (J) REGULARLY REVIEW THE BUSINESS IMPACT OF THE
19 DESTINATION SOURCING RULES SET FORTH IN SECTION 39-26-104 (3),
20 INCLUDING THE THRESHOLDS THAT TRIGGER THE REQUIREMENT FOR
21 DESTINATION SOURCING; AND

22 (K) ANALYZE OR REVIEW ANY OTHER RELEVANT TOPIC RELATED
23 TO THE SIMPLIFICATION OF SALES AND USE TAX ADMINISTRATION IN THE
24 STATE.

25 (2.5) ALL APPOINTMENTS DESCRIBED IN SUBSECTION (2) OF THIS
26 SECTION MUST BE MADE NO LATER THAN JUNE 5, 2020, AND EACH JUNE 5
27 THEREAFTER. MEMBERS OF THE TASK FORCE SERVE AT THE PLEASURE OF

1 THE APPLICABLE APPOINTING AUTHORITY OR UNTIL THE MEMBER NO
2 LONGER SERVES IN THE POSITION FOR WHICH HE OR SHE WAS APPOINTED
3 TO THE TASK FORCE, AT WHICH TIME A VACANCY IS DEEMED TO EXIST ON
4 THE TASK FORCE. IF A VACANCY ARISES ON THE TASK FORCE, THE
5 APPROPRIATE APPOINTING AUTHORITY SHALL APPOINT A REPLACEMENT
6 MEMBER THAT MEETS THE REQUIREMENTS SET FORTH IN SUBSECTION (2)
7 OF THIS SECTION FOR THE VACANT POSITION.

8 (3) The task force shall meet at least eight times, with the first
9 meeting occurring no later than ~~July 12, 2017~~ JULY 17, 2020. Task force
10 meetings shall be open to the public and the task force shall solicit the
11 testimony of the members of the public.

12 **SECTION 2.** In Colorado Revised Statutes, **amend** 39-26-804 as
13 follows:

14 **39-26-804. Repeal of task force.** This part 8 is repealed, effective
15 July 1, 2020. ~~Before its repeal, this part 8 is scheduled for review in~~
16 ~~accordance with section 2-3-1201~~ JULY 1, 2025.

17 **SECTION 3.** In Colorado Revised Statutes, 2-3-1203, **repeal**
18 (10)(a)(III) as follows:

19 **2-3-1203. Sunset review of advisory committees - legislative**
20 **declaration - definition - repeal.** (10) (a) The following statutory
21 authorizations for the designated advisory committees will repeal on July
22 1, 2020:

23 (III) ~~The sales and use tax simplification task force created in~~
24 ~~section 39-26-802.~~

25 **SECTION 4. Appropriation.** (1) For the 2020-21 state fiscal
26 year, \$34,836 is appropriated to the legislative department. This
27 appropriation is from the general fund. To implement this act, the

1 department may use this appropriation as follows:

2 (a) \$22,302 for use by the legislative council, which amount is
3 based on an assumption that the legislative council will require an
4 additional 0.3 FTE; and

5 (b) \$12,534 for use by the office of legislative legal services,
6 which amount is based on an assumption that the office will require an
7 additional 0.2 FTE.

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