

Second Regular Session
Seventy-first General Assembly
STATE OF COLORADO

DRAFT
10.12.17

BILL 1

LLS NO. 18-0273.01 Esther van Mourik x4215

COMMITTEE BILL

Sales and Use Tax Simplification Task Force

BILL TOPIC: "DOR Issue Sales Tax Request For Information"

A BILL FOR AN ACT

101 **CONCERNING A REQUIREMENT THAT THE DEPARTMENT OF REVENUE**
102 **ISSUE A REQUEST FOR INFORMATION FOR AN ELECTRONIC SALES**
103 **AND USE TAX SIMPLIFICATION SYSTEM.**

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 the department of revenue to issue a request for information for an electronic sales and use tax simplification system that the state or any local government that levies a sales or use tax, including a home rule municipality and county, could choose to use that would provide

*Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

administrative simplification to the state and local sales and use tax system.

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 2017 and 2018 legislative
6 sessions and has heard testimony from both businesses and local
7 governments about the complex nature of our state and local sales and use
8 tax system;

9 (b) The task force's objective with the bill is to take the first step
10 towards a sourcing method for the building of an electronic sales and use
11 tax simplification system that could be paid for by business subscribers;
12 and

13 (c) It is the task force's intent to simplify certain administrative
14 details of the state and local sales and use tax system that could be piloted
15 on an elective basis while still protecting the important legal authority of
16 any home rule municipality or county set forth in section 6 of article XX
17 of the state constitution.

18 **SECTION 2.** In Colorado Revised Statutes, **add** 39-26-802.5 as
19 follows:

20 **39-26-802.5. Sales and use tax simplification - request for**
21 **information.** (1) (a) NO LATER THAN JUNE 30, 2018, THE DEPARTMENT
22 OF REVENUE SHALL ISSUE A REQUEST FOR INFORMATION, IN ACCORDANCE
23 WITH THE PROCUREMENT CODE, ARTICLES 101 TO 112 OF TITLE 24, AND
24 WITHIN THE DEPARTMENT'S EXISTING RESOURCES, FOR AN ELECTRONIC
25 SALES AND USE TAX SIMPLIFICATION SYSTEM THAT THE STATE OR ANY

1 LOCAL GOVERNMENT THAT LEVIES A SALES OR USE TAX, INCLUDING HOME
2 RULE MUNICIPALITIES AND COUNTIES, COULD CHOOSE TO USE THAT WOULD
3 PROVIDE:

4 (I) ACCURATE ADDRESS LOCATION INFORMATION TO BE USED BY
5 A RETAILER TO DETERMINE THE CORRECT TAXING JURISDICTION FOR
6 WHICH THE RETAILER SHOULD COLLECT AND REMIT SALES TAX;

7 (II) A SINGLE APPLICATION PROCESS FOR STATE AND LOCAL SALES
8 TAX LICENSES;

9 (III) A UNIFORM SALES AND USE TAX REMITTANCE FORM;

10 (IV) A SINGLE POINT OF REMITTANCE FOR STATE AND LOCAL SALES
11 AND USE TAX; AND

12 (V) AN ACCURATE TAXABILITY MATRIX OF EACH ITEM SUBJECT TO
13 SALES OR USE TAX IN THE STATE OR IN A LOCAL JURISDICTION THAT LEVIES
14 A SALES OR USE TAX.

15 (b) THE ELECTRONIC SALES AND USE TAX SIMPLIFICATION SYSTEM
16 MUST:

17 (I) PROVIDE ACCESS TO THE DATA THAT THE STATE OR ANY LOCAL
18 GOVERNMENT MAY NEED FOR PURPOSES OF AUDITING TAXPAYERS OR FOR
19 RECONCILING SALES AND USE TAX REVENUE PROJECTIONS; AND

20 (II) BE ABLE TO INTERFACE WITH ALL EXISTING ACCOUNTING
21 SYSTEMS USED BY RETAILERS, THE STATE, OR LOCAL GOVERNMENTS.

22 (c) THE REQUEST FOR INFORMATION PROCESS MUST:

23 (I) IDENTIFY INITIAL COSTS FOR THE ELECTRONIC SALES AND USE
24 TAX SIMPLIFICATION SYSTEM AND ANY POSSIBLE ONGOING ANNUAL COSTS;
25 AND

26 (II) ALLOW FOR VARIOUS PAYMENT OPTIONS TO PAY FOR THE COST
27 OF THE DEVELOPMENT OR IMPLEMENTATION OF THE ELECTRONIC SALES

1 AND USE TAX SIMPLIFICATION SYSTEM, INCLUDING CONTRIBUTIONS BY THE
2 STATE, LOCAL GOVERNMENTS, OR RETAILERS, OR ANY COMBINATION
3 THEREOF.

