

Second Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO

REENGROSSED

*This Version Includes All Amendments
Adopted in the House of Introduction*

LLS NO. 24-0379.01 Alison Killen x4350

SENATE BILL 24-023

SENATE SPONSORSHIP

Van Winkle and Bridges, Baisley, Gardner, Kirkmeyer, Lundeen, Priola, Smallwood, Will

HOUSE SPONSORSHIP

Kipp and Taggart,

Senate Committees
Finance

House Committees

A BILL FOR AN ACT

101 **CONCERNING THE REQUIREMENT THAT LOCAL TAXING JURISDICTIONS**
102 **HOLD HARMLESS VENDORS THAT RELY ON ERRONEOUS DATA IN**
103 **CERTAIN ELECTRONIC SYSTEMS RELATED TO SALES AND USE TAX**
104 **THAT ARE MANAGED BY THE DEPARTMENT OF REVENUE.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)

Sales and Use Tax Simplification Task Force. The department of revenue owns and maintains a GIS database that is provided to vendors to determine the jurisdictions to which tax is owed and to calculate

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words or numbers indicate deletions from existing law.

SENATE
3rd Reading Unamended
February 22, 2024

SENATE
Amended 2nd Reading
February 21, 2024

appropriate sales and use tax rates for individual addresses. The bill establishes that any vendor that relies on the information in the GIS database to determine the local taxing jurisdictions to which tax is owed is held harmless in an audit by a local taxing jurisdiction for an underpayment of tax, charge, or fee liability that results solely from an error or omission in the GIS database data.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, 39-26-105.2, **amend**
3 **(4); and add** (3.5) as follows:

4 **39-26-105.2. Remittance of tax - GIS - vendor held harmless**
5 **- requirements of GIS database - rules - definition.** (3.5) (a) THE
6 GENERAL ASSEMBLY FINDS AND DECLARES THAT:

7 (I) THE TASK FORCE HAS OVERSEEN THE IMPLEMENTATION OF AN
8 ELECTRONIC SALES AND USE TAX SIMPLIFICATION SYSTEM, WHICH IS
9 COMMONLY KNOWN AS "SUTS" AND INCLUDES THE GIS DATABASE, IN
10 FURTHERANCE OF THE GENERAL ASSEMBLY'S GOAL TO ADDRESS THE
11 COMPLEX AND CUMBERSOME NATURE OF COLORADO'S UNIQUE STATE AND
12 LOCAL SALES TAX SYSTEM, WHICH IS A MATTER OF STATEWIDE CONCERN;

13 (II) SUTS AND THE GIS DATABASE ARE DESIGNED, AMONG OTHER
14 THINGS, TO ASSIST BUSINESSES OPERATING IN MULTIPLE TAXING
15 JURISDICTIONS IN COLORADO BY PROVIDING THEM WITH A SINGLE,
16 RELIABLE SOURCE OF SALES AND USE TAX INFORMATION FOR THE STATE
17 AND LOCAL TAXING JURISDICTIONS, INCLUDING ANY COUNTY, CITY AND
18 COUNTY, OR MUNICIPALITY GOVERNED BY A HOME RULE CHARTER;

19 (III) WHILE THE SALES AND USE TAX BASES AND RATES OF THE
20 STATE AND LOCAL TAXING JURISDICTIONS AND THE JURISDICTIONAL
21 BOUNDARIES OF SUCH LOCAL TAXING JURISDICTIONS ARE SUBJECT TO
22 CHANGE OVER TIME, SUTS WAS SPECIFICALLY DESIGNED IN ANTICIPATION

1 OF SUCH CHANGES PURSUANT TO SECTION 39-26-802.5 (1)(c)(IV) AND
2 (1)(c)(V);

3 (IV) IT IS A MATTER OF STATEWIDE CONCERN TO ENSURE THAT
4 SUTS, INCLUDING THE GIS DATABASE, CONTINUES TO SERVE AND EVOLVE
5 AS AN EFFECTIVE SIMPLIFICATION TOOL UPON WHICH BUSINESSES CAN
6 RELY IN NAVIGATING COLORADO'S UNIQUE AND COMPLEX STATE AND
7 LOCAL SALES TAX SYSTEM;

8 (V) IMPROVING SUTS IN THIS MANNER WILL DECREASE FILING
9 COMPLEXITY, MAKE AUDITS OF RETAILERS MORE UNIFORM FOR ALL STATE
10 AND LOCAL TAXING JURISDICTIONS, HELP STREAMLINE AND REDUCE
11 ADMINISTRATIVE BURDENS, AND, CONSEQUENTLY, ENCOURAGE MORE
12 BUSINESSES TO BEGIN OR CONTINUE TO OPERATE ACROSS MULTIPLE
13 TAXING JURISDICTIONS ACROSS THIS STATE; AND

14 (VI) ANY BUSINESS THAT USES THE DATA COLLECTED IN SUTS,
15 INCLUSIVE OF DATA COLLECTED IN THE GIS DATABASE, TO DETERMINE
16 THE LOCAL TAXING JURISDICTIONS TO WHICH TAX IS OWED SHOULD BE
17 HELD HARMLESS IN AN AUDIT BY THE STATE OR ANY LOCAL TAXING
18 JURISDICTION, INCLUDING ANY COUNTY, CITY AND COUNTY, OR
19 MUNICIPALITY GOVERNED BY A HOME RULE CHARTER FOR ANY TAX,
20 CHARGE, OR FEE LIABILITY TO ANY LOCAL TAXING JURISDICTION THAT
21 WOULD BE DUE SOLELY AS A RESULT OF AN ERROR OR OMISSION IN THE
22 SUTS OR GIS DATABASE DATA.

