

First Regular Session
Sixty-ninth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 13-0933.01 Esther van Mourik x4215

HOUSE BILL 13-1288

HOUSE SPONSORSHIP

Conti and Kagan,

SENATE SPONSORSHIP

(None),

House Committees

Finance
Appropriations

Senate Committees

A BILL FOR AN ACT

101 CONCERNING THE DEVELOPMENT OF RECOMMENDATIONS TO THE
102 GENERAL ASSEMBLY TO ESTABLISH A UNIFORM SALES AND USE
103 TAX BASE THROUGHOUT THE STATE.

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://www.leg.state.co.us/billsummaries>.)

Currently, local governments and the state do not always impose sales or use tax on the same transactions. The bill requires the department of revenue, in consultation with representatives of a nonprofit organization that assists municipal officials, to make recommendations

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

on establishing a uniform sales and use tax base throughout the state. The representatives of a nonprofit organization that assists municipal officials must have experience in writing sales and use tax policy and must represent constituents of a local taxing jurisdiction. The uniform sales and use tax base must be established so that sales and use tax remittances under the uniform sales and use tax base will be revenue neutral for the state or any local taxing jurisdiction. In order to ensure revenue neutrality, the bill requires that every effort be made to determine a list of exemptions that are currently applied by the state and any local taxing jurisdiction. If the uniform sales and use tax base requires the state or a local taxing jurisdiction to start taxing an item that was previously exempted by the state or by a local taxing jurisdiction, the bill specifies that the tax rate for such item must be 0% for that jurisdiction. If the state or any local taxing jurisdiction starts taxing an item that was previously exempted at a rate that exceeds 0%, the state or local taxing jurisdiction must seek voter approval for such tax rate increase pursuant to section 20 of article X of the state constitution.

The bill specifies that the recommendations be included in a report to the general assembly that must be completed no later than December 31, 2013. The bill specifies that the members of the general assembly are then encouraged to consider the recommendations and introduce legislation in the 2014 legislative session to create a uniform sales and use tax base.

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

2 **SECTION 1.** In Colorado Revised Statutes, **add** 39-26-128 as
3 follows:

4 **39-26-128. Uniform sales and use tax base.** (1) (a) THE
5 DEPARTMENT OF REVENUE SHALL MAKE RECOMMENDATIONS TO THE
6 GENERAL ASSEMBLY REGARDING THE ESTABLISHMENT OF A UNIFORM
7 SALES AND USE TAX BASE THROUGHOUT THE STATE. IN DEVELOPING THE
8 RECOMMENDATIONS, THE DEPARTMENT SHALL CONSULT WITH
9 REPRESENTATIVES OF A NONPROFIT ORGANIZATION THAT ASSISTS
10 MUNICIPAL OFFICIALS. SUCH REPRESENTATIVES MUST HAVE EXPERIENCE
11 IN WRITING SALES AND USE TAX POLICY AND MUST REPRESENT
12 CONSTITUENTS OF LOCAL TAXING JURISDICTIONS. THE RECOMMENDATIONS

1 SHALL INCLUDE THE SPECIFIC SALES AND PURCHASES ON WHICH SALES OR
2 USE TAX WOULD BE IMPOSED BY THE STATE AND LOCAL TAXING
3 JURISDICTIONS, THE SPECIFIC SALES AND PURCHASES THAT WOULD BE
4 EXEMPT FROM TAXATION BY THE STATE AND LOCAL TAXING
5 JURISDICTIONS, AND ANY OTHER RECOMMENDATIONS DEEMED
6 APPROPRIATE BY THE DEPARTMENT RELATING TO THE ESTABLISHMENT OF
7 A UNIFORM SALES AND USE TAX BASE THROUGHOUT THE STATE. THE
8 UNIFORM SALES AND USE TAX BASE MUST BE ESTABLISHED SO THAT SALES
9 AND USE TAX REMITTANCES UNDER THE UNIFORM SALES AND USE TAX
10 BASE WILL BE REVENUE NEUTRAL FOR THE STATE AND ANY LOCAL TAXING
11 JURISDICTION. IN ORDER TO ENSURE REVENUE NEUTRALITY, EVERY EFFORT
12 SHALL BE MADE TO DETERMINE A LIST OF EXEMPTIONS THAT ARE
13 CURRENTLY APPLIED BY THE STATE AND ANY LOCAL TAXING
14 JURISDICTION. IF THE UNIFORM SALES AND USE TAX BASE REQUIRES THE
15 STATE OR A LOCAL TAXING JURISDICTION TO START TAXING AN ITEM THAT
16 WAS PREVIOUSLY EXEMPTED BY THE STATE OR BY A LOCAL TAXING
17 JURISDICTION, THE TAX RATE FOR SUCH ITEM MUST BE ZERO PERCENT FOR
18 THAT JURISDICTION. IF THE STATE OR ANY LOCAL TAXING JURISDICTION
19 STARTS TAXING AN ITEM THAT WAS PREVIOUSLY EXEMPTED AT A RATE
20 THAT EXCEEDS ZERO PERCENT, THE STATE OR LOCAL TAXING JURISDICTION
21 MUST SEEK VOTER APPROVAL FOR SUCH TAX RATE INCREASE PURSUANT TO
22 SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION.

23 (b) FOR PURPOSES OF THIS SUBSECTION (1), A "LOCAL TAXING
24 JURISDICTION" INCLUDES STATUTORY CITIES, TOWNS, MUNICIPALITIES,
25 COUNTIES, SPECIAL DISTRICTS, AUTHORITIES, AND COUNTIES, CITIES, CITIES
26 AND COUNTIES, OR TOWNS GOVERNED BY A HOME RULE CHARTER THAT
27 IMPOSE A SALES OR USE TAX IN THE STATE.

1 (2) THE DEPARTMENT OF REVENUE SHALL INCLUDE THE
2 RECOMMENDATIONS MADE PURSUANT TO SUBSECTION (1) OF THIS SECTION
3 IN A REPORT TO THE GENERAL ASSEMBLY. THE REPORT SHALL BE
4 SUBMITTED TO THE GENERAL ASSEMBLY NO LATER THAN DECEMBER 31,
5 2013, AND MADE AVAILABLE TO THE PUBLIC ON A WEB SITE MAINTAINED
6 BY THE DEPARTMENT.

7 (3) MEMBERS OF THE GENERAL ASSEMBLY ARE ENCOURAGED TO
8 CONSIDER THE RECOMMENDATIONS OF THE DEPARTMENT OF REVENUE
9 PURSUANT TO THIS SECTION AND INTRODUCE LEGISLATION DURING THE
10 SECOND REGULAR SESSION OF THE SIXTY-NINTH GENERAL ASSEMBLY TO
11 ESTABLISH A UNIFORM STATEWIDE SALES AND USE TAX BASE TO BE
12 IMPLEMENTED IF THE VOTERS ADOPT AN APPROPRIATE HOUSE
13 CONCURRENT RESOLUTION AT THE 2014 GENERAL ELECTION.

14 **SECTION 2. Safety clause.** The general assembly hereby finds,
15 determines, and declares that this act is necessary for the immediate
16 preservation of the public peace, health, and safety.