

**First Extraordinary Session
Seventy-fifth General Assembly
STATE OF COLORADO**

REREVISED

*This Version Includes All Amendments
Adopted in the Second House*

LLS NO. 25B-0007.01 Nicole Myers x4326

HOUSE BILL 25B-1005

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A BILL FOR AN ACT

101 **CONCERNING THE ELIMINATION OF THE SALES TAX VENDOR FEE THAT**
102 **RETAILERS ARE AUTHORIZED TO RETAIN IN CONNECTION WITH**
103 **COLLECTING AND REMITTING STATE SALES TAX, AND, IN**
104 **CONNECTION THEREWITH, MAKING AN APPROPRIATION.**

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

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.

SENATE
3rd Reading Unamended
August 25, 2025

SENATE
2nd Reading Unamended
August 24, 2025

HOUSE
3rd Reading Unamended
August 23, 2025

HOUSE
Amended 2nd Reading
August 22, 2025

expenses incurred in collecting and remitting state sales tax.

Beginning January 1, 2026, the bill eliminates the sales tax vendor fee that retailers are authorized to retain in connection with collecting and remitting state sales tax.

The bill also makes conforming amendments to prevent additional sales tax revenue from being included in the calculation of state sales tax increment revenue for purposes of the "Colorado Regional Tourism Act" and to maintain the amount of sales and use tax revenue that the state treasurer annually credits to the housing development grant fund.

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) The vendor fee in section 39-26-105, Colorado Revised
5 Statutes, was designed to reimburse retailers for a specific service
6 performed on behalf of the state: The collection and remittance of
7 state-collected sales tax revenue;

8 (b) Not all retailers are equally compensated for their services.
9 Only retailers that have total taxable sales of \$1 million or less for the
10 filing period are able to collect the vendor fee, and most of Colorado's
11 home rule cities do not pay similar vendor fees for the collection and
12 remittance of local sales tax. In addition, not all state taxes have vendor
13 fees.

14 (c) The vendor fee is being removed to promote fairness and
15 equality between all retailers by ending this benefit that some retailers
16 receive and others do not receive. Further, the vendor fee is being
17 removed to simplify the collection of state-collected sales tax, ease
18 administrative burden, and relieve retailer confusion. Any revenue gain
19 caused by the removal of the vendor fee is incidental to the primary
20 purposes of promoting fairness and equality, simplifying the collection of

1 state-collected sales tax, easing administrative burdens, and relieving
2 retailer confusion.

3 (d) Any revenue gain caused by the removal of the vendor fee is
4 de minimis.

5 (2) The general assembly further finds and declares that:

6 (a) Removal of the vendor fee is not a tax policy change for
7 purposes of section 20 (4)(a) of article X of the Colorado constitution
8 because it does not in any way affect the amount of sales tax imposed on
9 and paid by taxpayers but instead only distributes a small portion of gross
10 sales tax revenue collected to vendors for their collection and remittance
11 of state-collected sales tax revenue;

12 (b) Further, even if removal of the vendor fee could be considered
13 a tax policy change, consistent with the Colorado Supreme Court's
14 holding in *TABOR Found. v. Reg'l Transp. Dist.*, 2018 CO 29, that
15 legislation that causes only an incidental and de minimis tax revenue
16 increase does not amount to a new tax or a tax policy change that requires
17 advance voter approval under section 20 of article X of the Colorado
18 constitution, the removal of the vendor fee is neither a new tax nor a tax
19 policy change that requires voter approval; and

20 (c) The removal of the vendor fee does not create new
21 responsibilities or burdens on retailers. Instead, the removal of the fee
22 demonstrates the general assembly's intent that the collection of sales tax
23 revenue be fair and equal throughout the state, and that the burdens of
24 doing so are limited, fair, and equal throughout the state.