23 (b) AS USED IN THIS SUBSECTION (3.5), UNLESS THE CONTEXT
24 OTHERWISE REQUIRES:

25 (I) "ELECTRONIC SALES AND USE TAX SIMPLIFICATION SYSTEM"
26 MEANS THE ELECTRONIC SYSTEM DESCRIBED IN SECTION 39-26-802.7 FOR
27 THE COLLECTION AND REMITTANCE OF SALES AND USE TAXES.

1 (II) "LOCAL TAXING JURISDICTION" MEANS A CITY, TOWN,
2 MUNICIPALITY, COUNTY, SPECIAL DISTRICT, OR AUTHORITY AUTHORIZED
3 TO LEVY A SALES OR USE TAX PURSUANT TO TITLE 24, 25, 29, 30, 31, 32,
4 37, 42, OR 43, AND ANY COUNTY, CITY AND COUNTY, OR MUNICIPALITY
5 GOVERNED BY A HOME RULE CHARTER THAT USES THE ELECTRONIC SALES
6 AND USE TAX SIMPLIFICATION SYSTEM.

7 (III) "TAX RATE" MEANS THE GENERAL SALES OR USE TAX RATE
8 IMPOSED BY A LOCAL TAXING JURISDICTION, WITHOUT REGARD TO ANY
9 LOCAL SALES OR USE TAX EXEMPTION OR SPECIAL TAX RATE.

10 (c)(I) ANY VENDOR THAT USES THE DATA CONTAINED IN THE GIS
11 DATABASE TO DETERMINE THE TAX RATE AND THE LOCAL TAXING
12 JURISDICTIONS TO WHICH SALES OR USE TAX IS OWED _____ IS HELD
13 HARMLESS IN AN AUDIT BY ANY LOCAL TAXING JURISDICTION FOR ANY
14 TAX, CHARGE, OR FEE LIABILITY TO THE LOCAL TAXING JURISDICTION THAT
15 OTHERWISE WOULD BE DUE SOLELY AS A RESULT OF AN ERROR OR
16 OMISSION IN THE GIS DATABASE DATA.

17 (II) TO BE HELD HARMLESS PURSUANT TO SUBSECTION (3.5)(c)(I)
18 OF THIS SECTION, A VENDOR MUST COLLECT, RETAIN, AND PRODUCE UPON
19 REQUEST DOCUMENTATION REASONABLY SUFFICIENT TO DEMONSTRATE
20 THE VENDOR'S PROPER USE OF AND RELIANCE ON THE GIS DATABASE DATA
21 TO DETERMINE THE TAX RATE AND LOCAL TAXING JURISDICTION TO WHICH
22 TAX WAS OWED.

23 (III) A VENDOR THAT QUERIES THE GIS DATABASE USING AN
24 INCOMPLETE OR ERRONEOUS ADDRESS SHALL NOT BE HELD HARMLESS
25 PURSUANT TO SUBSECTION (3.5)(c)(I) OF THIS SECTION FOR THE FAILURE
26 TO PAY ANY TAX, CHARGE, OR FEE LIABILITY TO A LOCAL TAXING
27 JURISDICTION.

1 (d) THE DEPARTMENT OF REVENUE, OR ITS THIRD-PARTY
2 CONTRACTOR, SHALL UPDATE THE DATA CONTAINED IN THE GIS
3 DATABASE, INCLUDING JURISDICTIONAL BOUNDARIES AND TAX RATES,
4 WITHIN THIRTY DAYS OF THE RECEIPT BY THE DEPARTMENT OF REVENUE
5 OF UPDATED OR CORRECTED DATA FROM A LOCAL TAXING JURISDICTION,
6 AND SHALL MAINTAIN THE GIS DATABASE DATA IN AN ACCURATE
7 CONDITION IN ACCORDANCE WITH SUBSECTION (4) OF THIS SECTION. THE
8 DEPARTMENT SHALL PROVIDE A REASONABLY CONVENIENT METHOD FOR
9 LOCAL TAXING JURISDICTIONS TO INFORM THE DEPARTMENT OF ANY
10 ERRORS IN THE GIS DATABASE DATA.

11 (4) The department of revenue shall ensure that the GIS database
12 data, INCLUDING JURISDICTIONAL BOUNDARIES AND TAX RATES, is at least
13 ninety-five percent accurate based on a statistically valid sample of
14 addresses from the database, or based on another acceptable method of
15 proving accuracy.

16 **SECTION 2. Applicability.** This act applies to audits
17 commenced by local taxing jurisdictions, directly or by contractors, on or
18 after the effective date of this act.

19 **SECTION 3. Safety clause.** The general assembly finds,
20 determines, and declares that this act is necessary for the immediate
21 preservation of the public peace, health, or safety or for appropriations for
22 the support and maintenance of the departments of the state and state
23 institutions.