

PLEASE SUPPORT SJR23-004



Uniform Sales & Use Tax on Construction Materials Senator Bridges & Van Winkle and Rep. Kipp & Bockenfeld

Concerning uniformity among municipalities that locally collect sales and use tax on construction materials, including issuance of building permits.

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 6 years.

Why Support SJR23-004...

The Colorado constitution empowers home rule municipalities and local governments to act and legislate on local matters, including the levy of local sales and use taxes. The local sales and use tax collection system used by Colorado municipalities on construction materials can be cumbersome and difficult for multijurisdictional contractors and subcontractors. Some municipalities levy a sales tax on building materials, while other municipalities levy a use tax on building materials. Some municipalities integrate their sales and use tax into the issuance of a building permit based on the estimated cost of the construction materials, while other municipalities require suppliers or vendors to remit sales tax and consumers to remit use tax paid by the owner of the construction materials. Some building permits include the collection of sales and use tax for counties and cities, while other building permits include only the collection of sales and use tax for a particular taxing jurisdiction.

The divergent methods of local collection of sales and use tax on construction materials creates confusion for taxpayers and increases the need for reconciliations. The state, local governments, Colorado Municipal League, suppliers, vendors, contractors, and subcontractors agree that creating uniformity in the collection of sales and use tax for construction materials among municipalities would improve Colorado's business environment.

Summary of SJR23-004...

- ✓ Urges municipalities that locally collect their sales and use taxes to work together, through the Colorado Municipal League, to create a uniform administration of sales and use tax on construction materials.
- ✓ Urges municipalities to coordinate efforts to standardize information on building permits so that it is easy to determine the jurisdiction, the permit number, the job address, and proof of sale or use tax payment.
- ✓ Urges municipalities to speed up the process for issuing documentation showing proof of pre-payment of sales or use tax payments.
- ✓ Requests that the Colorado Municipal League update the Sales and Use Tax Simplification Task Force on its efforts coordinating among municipalities to create a uniform system of collecting sales and use tax and issuing building permits by August 2023.



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)
- Rocky Mountain Regional Promotional Products Association
- Silverstein & Pomerantz
- SMACNA Colorado
- Summit Ford
- Tax Opps