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April 13, 2017

House Appropriations Committee
Colorado General Assembly

Via E-mail

Re: COST Supports Sales and Use Tax Simplification Task Force – H.B. 17-1216

Dear Chair Young, Vice Chair Hamner, and Members of the Committee:

On behalf of the Council On State Taxation (COST), I am writing to support the Sales and Use Tax Simplification Task Force as provided for in H.B. 17-1216. H.B. 17-1216 would create a task force comprised of legislative members and sales and use tax experts to study and analyze simplifying Colorado's complex state and local sales and use tax structure. Importantly, this task force can look at ways the state and local sales and use taxes can be centrally administered along with resolving differences between the state's tax base and that of the home rule jurisdictions. Because H.B. 17-1216 is a step in the right direction towards sales and use tax simplification and uniformity in Colorado, COST strongly supports this bill.

About COST

COST is a nonprofit trade association consisting of approximately 600 multistate corporations engaged in interstate and international business. COST's objective is to preserve and promote equitable and nondiscriminatory state and local taxation of multijurisdictional business entities. Many of COST's members do a significant amount of business in Colorado.

COST Supports Sales and Use Tax Administration Simplification and Uniformity

The COST Board of Directors has adopted a formal policy statement supporting the simplification of sales and use tax administration.¹ That policy statement position is:

¹ This and other COST Policy Statements are available at:
[http://cost.org/uploadedFiles/About_COST/Policy_Statement/Simplification%20of%20the%20Sales%20and%20Use%20and%20Similar%20Transaction%20Tax%20System%202026%2013%20adopted%20\(2\).pdf](http://cost.org/uploadedFiles/About_COST/Policy_Statement/Simplification%20of%20the%20Sales%20and%20Use%20and%20Similar%20Transaction%20Tax%20System%202026%2013%20adopted%20(2).pdf).

A sales, use or similar transaction tax should be easily administered, easily understood by consumers, and nondiscriminatory between similarly situated vendors, purchasers, and goods. The Congress is encouraged to enact legislation that: 1) establishes precise standards and a governance mechanism by which the States would simplify and reform the sales, use or similar transaction tax system for all vendors and purchasers; and 2) remove existing limitations on the authority of States to compel remote vendors to collect and remit taxes for those States that simplify their sales, use or similar transaction tax systems. Under a simplified system, the amount of tax collected on taxable transactions should not differ based on the vendor's nexus status.

As reflected in the policy statement, COST has been a longtime supporter of Congress providing those states that simplify their laws with remote seller collection authority. COST is very active with working with the Streamlined Sales and Use Tax Agreement ("SSUTA") states, and has continually served on the Business Advisory Council of the SSUTA. It is hoped the efforts by this task force will enable the state to potentially be a member state of the SSUTA, an organization that strives to provide simplification and uniformity of sales and use taxation throughout the United States.

H.B. 17-1216 would be a positive step forward for Colorado to move toward unifying differences between the state's sales tax base and that of the home-rule-jurisdictions. The creation of a task force would provide a framework for the state to study and analyze the state's current system and to consider changes required to provide more simplicity and uniformity not only within the state, but also from a national perspective. Such a task force would be a good starting point to provide a simpler and more uniform system that would be easier for taxpayers to navigate, increase compliance, and potentially raise additional revenue by making it easier for remote sellers to collect and remit Colorado's state and local sales and use taxes.

Conclusion

Because H.B. 17-1216 would create a task force devoted to the study of sales and use tax simplification of Colorado's home rule jurisdictions and such simplification and uniformity is a priority to COST, we strongly support this legislation.

Sincerely,



Nikki E. Dobay

cc: COST Board of Directors
Douglas L. Lindholm, President & Executive Director, COST