

PLEASE SUPPORT SUTS Task Force HB24-1041
Streamline Filing Sales & Use Tax Returns
Representatives Kipp & Taggart
Senators Bridges & Van Winkle



Concerning the streamlining of processes for filing sales and use tax returns

Recommended by the **Legislative Sales & Use Tax Simplification 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...

The General Assembly authorized deployment of the electronic sales and use tax simplification system (SUTS). SUTS is designed to simplify and streamline the administration, imposition, and collections of sales and use taxes for the state, state-collected local taxing jurisdictions, and home rule, self-collecting local taxing jurisdictions, which increases administrative efficiency, retailer compliance and tax revenue collections.

While home rule local taxing jurisdictions weren't immediately required to begin using SUTS, they were expected to voluntarily participate in SUTS no later than April 12, 2022. For SUTS to be fully successful, it's imperative to have 100% of the local jurisdictions participating in the SUTS system. Currently 60 of the 68 home rule jurisdictions use SUTS.

Summary of HB24-1041

Under current law, the executive director of the department of revenue is authorized to permit taxpayers whose monthly tax collected is less than \$300 to make returns and pay taxes at quarterly intervals. The bill increases that threshold to \$600. The bill also:

- ✓ Imposes thresholds that home rule jurisdictions that collect their own sales and use taxes and do not use SUTS must adhere to in allowing taxpayers to make returns and pay sales and use taxes

Why Support HB24-1041

This bill is the necessary next step toward the effective implementation of a simpler, more business-friendly and efficient sales and use tax system in Colorado.

Thresholds are necessary because they would:

- ✓ Reduce/eliminate circumstances where the cost of tax compliance exceeds revenue
- ✓ Reduce the volume of tax returns being required across home rule jurisdictions and further increase taxpayers' ability to continue to operate and comply with local laws

Without the participation of all local taxing jurisdictions in using SUTS:

- ✓ Businesses operating in multiple jurisdictions will continue to be burdened by the complexity and lack of uniformity of the state and local sales tax system
- ✓ Retailer compliance continues to be compromised
- ✓ Administration of the SUTS system will remain unnecessarily inefficient
- ✓ Revenue collection will not be optimized



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