4 (d) A RESPONDER TO THE REQUEST FOR INFORMATION SHALL NOT
5 EXPECT OR ANTICIPATE THAT THE STATE OR ANY LOCAL GOVERNMENT
6 THAT LEVIES A SALES OR USE TAX AND THAT MIGHT USE THE ELECTRONIC
7 SALES AND USE TAX SIMPLIFICATION SYSTEM WILL:

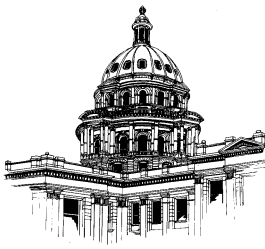
8 (I) ADJUST THEIR SALES AND USE TAX BASE OR RATE;

9 (II) ADOPT UNIFORM DEFINITIONS; OR

10 (III) UNIFY THEIR AUDIT AUTHORITY AND PROCESS IN ANY
11 FASHION.

12 (2) WHEN THE REQUEST FOR INFORMATION ISSUANCE IS COMPLETE,
13 THE DEPARTMENT OF REVENUE SHALL NOTIFY THE SALES AND USE TAX
14 SIMPLIFICATION TASK FORCE CREATED IN SECTION 39-26-802. THE TASK
15 FORCE SHALL HOLD A MEETING WITHIN NINETY DAYS OF THE NOTIFICATION
16 TO REVIEW THE INFORMATION RECEIVED PURSUANT TO THE REQUEST FOR
17 INFORMATION AND DETERMINE NEXT STEPS. THE TASK FORCE SHALL
18 INVITE A REPRESENTATIVE OF THE DEPARTMENT OF REVENUE'S
19 PURCHASING DEPARTMENT TO HELP ENSURE THAT ALL PROCUREMENT
20 ISSUES ARE CONSIDERED WHEN THE TASK FORCE DETERMINES ITS NEXT
21 STEPS.

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



**Colorado
Legislative
Council
Staff**

Bill 1

FISCAL NOTE

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 18-0273
Prime Sponsor(s):

Date: October 27, 2017
Bill Status: Sales and Use Tax Simplification
Task Force Bill Request

Fiscal Analyst: Greg Sobetski (303-866-4105)

BILL TOPIC: DOR ISSUE SALES TAX REQUEST FOR INFORMATION

Fiscal Impact Summary	FY 2017-2018 (current year)	FY 2018-2019	FY 2019-2020
State Revenue			
State Expenditures	Workload increase.		
Appropriation Required: None.			
Future Year Impacts: None.			

Summary of Legislation

Requested by the Sales and Use Tax Simplification Task Force, this bill requires the Department of Revenue (DOR) to issue a request for information regarding the potential to contract for an electronic sales and use tax simplification system. The system would be available for use by the state and local governments, at their discretion, and would provide:

- accurate address location information;
- a single application process for sales tax licenses;
- a uniform sales tax remittance form;
- a single point of remittance for sales and use tax; and
- an accurate taxability matrix of each item subject to sales or use tax in the state and local jurisdictions.

The information provided must identify initial costs and ongoing annual costs, as well as methods for payment by different public or private entities.

The DOR is required to notify the Sales and Use Tax Simplification Task Force when the request for information has been issued. The task force is required to meet within 90 days of receiving this notification to consider information received and determine its next steps.

State Expenditures

The bill increases state workload during the current FY 2017-18.

Department of Revenue. Workload in the DOR will increase during the current FY 2017-18 to issue a request for information and process responses received from potential contractors. The department's purchasing and contracting services section is responsible for issuing requests and ensuring compliance with procurement laws. Issuing the request can be accomplished within existing appropriations.

Office of Information Technology. Workload in the Office of Information Technology (OIT) will increase during the current FY 2017-18 to the extent necessary to ensure that the information technology components of the request for information are accurately communicated to potential contractors. The OIT may bill the DOR for these services, but it is assumed that this work can be accomplished within existing appropriations.

Sales and Use Tax Simplification Task Force. The task force will meet during either the current FY 2017-18 or FY 2018-19 to discuss responses received from the request for information. House Bill 17-1216 previously authorized the task force to meet in both of these years, and Bill 1 is not expected to increase expenditures in the Legislative Department related to the task force.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State and Local Government Contacts

Counties
Information Technology

Municipalities
Revenue

Special Districts