

First Extraordinary Session  
Seventy-fifth General Assembly  
STATE OF COLORADO

INTRODUCED

LLS NO. 25B-0043.01 Caroline Martin x5902

HOUSE BILL 25B-1021

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A BILL FOR AN ACT

101 CONCERNING THE RETENTION OF THE SALES TAX VENDOR FEE FOR  
102 COLLECTING AND REMITTING STATE SALES TAX.

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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>.)*

Current law requires a retailer to periodically remit to the department of revenue the sales tax revenue that it collects and allows some retailers to retain a sales tax vendor fee to cover the retailer's expenses incurred in collecting and remitting state sales tax (vendor fee).

For sales made on or after January 1, 2026, the bill increases the maximum dollar amount that a retailer may retain as a vendor fee from

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.

\$1,000 to \$2,000. Beginning on January 1, 2026, the bill requires that:

- The percentage of sales tax reported that a retailer may retain as a vendor fee must never fall below 2% of the tax reported; and
- The maximum dollar amount that a retailer may retain in any filing period as a vendor fee must never fall below \$2,000.

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

2 **SECTION 1. Legislative declaration.** (1) The general assembly  
3 finds and declares that:

4 (a) Small retailers are the backbone of Colorado's economy and  
5 a vital part of the communities they serve. From main street shops to  
6 family-run businesses, small retailers provide jobs, sponsor local events,  
7 and keep dollars circulating in Colorado's neighborhoods.

8 (b) Colorado's retail sector faces a growing burden from  
9 ever-increasing regulations, compliance requirements, and administrative  
10 costs. The vendor fee, allowing retailers to retain a small percentage of  
11 the state sales tax they collect, was created to help offset those costs and  
12 recognize the important role that small businesses play in collecting and  
13 remitting sales tax revenue on behalf of the state.

14 (c) Current law permits retailers that make less than \$1 million per  
15 filing period in taxable sales income to keep 4% of the state sales tax that  
16 they collect, up to \$1,000 per filing period. This cap has not kept pace  
17 with rising costs, making it harder for small retailers to absorb the impact  
18 of regulatory changes and inflation.

19 (d) The general assembly intends to strengthen support to retailers  
20 by increasing the maximum vendor fee retention cap to \$2,000 per filing  
21 period. This adjustment will help small retailers remain competitive,  
22 protect local jobs, and sustain the economic vitality of communities

1 across Colorado without increasing taxes.

2 **SECTION 2.** In Colorado Revised Statutes, 39-26-105, **amend**  
3 (1)(d)(I)(A); and **add** (1)(d)(V) as follows:

4 **39-26-105. Vendor liable for tax - definitions - repeal.**

5 (1) (d) (I) (A) For sales made on or after January 1, 2020, except as  
6 provided in subsection (1)(d)(I)(B) of this section, the amount retained by  
7 a retailer to cover the retailer's expense in collecting and remitting tax in  
8 accordance with this section is four percent of the tax reported; except  
9 that, FOR SALES MADE ON OR AFTER JANUARY 1, 2020, BUT BEFORE  
10 JANUARY 1, 2026, a retailer shall not retain more than one thousand  
11 dollars in any filing period, AND FOR SALES MADE ON OR AFTER JANUARY  
12 1, 2026, A RETAILER SHALL NOT RETAIN MORE THAN TWO THOUSAND  
13 DOLLARS IN ANY FILING PERIOD.

14 (V) (A) ON AND AFTER JANUARY 1, 2026, THE PERCENTAGE OF  
15 SALES TAX REPORTED THAT A RETAILER MAY RETAIN TO COVER THE  
16 RETAILER'S EXPENSE IN COLLECTING AND REMITTING TAX AS SET FORTH IN  
17 SUBSECTION (1)(d)(I)(A) OF THIS SECTION MUST NEVER FALL BELOW TWO  
18 PERCENT OF THE TAX REPORTED.

19 (B) ON AND AFTER JANUARY 1, 2026, THE MAXIMUM DOLLAR  
20 AMOUNT THAT A RETAILER MAY RETAIN IN ANY FILING PERIOD AS SET  
21 FORTH IN SUBSECTION (1)(d)(I)(A) OF THIS SECTION MUST NEVER FALL  
22 BELOW TWO THOUSAND DOLLARS.

23 **SECTION 3. Act subject to petition - effective date.** This act  
24 takes effect at 12:01 a.m. on the day following the expiration of the  
25 ninety-day period after final adjournment of the general assembly; except  
26 that, if a referendum petition is filed pursuant to section 1 (3) of article V  
27 of the state constitution against this act or an item, section, or part of this

1     act within such period, then the act, item, section, or part will not take  
2     effect unless approved by the people at the general election to be held in  
3     November 2026 and, in such case, will take effect on the date of the  
4     official declaration of the vote thereon by the governor.