

First Extraordinary Session  
Seventy-fifth General Assembly  
STATE OF COLORADO

**BILLPAPER**

LLS NO. 25B-0007.01 Nicole Myers x4326

**HOUSE BILL**

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**HOUSE SPONSORSHIP**

**Woodrow and McCormick,**

**SENATE SPONSORSHIP**

**Kipp and Winter F.,**

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**House Committees**

**Senate Committees**

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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.**

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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.

Beginning January 1, 2026, the bill eliminates the sales tax vendor

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.

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.

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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) 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  
21 state-collected sales tax, easing administrative burdens, and relieving  
22 retailer confusion.

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

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

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

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

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

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

25 **39-26-105. Vendor liable for tax - definitions - repeal.**

26 (1) (c) (I) Every retailer shall remit, along with the return required in  
27 subsection (1)(b) of this section, an amount equivalent to the percentage

1 on sales as specified in subsection (1)(a)(I) of this section to the executive  
2 director of the department of revenue, less an amount as set forth in  
3 subsection ~~(1)(c)(H) or~~ (1)(d) of this section to cover the retailer's expense  
4 in the collection and remittance of said tax.

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

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

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

25 (B) ~~For sales made on and after January 1, 2023, but before~~  
26 ~~January 1, 2024, the amount retained by a retailer to cover the retailer's~~  
27 ~~expense in collecting and remitting tax in accordance with this section for~~

1 any filing period that the retailer's total taxable sales are less than or equal  
2 to one hundred thousand dollars is five and three-tenths percent of the tax  
3 reported; except that a retailer should not retain more than one thousand  
4 dollars in any filing period. This subsection (1)(d)(I)(B) is repealed,  
5 effective January 1, 2032.

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

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

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

20 **24-46-303. Definitions.** As used in this part 3, unless the context  
21 otherwise requires:

22 (12) "State sales tax increment revenue" means the portion of the  
23 revenue derived from state sales taxes, including any revenue attributable  
24 to the baseline growth rate, collected within a designated regional tourism  
25 zone in excess of the amount of base year revenue. "State sales tax  
26 increment revenue" does not include any additional revenue derived from  
27 state sales taxes that are due to the changes set forth in section 39-26-105

1 (1)(d), enacted in 2019 AND AS AMENDED THEREAFTER, to the amount  
2 retained by a vendor to cover the vendor's expenses in collecting and  
3 remitting sales tax.

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

6 **39-26-123. Receipts - disposition - transfers of general fund**  
7 **surplus - sales tax holding fund - creation - definitions.** (3) For any  
8 state fiscal year commencing on or after July 1, 2013, the state treasurer  
9 shall credit eighty-five percent of all net revenue collected under this  
10 article 26 to the old age pension fund created in section 1 of article XXIV  
11 of the state constitution. The state treasurer shall credit to the general fund  
12 the remaining fifteen percent of the net revenue, less:

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

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

26 (III) (A) BEGINNING JANUARY 1, 2026, THE TREASURER SHALL  
27 CREDIT THE EXCESS OF THE AMOUNT SET FORTH IN SUBSECTION

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

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

11 **SECTION 5. Safety clause.** The general assembly finds,  
12 determines, and declares that this act is necessary for the immediate  
13 preservation of the public peace, health, or safety or for appropriations for  
14 the support and maintenance of the departments of the state and state  
15 institutions.