



PLEASE SUPPORT HB 22-1027

Extend Small Business Destination Sourcing Exception

**Representatives Van Winkle and Kipp
Senators Bridges and Woodward**

By enacting House Bill 19-1240 in 2019, the state codified the Department of Revenue's destination sourcing rule for state sales and use tax collection for sales and use taxes imposed by any statutory incorporated town, city, or county and for special districts. That bill allowed small retailers to source their sales to the business' location regardless of where the purchaser receives the tangible personal property or service until 90 days after a geographic information system provided by the state is online and available for the retailer to determine the taxing jurisdiction in which an address resides.

In 2021 the Colorado Legislature passed, SB21-282 to continue the small business destination sourcing exemption until February 1, 2022. **This bill further extends the small business destination sourcing exemption until October 1, 2022.**

Why is HB22-1027 Needed?

- ✓ Extending the deadline would allow for business to have more time to comply with destination sourcing and on board with the SUTS (electronic sales & use tax system)

HB22-1027 allows small retailers to continue to source their sales to the business' location regardless of where the purchaser receives the tangible personal property or service until October 1, 2022.

What is destination sourcing?

- ✓ Requires retailers to collect sales tax based on where the tangible personal property or service will be delivered instead of based on the taxing jurisdiction in which the retailer is located
- ✓ When tangible personal property or services are received by the purchaser at a business location of the seller, the sale is sourced to that business location
- ✓ When tangible personal property or services are not received by the purchaser at a business location of the seller, the sale is sourced to the location where receipt by the purchaser occurs, including the location indicated by instructions for delivery to



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For more information visit: www.simplifycosalestax.com



About the Simplify Colorado Sales & Use Tax Coalition:

The Task Force Extension is supported by the Coalition to Simplify Colorado Sales Tax which was formed in 2015 to support Colorado's economy by simplifying the state's overly complex sales and use tax system. Colorado ranked **21st of states** on the sales tax component in the [Tax Foundation's 2021 State Business Tax Climate Index](#). We will promote additional reforms in the future to create a simple, fair and predictable system without reducing overall revenue for local and state public services.

The following organizations have joined the coalition's expanding Board of Directors:

- American Furniture Warehouse
- Associated General Contractors of Colorado
- Associated Landscape Contractors of Colorado
- Automated Business Products
- Colorado Automobile Dealers Association (CADA)
- Colorado Society of CPAs
- Food Services of America – Loveland
- LafargeHolcim
- Martin Marietta
- National Federation of Independent Business (NFIB)
- Rocky Mountain MCA (RMMCA)
- Rocky Mountain Regional Promotional Products Association
- Silverstein & Pomerantz
- SMACNA Colorado
- Summit Ford
- TaxOps
- US Foods



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