25 **SECTION 2.** In Colorado Revised Statutes, 39-26-105, **amend**
26 (1)(c), (1)(d)(I), and (5)(c); and **add** (1)(d)(V) as follows:

27 **39-26-105. Vendor liable for tax - definitions - repeal.**

1 (1) (c) (I) Every retailer shall remit, along with the return required in
2 subsection (1)(b) of this section, an amount equivalent to the percentage
3 on sales as specified in subsection (1)(a)(I) of this section to the executive
4 director of the department of revenue, less an amount as set forth in
5 subsection ~~(1)(c)(H) or~~ (1)(d) of this section to cover the retailer's expense
6 in the collection and remittance of said tax.

7 (II) ~~For sales made prior to January 1, 2020, the amount retained~~
8 ~~by a retailer to cover the retailer's expense in collecting and remitting tax~~
9 ~~pursuant to this section is three and one-third percent of all sales tax~~
10 ~~reported.~~

11 (III) If any retailer is delinquent in remitting said tax, other than
12 in unusual circumstances shown to the satisfaction of the executive
13 director of the department of revenue, the retailer shall not be allowed to
14 retain any amounts under ~~this subsection (1)(c) or~~ subsection (1)(d) of this
15 section to cover such retailer's expense in collecting and remitting said
16 tax, and an amount equivalent to the said percentage, plus the amount of
17 any local vendor expense that may be allowed by the local government to
18 the vendor, shall be remitted to the executive director by any such
19 delinquent vendor. Any local vendor expense remitted to the executive
20 director shall be deposited to the state general fund.

21 (d) (I) (A) For sales made on or after January 1, 2020, ~~except as~~
22 ~~provided in subsection (1)(d)(I)(B) of this section~~ BUT BEFORE JANUARY
23 1, 2026, the amount retained by a retailer to cover the retailer's expense
24 in collecting and remitting tax in accordance with this section is four
25 percent of the tax reported; except that a retailer shall not retain more than
26 one thousand dollars in any filing period.

27 (B) ~~For sales made on and after January 1, 2023, but before~~

1 ~~January 1, 2024, the amount retained by a retailer to cover the retailer's~~
2 ~~expense in collecting and remitting tax in accordance with this section for~~
3 ~~any filing period that the retailer's total taxable sales are less than or equal~~
4 ~~to one hundred thousand dollars is five and three-tenths percent of the tax~~
5 ~~reported; except that a retailer should not retain more than one thousand~~
6 ~~dollars in any filing period. This subsection (1)(d)(I)(B) is repealed,~~
7 ~~effective January 1, 2032.~~

8 (V) BEGINNING JANUARY 1, 2026, A RETAILER IS NOT PERMITTED
9 TO RETAIN ANY MONEY TO COVER THE RETAILER'S EXPENSES IN
10 COLLECTING AND REMITTING STATE TAX IN ACCORDANCE WITH THIS
11 SECTION REGARDLESS OF THE RETAILER'S TOTAL TAXABLE SALES FOR ANY
12 FILING PERIOD.

13 (5) (c) From the amount of the tax required to be remitted
14 pursuant to subsection (5)(a) of this section, a qualified purchaser shall
15 be entitled to retain the amount specified in subsection ~~(1)(c)(H)~~ or (1)(d)
16 of this section that a retailer would otherwise be entitled to retain to cover
17 the retailer's expense in collecting and remitting the tax imposed by this
18 article 26 if the qualified purchaser had not provided a direct payment
19 permit number to the retailer.

20 **SECTION 3.** In Colorado Revised Statutes, 24-46-303, **amend**
21 (12) as follows:

22 **24-46-303. Definitions.** As used in this part 3, unless the context
23 otherwise requires:

24 (12) "State sales tax increment revenue" means the portion of the
25 revenue derived from state sales taxes, including any revenue attributable
26 to the baseline growth rate, collected within a designated regional tourism
27 zone in excess of the amount of base year revenue. "State sales tax

1 increment revenue" does not include any additional revenue derived from
2 state sales taxes that are due to the changes set forth in section 39-26-105
3 (1)(d), enacted in 2019 AND AS AMENDED THEREAFTER, to the amount
4 retained by a vendor to cover the vendor's expenses in collecting and
5 remitting sales tax.

