

LEGISLATIVE UPDATE

SIMPLIFY COLORADO SALES TAX COALITION: BILL PASSES TO SET UP A LEGISLATIVE-DIRECTED TASK FORCE

In January, 2015, The Coalition to Simplify Colorado Sales & Use Tax Coalition was established a coalition by a group of small business leaders, business organizations and businesses. Simplify CO is dedicated to reforms that will create a simple, fair and predictable sales and use tax system in Colorado. Simplify CO seeks to simplify the state's overly complex sales and use tax system, which puts a nearly impossible burden on businesses—especially those that work across local jurisdictions.



In the now concluded 2017 legislation session, the coalition spearheaded and passed [HB17-1216](#) to set up a legislative-directed task force to focus on this issue and leverage interim legislative resources. The bill passed with overwhelming support—and was signed by the Governor on June 6th, 2017—to establish a fifteen-member task force consisting of:

- Two members of the House of Representatives (appointed by the Majority & Minority leadership)
- Two members of the Senate (appointed by the Majority & Minority leadership)
- A representative of the state Department of Revenue
- A representative of the Colorado Municipal League
- A representative of Colorado Counties Inc. (CCI)
- A member of a statewide association of small businesses that is addressing the simplification of sales and use tax collection (Governor-appointed)
- A member of the statewide Chamber of Commerce (Governor-appointed)
- A state and local sales & use tax law practitioner (not employed by a city; Governor-appointed)
- A state and local sales and use tax accountant/CPA (not employed by a city; Governor-appointed)
- Four of the following: a manager, mayor, council-person, finance officer, or tax administrator of a home rule or statutory city or city and county (appointed by the Colorado Municipal League (CML) from each of its four population membership categories)

The task force will conduct meetings, take testimony, gather information to study this challenge, and by November 1st report to the Legislature. The task force is directed to specifically consider the feasibility of: having a third-party entity responsible for state or local sales and use tax administration, return processing, and audits; making audits of retailers more uniform for all state and local taxing jurisdictions; utilization of certified software for sales and use tax administration and collection; and utilization of a single sales and use tax return for state and local taxing jurisdictions. The task force is set to “sunset” (be re-evaluated) after three years.

Prior tax appeal reform—upheld in court: In 2016, the coalition was successful passing SB16-36 to reform the states’ unfair system that required a taxpayer to pay the full tax audit assessment or post a bond before seeking a ruling from an independent court. Now taxpayers can appeal to district court before any tax payment is due (but retain the *option* to do so in order to stop further interest and penalties from accruing). Earlier this year, Denver attempted a specious argument that a taxpayer challenging an assessment still needed to pay-up first—the court dismissed the challenge in April. The taxpayer, a cloud-computing company, is now headed to district court.

Making these reforms a priority of elected officials will take dedicated, grassroots efforts by businesses of all sizes and industries across the state. Register as a supporter to receive updates, or submit a story of your own experience that demonstrates the complexity of sales/use taxes in Colorado: www.simplifycosalestax.org or contact the coalition at info@simplicyosalestax.org