



COALITION TO SIMPLIFY COLORADO'S SALES TAX *A Record of Success*

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
- Holcim
- Inukshuk Online
- Martin Marietta
- National Federation of Independent Businesses
- Rocky Mountain Mechanical Contractors Association
- Silverstein & Pomerantz
- SMACNA Colorado
- Summit Brick Company
- Summit Ford
- TaxOps

A Record of Success

Working hand-and-hand with the General Assembly's Sales and Use Tax Simplification Task Force, the coalition has achieved tremendous success. One of our biggest achievements is the creation of SUTS, a data base that helps business owners untangle the more than 700 sales tax jurisdictions. The data base will ultimately remove a significant amount of red tape and paperwork for business owners and free up time to do what they do best – grow our economy.

In light of the work of our coalition and the legislation we've had passed, **Colorado has climbed 18 spots – from 39th to 21st of states since 2017** – on the sales tax component in the Tax Foundation's [2023 State Business Tax Climate Index](#).

A Record of Success, cont.

In 2023, the coalition continued to support the work of the Task Force, which realized significant accomplishments with the following:

- ✓ [HB23-1017](#) was introduced and passed with the Task Force's recommendation, known as the SUTS enhancement bill, adding \$6.5 million in additional revenue to the SUTS system for enhancements. The measure requires modifications that improve ease of use for businesses remitting sales tax and municipalities system improvements, and it also requires the Department of Revenue to increase the awareness and participation of SUTS.
- ✓ Successful passage of [SJR23-004](#), which urges local governments to work together through the Colorado Municipal League and business partners to create uniformity in the collection of sales and use tax for construction materials among municipalities and improves Colorado's business environment.
- ✓ Supporting the passage of [SB23-143](#) because it simplifies and clarifies the retail delivery fee collection and remittance process for retailers and provides flexibility for businesses wishing to pay the fee directly. SB23-143 also creates a small business exemption for small businesses with retail sales under a half million.

Prior Legislative Policy Successes Include:

- ✓ In 2014, supported the passage of the Uniform Definitions Resolution (SJR14-038) and have since been tracking and supporting the passage of local self-collecting municipalities to adopt the uniform definitions.
- ✓ In 2016, the coalition passed legislation, [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 bond if desired in order to stop further interest and penalties from accruing).
- ✓ Successful passage of legislation in 2017, [HB17-1216](#), created the [Legislative Sales and Use Tax Simplification Task Force](#), which is authorized to meet for three years to examine ways to simplify the state's complex sales and use tax system. Simplify spearheads the legislation recommended by the task force.
- ✓ 2018 legislation, [HB18-1022](#), requiring the Department of Revenue to issue a request for information (RFI) for an electronic sales & use tax simplification system that the state and local governments could choose to use, which would provide administrative simplification to the state and local sales & use tax license and collection system.
- ✓ Successful passage of legislation in 2019, [SB19-006 Sales & Use Tax Electronic Simplification System](#). Simplify coalition worked with DOR and OIT on the solicitation/RFP process, vendor selection and continued monitoring of successful implementation.
- ✓ Successful passage of 2020 legislation, [HB20-1022 Task Force Extension](#), extending the Legislative Sales & Use Tax Simplification Task Force for five additional years starting after the 2021 Legislative Session and expanding the scope of sales and use tax issues for the task force to review. Additionally, we supported the passage of [HB20-1023 Sales & Use Tax GIS Implementation](#), which establishes hold harmless provisions under the states GIS system.
- ✓ In 2022 alone, the General Assembly's Sales and Use Tax Simplification Task Force was extended to continue to address challenges in the code, and the coalition led the effort to pass two bills with near unanimous support, including:
 - [HB22-1027](#) gives retailers who make less than \$100,000 in annual sales/more time to comply with Colorado's forthcoming destination-based system for calculating and remitting sales tax.
 - [SB22-032](#) simplifies sales and use tax administration for businesses by prohibiting local taxing jurisdictions from charging non-physically present retailers business license fees in order to remit minuscule sales taxes due.

For more information, visit simplifycosalestax.com or contact Jenn Penn at jenn@domestrategies.com or 720-937-2148.