6 **SECTION 4.** In Colorado Revised Statutes, 39-26-123, **amend**
7 (3)(b)(I); and **add** (3)(b)(III) as follows:

8 **39-26-123. Receipts - disposition - transfers of general fund**
9 **surplus - sales tax holding fund - creation - definitions.** (3) For any
10 state fiscal year commencing on or after July 1, 2013, the state treasurer
11 shall credit eighty-five percent of all net revenue collected under this
12 article 26 to the old age pension fund created in section 1 of article XXIV
13 of the state constitution. The state treasurer shall credit to the general fund
14 the remaining fifteen percent of the net revenue, less:

15 (b) (I) (A) Except as set forth in subsection (3)(b)(II) of this
16 section, PRIOR TO JANUARY 1, 2026, an amount equal to the fiscal year
17 increase in sales and use tax revenue attributable to the vendor fee
18 changes made by House Bill 19-1245, enacted in 2019, which amount the
19 state treasurer shall credit to the housing development grant fund created
20 in section 24-32-721 (1).

21 (B) EXCEPT AS SET FORTH IN SUBSECTION (3)(b)(II) OF THIS
22 SECTION AND SUBJECT TO SUBSECTION (3)(b)(III) OF THIS SECTION,
23 BEGINNING JANUARY 1, 2026, AN AMOUNT EQUAL TO ONE AND SIX
24 HUNDRED FIFTY-FIVE THOUSANDTHS PERCENT OF NET REVENUE
25 EXCLUDING NET REVENUE COLLECTED UNDER PART 2 OF THIS ARTICLE 26,
26 WHICH AMOUNT THE STATE TREASURER SHALL CREDIT TO THE HOUSING
27 DEVELOPMENT GRANT FUND CREATED IN SECTION 24-32-721 (1).

1 (III) (A) BEGINNING JANUARY 1, 2026, THE TREASURER SHALL
2 CREDIT THE EXCESS OF THE AMOUNT SET FORTH IN SUBSECTION
3 (3)(b)(I)(B) OF THIS SECTION OVER ONE-TWELFTH OF THE AMOUNT SET
4 FORTH IN SUBSECTION (3)(b)(II)(D) OF THIS SECTION ON A MONTHLY
5 BASIS. THE TREASURER SHALL FIRST TAKE INTO ACCOUNT ANY REDUCTION
6 MADE PURSUANT TO SUBSECTION (3)(b)(II) OF THIS SECTION FOR THE
7 FISCAL YEAR TO DATE.

8 (B) BEGINNING WITH STATE FISCAL YEAR 2026-27, THE
9 TREASURER SHALL CREDIT THE EXCESS OF THE AMOUNT SET FORTH IN
10 SUBSECTION (3)(b)(I)(B) OF THIS SECTION OVER ONE-TWELFTH OF THE
11 APPLICABLE AMOUNT SET FORTH IN SUBSECTION (3)(b)(II) OF THIS
12 SECTION ON A MONTHLY BASIS.

13 **SECTION 5. Appropriation.** (1) For the 2025-26 state fiscal
14 year, \$156,219 is appropriated to the department of revenue. This
15 appropriation is from the general fund. To implement this act, the
16 department may use this appropriation as follows:

17 (a) \$5,576 for use by the executive director's office for personal
18 services related to administration and support;

19 (b) \$79,616 for use by the taxation business group for personal
20 services related to taxation services, which amount is based on an
21 assumption that the division will require an additional 1.2 FTE;

22 (c) \$24,876 for use by the taxation business group for operating
23 expenses related to taxation services;

24 (d) \$9,768 for tax administration IT system (GenTax) support; and

25 (e) \$36,383 for the purchase of document management services.

26 (2) For the 2025-26 state fiscal year, \$36,383 is appropriated to
27 the department of personnel. This appropriation is from reappropriated

1 funds received from the department of revenue under subsection (1)(e) of
2 this section. To implement this act, the department of personnel may use
3 this appropriation to provide document management services for the
4 department of revenue.

5 **SECTION 6. Safety clause.** The general assembly finds,
6 determines, and declares that this act is necessary for the immediate
7 preservation of the public peace, health, or safety or for appropriations for
8 the support and maintenance of the departments of the state and state
9 institutions.