



Colorado Automobile Dealers Association



Jan. 31, 2017

The Standardized Sales Tax Project is a simplification effort undertaken by locally collecting home rule cities and towns in conjunction with the business community and the Colorado General Assembly. This project is built on the strong partnership between municipal governments and the business community to work together to make locally collected taxes easier to file, report, and remit.

The General Assembly adopted Senate Joint Resolution (SJR) 14-038, asking the Colorado Municipal League (CML) to work with its members to develop a package of standardized definitions, reprising a successful effort led by CML in 1992. CML supported SJR14-038. The goals in developing these definitions were to add clarity about current tax practices without a fiscal impact. No new tax is levied and no increase in tax revenue is expected, because the updated definitions were drafted to reflect current tax practices.

Government and business recognize that the use of different definitions by locally collecting municipalities for the same sales tax term is a source of complexity for businesses that operate in multiple municipalities. Using standardized definitions minimizes this complexity.

CML's membership has been strongly supportive of simplification efforts originating at the local level – and the CML Executive Board has recommended adoption of these definitions to its membership. Likewise, we urge you to consider the benefits of standardized sales tax definitions to your locally collecting city or town, as well as your resident businesses and multi-jurisdictional businesses that work hard to collect your sales tax.

The following statewide associations, in addition to CML, support the adoption standardized sales tax definitions by all 69 locally collecting home rule municipalities: Colorado Association of Commerce & Industry, Colorado Retail Council, Colorado Automobile Dealers Association, and Simplify Colorado Sales Tax.

Sincerely,

Sam Mamet
Colorado Municipal League
Executive Director

Loren Furman
Colorado Association of Commerce &
Industry Senior Vice President of State and
Federal Relations

Christopher Howes
Colorado Retail Council President

Tim Jackson
Colorado Automobile Dealers Association
President

Tony Gagliardi
National Federation of Independent
Business Colorado State Director and
Coalition to Simplify Colorado Sales Tax
President



SENATE JOINT RESOLUTION 14-038

BY SENATOR(S) Steadman and Harvey, Newell, Ulibarri;
also REPRESENTATIVE(S) Kagan and Conti, Becker, Court, Fields,
Gardner, Hamner, Holbert, Hullinghorst, Joshi, Labuda, May, McCann,
Melton, Pettersen, Primavera, Ryden, Schafer, Singer, Tyler, Williams,
Wright, Young, Ferrandino.

CONCERNING UNIFORM SALES AND USE TAX DEFINITIONS
FOR HOME RULE MUNICIPALITIES THAT LOCALLY COLLECT
THEIR SALES AND USE TAXES.

WHEREAS, Colorado's system of local collection of sales and use tax
by home rule municipalities can be cumbersome and difficult for
multijurisdictional merchants; and

WHEREAS, The state, local governments, and businesses alike agree
that standardization of definitions of the goods or services subject to sales
or use tax and the goods or services exempted from sales or use tax (the
"sales and use tax base") would improve Colorado's business
environment; and

WHEREAS, The use of different definitions including varying tax
guidance regarding the different definitions among all taxing jurisdictions
creates confusion for taxpayers and needless audit exposure for
businesses; and

WHEREAS, Standardization of definitions for the sales and use tax
base was recommended in the report prepared by the department of
revenue titled "Uniform Sales and Use Tax Base Throughout the State"
dated December 15, 2013; and

WHEREAS, Standardization of definitions is something that ought to
be accomplished without causing a major revenue loss to taxing

jurisdictions or a revenue increase that necessitates voter approval as required in section 20 of article X of the state constitution; and

WHEREAS, In 1992, Colorado's home rule municipalities that locally collect their sales and use tax adopted a package of standardized definitions that the municipalities themselves had developed, under the aegis of the Colorado Municipal League, and in cooperation with the business community; and

WHEREAS, The 1992 effort did not include a mechanism to maintain standardization of definitions over time, nor did that effort anticipate the practical effect of varying tax guidance among taxing jurisdictions on continued standardization of definitions; now, therefore,

Be It Resolved by the Senate of the Sixty-ninth General Assembly of the State of Colorado, the House of Representatives concurring herein:

(1) The standardization of definitions used by Colorado taxing jurisdictions to define their sales and use tax base is in the public interest and serves to improve Colorado's business environment;

(2) The General Assembly urges Colorado's home rule municipalities that locally collect their sales taxes to work together once again, through the Colorado Municipal League, on a package of uniform definitions recommended for adoption by all home rule, locally collecting municipalities;

(3) The General Assembly further urges that such definitions be developed so that they may be utilized by Colorado municipalities without either significant adverse fiscal impact or voter approval as required in section 20 of article X of the state constitution;

(4) The General Assembly also requests the municipalities to develop among themselves a mechanism for maintaining standardization of the uniform definitions over time;

(5) The General Assembly further requests the municipalities to develop among themselves a coordinated system for issuance of non-judicial guidance regarding the scope or interpretation of such definitions, in order to avoid disparate local tax guidance from interfering

with uniform application of tax definitions;

(6) The General Assembly further requests that the municipalities consider adopting definitions existing in the state's sales and use tax statutes, including interpretations of those definitions found in rules promulgated by the Department of Revenue, where such state and municipality uniformity may be achieved consistent with the objective of revenue neutrality;

(7) The General Assembly further requests that these important undertakings include opportunities for input and consultation with the business community, insofar as retail business is government's partner in collecting this critical tax; and

(8) The General Assembly urges home rule municipalities that locally collect their sales taxes to begin adopting and utilizing a system of standardized definitions and guidance by August 2016.

Be It Further Resolved, That copies of this Joint Resolution be sent to the Colorado Municipal League; the Department of Revenue; the Colorado Association of Commerce and Industry; and the Colorado Retail Council.

Morgan Carroll
PRESIDENT OF
THE SENATE

Mark Ferrandino
SPEAKER OF THE HOUSE
OF REPRESENTATIVES

Cindi Markwell
SECRETARY OF
THE SENATE

Marilyn Eddins
CHIEF CLERK OF THE HOUSE
OF REPRESENTATIVES