

## PLEASE SUPPORT SB23-143

### **Retail Delivery Fees**

**Rep. Kipp & Soper and Senator Fenberg & Van Winkle**

**Concerning the administration of the existing retail delivery fees collected by the Department of Revenue**



### **Background & Why Support SB23-143...**

Currently, the state and several state enterprises impose fees on retail sales of taxable tangible personal property delivered by motor vehicle to a location in the state. These fees are collectively known as the retail delivery fee (RDF), and a retailer who makes a retail delivery is required to add the RDF to the price of the retail delivery, collect it from the purchaser, and pay the RDF revenue to the Department of Revenue (department), which distributes the revenue to the appropriate cash funds.

SB23-143 simplifies and clarifies the RDF collection and remittance process for retailers and provides flexibility for businesses wishing to pay the RDF directly.

### **Summary of SB23-143...**

The department generally administers the RDF in the same manner as the state sales and use tax. The bill modifies this administration by permitting a retailer to pay the RDF on behalf of the purchaser.

The bill:

- ✓ **Creates a small business exemption from the RDF for businesses that have \$500,000 or less of retail sales in the prior year or is new, that applies retroactively to when RDFs were first imposed.**
- ✓ Creates a primary definition for "retail delivery" that is cross-referenced in other RDF provisions, and related to this change, a definition of "retail sale" is repealed where the cross reference makes it unnecessary.

If the retailer elects to pay the RDF, then the retailer is:

- ✓ Not required to add the RDF to the price of the retail delivery, separately itemize the RDF, or collect the RDF from the purchaser.
- ✓ Required to remit the RDF on the date that would be required if the RDF had been received from the purchaser on the date of the retail delivery.

The department is required to waive any processing costs for a retailer's electronic payment by automated clearing house (ACH) debit of the RDF if the charges would exceed the amount of the RDF revenue being remitted.



# About the Coalition to Simplify Colorado Sales Tax:

It's no secret that Colorado has one of the most complicated sales tax systems in the nation. In fact, just a few short years ago, Colorado received a "D" rating from the Council on State Taxation. The abysmal rankings are a result of a confusing and cumbersome patchwork of 756 geographic areas with different sales tax rates and bases. Perhaps more importantly, the complicated system has put a significant burden on businesses around the state. The ***Simplify Colorado Sales Tax*** coalition was formed to address these challenges.

## About Our Coalition

Simplify is a non-partisan coalition of businesses, trade organizations, and other interested taxpayers with a mission to reform Colorado's excessively complex sales and use tax system and promote legislation and rules with multiple goals, including:

- Fairness, simplicity, and predictability for businesses
- Revenue neutrality to avoid adverse impacts on local and state public services
- Creating a competitive economic environment in Colorado that will attract employers

## Our Leadership

Our leadership includes a wide variety of businesses and people. The current board represents over 8,400 businesses across Colorado as well as the CPA Society with 8,500 members.

### Simplify Board of Directors Organizations:

- 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
- Expedia Group
- Holcim
- Inukshuk Online
- Martin Marietta
- National Federation of Independent Businesses (NFIB)
- Rocky Mountain Mechanical Contractors Association (RMMCA)
- Silverstein & Pomerantz
- SMACNA Colorado
- Summit Ford
- Tax Opps