



## Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

# Final Fiscal Note

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<b>Drafting Number:</b>	LLS 24-0382	<b>Date:</b>	June 20, 2024
<b>Prime Sponsors:</b>	Sen. Bridges; Van Winkle Rep. Kipp; Taggart	<b>Bill Status:</b>	Signed into Law
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<b>Bill Topic:</b>	<b>UPDATE LOCAL GOVERNMENT SALES &amp; USE TAX COLLECTION</b>
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<b>Summary of Fiscal Impact:</b>	<input type="checkbox"/> State Revenue	<input type="checkbox"/> State Transfer	<input checked="" type="checkbox"/> Local Government
	<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> TABOR Refund	<input type="checkbox"/> Statutory Public Entity

The bill modernizes and revises the state laws that govern state administration of local sales or use taxes. It increases state and local workload on an ongoing basis.

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**Appropriation Summary:** No appropriation is required.

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**Fiscal Note Status:** The final fiscal note reflects the enacted bill. The bill was recommended by the Sales and Use Tax Simplification Task Force.

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## Summary of Legislation

The Department of Revenue administers local sales or use taxes that are imposed by statutory local governments, and if requested, by home rule jurisdictions (local jurisdictions). The bill modernizes and revises the state laws that govern state administration of local sales or use taxes, including:

- making DOR administration of local sales and use taxes consistent with the administration of the state sales tax;
- specifying procedures for local jurisdictions to notify DOR of any changes to sales or use taxes;
- permitting local jurisdictions to allow retailers to retain a percentage of the amount remitted to cover the retailer's expenses in collecting the fee;
- aligns the dispute resolution process for local sales and use tax administration with state sales tax administration, and establishes procedures for if a local tax collected by the department is erroneously remitted to the wrong taxing entity;

- clarifying that vendors who use the state GIS database to determine the jurisdictions to which taxes are owed are held harmless for any tax or fee liability that would be due as a result of an error in the database;
- requiring local jurisdictions to identify liaisons to coordinate with DOR related to the collection of their sales and use tax; and
- clarifying which sales and use taxes can be administered by DOR.

## State Expenditures

The bill increases workload for the DOR to adjust reporting procedures and modify the SUTS system and GIS databases. The work can be accomplished through current appropriations, as currently planned work on both systems will be able to include the changes required by the bill. Workload will also include communicating with and reporting return information to local taxing jurisdictions. The bill may also minimally increase legal services required for rulemaking, provided by the Department of Law. This workload does not require a change in appropriations.

## Local Government

The bill may increase workload for local taxing entities to modify their procedures to align with the bill's requirements. Any additional workload is expected to be minimal. The bill may also reduce revenue for any local taxing entity that chooses to institute a vendor fee that allows retailers to retain a percent of collections for administrative costs.

## Effective Date

The bill was signed into law by the Governor on May 1, 2024, and takes effect July 1, 2025, assuming no referendum petition is filed. It applies to any taxable event occurring on or after that date.

## State and Local Government Contacts

Counties	Law	Municipalities
Personnel	Revenue	Special District Association

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The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit: [leg.colorado.gov/fiscalnotes](https://leg.colorado.gov/fiscalnotes).