



Legislative  
Council Staff

*Nonpartisan Services for Colorado's Legislature*

**HB 20-1022**

# FINAL FISCAL NOTE

<b>Drafting Number:</b>	LLS 20-0319	<b>Date:</b>	August 25, 2020
<b>Prime Sponsors:</b>	Rep. Kraft-Tharp; Van Winkle Sen. Williams A.; Tate	<b>Bill Status:</b>	Signed into Law
		<b>Fiscal</b>	Matt Bishop   303-866-4796
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**Bill Topic:**                   **SALES AND USE TAX SIMPLIFICATION TASK FORCE**

**Summary of Fiscal Impact:**

<input checked="" type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input checked="" type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill continues the Sales and Use Tax Simplification Task Force for five years, beginning in FY 2021-22. The bill increases state expenditures and potentially state revenue through FY 2025-26.

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

**Fiscal Note Status:**                The fiscal note reflects the enacted bill.

**Table 1  
State Fiscal Impacts Under HB 20-1022**

		FY 2020-21	FY 2021-22
<b>Revenue</b>		-	-
<b>Expenditures</b>	General Fund	-	\$37,660
	Centrally Appropriated	-	\$7,952
	<b>Total</b>	-	<b>\$45,612</b>
	<b>Total FTE</b>	-	<b>0.5 FTE</b>
<b>Transfers</b>		-	-
<b>TABOR Refund</b>		-	-

## Summary of Legislation

The Sales and Use Tax Simplification Task Force was created by House Bill 17-1612 to study the necessary components of a simplified sales and use tax system for state and local governments. Under current law, the task force is repealed on July 1, 2020.

This bill continues the task force from the 2021 legislative interim through July 1, 2026, and eliminates a requirement that the Department of Regulatory Agencies perform a sunset review of the task force prior to its repeal. The bill makes no changes to the makeup of the task force. Appointments must be made no later than June 1 of each year.

The bill modifies the scope of the task force's duties to include, among other duties, a review of:

- new sales tax collection rules and destination sourcing;
- Senate Bill 19-006, which instructs the Office of Information Technology and the Department of Revenue to develop a electronic sales and use tax simplification system; and
- House Bill 19-1245, which implemented changes to the vendor fee. The vendor fee is an amount that a retailer is permitted to retain for its expenses related to tax collection and remittance.

From the 2020 legislative interim until the task force convenes in 2021, the bill directs the Joint Technology Committee to monitor the implementation of Senate Bill 19-006.

## State Revenue

The bill potentially increases Legislative Department Cash Fund revenue to the Legislative Department from FY 2021-22 through FY 2025-26. The task force is authorized to seek gifts, grants, and donations. No gifts, grants, or donations have been identified or received as of writing. Gifts, grants, and donations are exempt from TABOR.

## State Expenditures

The bill increases General Fund expenditures in the Legislative Department by \$45,612 and 0.5 FTE through FY 2025-26. FY 2021-22 costs are prorated for the General Fund paydate shift. Costs are listed in Table 2 and explained below.

**Table 2  
Expenditures Under HB 20-1022**

	<b>FY 2021-22</b>	<b>FY 2022-23</b>
<b>Legislative Department</b>		
Personal Services - LCS	\$18,538	\$20,223
Personal Services - OLLS	\$12,534	\$13,673
Legislator Per Diem	\$1,780	\$1,780
Legislator Travel	\$1,984	\$1,984
Centrally Appropriated Costs*	\$7,697	\$7,952
FTE – LCS	0.3 FTE	0.3 FTE
FTE – OLLS	0.2 FTE	0.2 FTE
<b>Total Cost</b>	<b>\$42,532</b>	<b>\$45,612</b>
<b>Total FTE</b>	<b>0.5 FTE</b>	<b>0.5 FTE</b>

\* Centrally appropriated costs are not included in the bill's appropriation.

**Assumptions.** Based on the current task force meeting four or five times per year, costs assume four meetings per year at the Capitol. The task force is made up of 11 non-legislative members and 4 legislative members. Non-legislative members do not receive compensation or reimbursement.

**Personal services.** Legislative Council Staff requires 0.3 FTE for staff, research, and fiscal note support for the committee. The Office of Legislative Legal Services requires 0.2 FTE for an attorney and a legislative editor to provide research and bill drafting services to the committee. First-year costs reflect the General Fund payday shift.

**Legislative per diem and travel.** The cost for meetings at the Capitol includes legislator per diem and benefits of \$111.23 per member per meeting, and travel reimbursement, which averages \$124 per member per meeting. The total cost is \$3,764 for four legislators to attend four meetings in FY 2021-22.

**Department of Revenue.** Workload for the department's representation on the task force and for the department's role in furnishing data related to the task force charge can be accomplished within its existing appropriations.

**Office of Information Technology.** Workload for the agency to update the committee as required by the bill can be accomplished within existing departmental appropriations.

**Joint Technology Committee.** The legislative staff for the Joint Technology Committee can monitor the implementation of SB 19-006 within existing appropriations.

**Centrally appropriated costs.** Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are estimated to be \$7,697 in FY 2021-22 and \$7,952 in subsequent fiscal years. Supplemental payments for legislators are computed at \$9.90 per legislator per meeting.

**Local Government Impact**

Local governments who are represented on the task force will continue to have additional workload for their representation on the task force. The bill requires the participation of four municipal representatives appointed pursuant to Colorado Municipal League bylaws. These officials are not reimbursed for their participation.

**Effective Date**

This bill was signed into law by the Governor and took effect on June 29, 2020.

**State and Local Government Contacts**

Counties  
Municipalities  
Special Districts

Information Technology  
Legislative Legal Services

Legislative Council Staff  
Revenue