HCR 25B-1001

Fiscal Note

Legislative Council Staff

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HCR 25B-1001: VOTER APPROVAL FOR STATE VENDOR FEE REDUCTIONS

Prime Sponsors:
Rep. Gonzalez R.; Brooks
Sen. Liston; Pelton

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Resolution Outcome: Postponed Indefinitely
Drafting number: LLS 25B-0024

Version: Final Fiscal Note
Date: October 16, 2025

Fiscal note status: The fiscal note reflects the introduced resolution. This resolution was postponed indefinitely by the House State, Civic, Military, and Veteran Affairs Committee on August 21, 2025; therefore, the impacts identified in this analysis do not take effect.

Summary Information

Overview. The resolution would have referred a constitutional ballot measure to voters at the November 2026 election. If the measure were approved, the resolution would have required voter approval for any future reductions to the sales tax vendor fee beginning January 1, 2027.

Types of impacts. The resolution would have been projected to affect the following areas on an ongoing basis:

- State Revenue (conditional)
- State Expenditures

Appropriations. No appropriation was required.

Table 1
State Fiscal Impacts

Type of Impact	Current Year FY 2025-26	Budget Year FY 2026-27	Out Year FY 2027-28
State Revenue	$0	$0	$0
State Expenditures	$0	$0	$0
Transferred Funds	$0	$0	$0
Change in TABOR Refunds	$0	$0	$0
Change in State FTE	0.0 FTE	0.0 FTE	0.0 FTE

Summary of Legislation

The resolution refers a ballot measure to voters at the November 2026 general election that, if passed, would amend the Colorado constitution to require voter approval for any reduction to the amount of state sales tax revenue that retailers are allowed to keep to cover their expenses of collecting sales tax on behalf of the state (known as the vendor fee). Voter approval would be required beginning January 1, 2027.

Background

The vendor fee is a service fee the state allows retailers to retain for their costs in collecting and remitting sales tax to state and local governments. Only tax returns that are less than $1,000,000 and submitted on time to the Department of Revenue are allowed to retain the vendor fee. Table 2 below includes a history of state vendor fee rates.

Table 2
Colorado Sales Tax Vendor Fee History

Dates	Vendor Fee
July 1, 1935 to June 30, 1965	5.00 percent
July 1, 1965 to June 30, 2003	3.33 percent
July 1, 2003 to June 30, 2005	2.33 percent
July 1, 2005 to February 28, 2009	3.33 percent
March 1, 2009 to June 30, 2009	1.35 percent
July 1, 2009 to June 30, 2011	0 percent
July 1, 2011 to June 30, 2014	2.22 percent
July 1, 2014 to December 31, 2019	3.33 percent
January 1, 2020 to present	4.00 percent

House Bill 19-1245 capped the vendor fee allowance at $1,000 per filing period per retailer, where a retailer with multiple locations in the state is counted as one retailer for the purposes of the vendor fee allowance cap. In 2024, retailers retained a total of $56.5 million in sales tax vendor fees.

An amount of sales tax revenue equal to any portion of vendor fees not retained by retailers because they exceed the HB 19-1245 filing period limit is typically allocated to the Housing Development Grant Fund (HDGF), except that in FY 2024-25 through FY 2031-32, $35,985,000 of this amount is allocated to the General Fund instead under House Bill 24-1434. For FY 2032-33 and future years, $985,000 of this amount is allocated to the General Fund instead.
Senate Bill 22-026 clarified that the calculation of sales tax revenue to be allocated to the

HDGF should only account for vendor fee changes in HB 19-1245. Functionally, this means that any other future vendor fee changes do not impact how much sales tax revenue gets allocated to the HDGF, regardless of how a vendor fee change impacts total sales tax revenue. In FY 2024-25, sales tax revenue attributable to the HB 19-1245 vendor fee changes totaled $76.8 million, of which $40.8 million was allocated to the HDGF. The HDGF is used to fund affordable housing projects through a competitive grant process.

State Revenue

If voters approve the ballot measure referred in this resolution, future reductions in the vendor fee would require voter approval, conditionally decreasing state revenue to the General Fund and/or the Housing Development Grant Fund if the General Assembly chooses not to refer future vendor fee reductions to voters, or if voters do not approve the reductions.

State Expenditures

Election Expenditure Impact — Existing Appropriations

This resolution includes a referred measure that will appear before voters at the November 2026 general election. While no additional appropriation is required, certain election costs are incurred by the state when ballot measures are referred. These include reimbursing counties for certain election costs; publishing the text and title of the measure in newspapers across the state; and preparing and mailing the ballot information booklet.

Effective Date

If approved by at least 55 percent of voters at the November 2026 general election, the changes take effect starting January 1, 2027.

State and Local Government Contacts

Revenue

Treasury

Secretary of State