

PLEASE SUPPORT SUTS Task Force HB24-1050

Simplify Processes Regarding Certain Local Government Taxes

Representatives Taggart & Kipp, Senators Bridges & Van Winkle



Concerning the simplification of processes related to taxes imposed by local governments, including local lodging and building permit-related sales or use taxes.

Recommended by the **Legislative Sales & Use Tax Simplification Task Force** (task force), which was established by HB17-1216 and has successfully driven the policy conversation toward simplification of the complex sales & use tax system in Colorado over the last 7 years.

Background

Currently, taxpayers must attempt to navigate disparate tax requirements across jurisdictions that do not have consistent or clear definitions for the items/services being taxed, and that may instead base a definition on factors businesses and online intermediaries couldn't possibly know (for example: with lodging taxes, how a property is zoned or its business license type).

Taxpayers have also encountered widespread communication obstacles driven by local governments' often limited capacity to engage with taxpayers to provide necessary information and discuss obligations— it can sometimes take taxpayers months to provide and receive the requisite information for compliance with impending local laws.

Summary of HB24-1050

The bill:

- ✓ Requires local taxing jurisdictions that impose a local lodging tax or a sales or use tax on building or construction materials that integrate such taxes into building permits to file a copy of the resolution or ordinance with the executive director of the Department of Revenue (executive director).
- ✓ Requires local taxing jurisdictions to report the rate and calculation of local lodging taxes and applicable sales or use taxes, and that information on building permits, tax remittance timing, and taxes imposed on asphalt equipment, storage of equipment, or services is included.
- ✓ Requires the executive director to publish the information in the local taxing jurisdiction's reports relating to the local lodging tax and applicable sales or use tax, by not later than July 1, 2025, and by not later than January 1 and July 1 of each year thereafter.
- ✓ Modifies the scope of the task force to include simplification of local lodging tax systems.
- ✓ Requires that, in the 2024 interim, the task force receive testimony and proposals related to the feasibility and implementation of an electronic system for the collection and remittance of local lodging taxes.
- ✓ Requires the department to issue a request for information for an electronic system for the collection and remittance of local lodging taxes and present the information received to the task force by not later than September 1, 2024.

Why Support HB24-1050

It is important to continuously simplify Colorado's sales and use tax system, including processes related to taxes imposed by local governments like local lodging and building permit-related sales or use taxes. To that end, this bill will:

- ✓ Increase transparency for local taxing jurisdictions that impose a lodging tax or sales or use tax on building or construction materials, so that online businesses, and businesses that operate across multiple home rule jurisdictions, can more easily access the information they need to understand what is expected of them and how they can comply.
- ✓ Create a more competitive economic environment in Colorado that will attract employers.

For more information visit: www.simplifycosalestax.com

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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 Technologies
- Colorado Automobile Dealers Association
- Colorado Cable Telecommunications Association
- Colorado Society of CPAs
- Expedia Group
- Martin Marietta
- National Federation of Independent Businesses
- Rocky Mountain Mechanical Contractors Association
- Silverstein & Pomerantz
- SMACNA Colorado
- Summit Brick Company
- Summit Ford
- Tax Ops