



Rob Woodward <senatorwoodward@gmail.com>

Colorado Sales Tax Changes 2018

Kelly <berthoudace@gmail.com>

Tue, Feb 19, 2019 at 12:01 PM

To: rob.woodward.senate@state.co.us

Hello Senator Woodward,

I am writing in regards to the Sales Tax law that passed in 2018. Specifically, the delivery or "non-physical location" sales taxes. As a small business owner, this is a very difficult law to follow. I understand that there are options out there as far as software, trainings and lists to help, but when you have 2 people that manage all the books and software, it becomes pretty costly. We have 2 retail ACE Hardware stores and both locations, while close geographically, cross over several jurisdictions and special taxation districts.

The amount of deliveries that we have done in the past will not make up for the time and money we will be spending to have someone figure out how much tax to be charged. We do not deliver lumber, building materials, or any other large orders. What our deliveries usually end up being are Grills or Patio Furniture. These are items that the customer purchases at the register, and realizes that they cannot fit it into their personal vehicle. That is when it would fall on to the cashier/manager on duty to return the item at the register, trace the delivery address (in a separate online list on a separate computer) to assess the correct sales tax, go into the mainframe computer and set up a new taxing district, go back into the register, run the transaction through the Point of Sale again and then find the new tax that you just set up to add it to the new transaction. This process could take up to an hour. This means I would have to rely on a cashier to change the tax codes for the delivery of a BBQ grill 1 mile out of town, and it is a little frightening. Cashiers do not have the computer security to change tax rates. Only a few people have this security and they are not at the store all the time. This process also means a delay in customer service for the original customer and any other customers in the store. "ACE is the place" is not just our advertising logo, it is our way of retailing. We train our associates in the way customers need to be treated, the promptness of service, and the quality of service.

ACE has a website online where consumers can order product for instore pickup or delivery, but it is all paid online, through the corporate offices. This gives them the luxury and time to look up the address and make the correct tax charges. We have no control over that. We just deliver the product if that is what the customer requested. There is no money collected at the time of delivery or pickup.

Then there is the headache of trying to pay sales tax to multiple locations. If we delivered more than 4 times a year and to the same locations, it would be less of an effort. As it is currently, it is extremely confusing to pay straight sales tax online, much less add new jurisdictions each month. I can't imagine all the paper work it would take to send \$1.05 of sales tax to a home rule city. It would cost more in my time than they would get in tax!

If they come into our physical business and purchase something, they pay our sales tax. I feel this new law was written and enacted without any thought to the small business owner. If you are talking about only the big stores who have a large or only online storefront, then yes, they can figure out the sales tax issue within their time frames. The small, day to day business owner does not have this luxury. If the law were to be reworded to show that they only do online ordering or that their delivery portion is larger than their pickup portion, then they should be taxing at point of

delivery. When a retailer has a larger in store presence, and their deliveries are only a small percentage of their sales, then it is not cost effective for them to charge a different tax because of the location of delivery.

Sincerely,

Norma J. Banzhaf

Norma J. Banzhaf

Store Owner,

Berthoud Ace Hardware

Ace Hardware of Firestone

Dear Senator Woodward,

I own two small businesses in Estes Park. We do a limited amount of shipping within Colorado. I don't understand why on the national level most states have sales tax exemptions at \$100,000 in sales or under 200 transactions. This is so simple. Why can't we do it?

The cost and amount of work to put in all the jurisdictions in the state, not to mention getting sales tax licenses in home rule cities, puts small businesses at a real disadvantage, and I fear it will put some businesses out of business.

If this doesn't get fixed, we will no longer be able to ship to our customers in Colorado. Big companies that can afford software to easily do calculations of sales tax and make payments to the state will have a big advantage over small retailers.

This is a no brainer. Please get it fixed. It is hard enough to make it as a small business retailer. Don't add to our burden.

Respectfully,

Ann Wilcocks
Secretary Estes Valley Partners for Commerce
Earthwood Collections
Earthwood Artisans
Estes Park, CO
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970-577-8100
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Destination based Sales Tax

Thank you for the opportunity to contribute in absentia on destination based sales tax and Senate Bill 19-131. For the record, my name is Peter Novak. I am a part owner of a Colorado small business based in Longmont CO with two full time employees and several part time employees. Our average sales is under \$100 per order.

The remittance of tax regulations based on shipping destination puts an undue burden on Colorado Business and does not level the playing field. Many out of State business's will not follow the regulations. As written CO business will not be able to service customers in home rule jurisdictions without losing money. The current multiple systems in place, home rule fee structures & renewals add significant time and cost to the collection, reporting and payment efforts required. The cost in time and money is too high. This is not sustainable for CO small business.

States that are easy to do business for sales tax do not charge multiple fees, do not require zero dollar filing for non-physical locations, offer a central point for filing and do not add a tax on the tax to pay for a license and renewal for multiple sales tax licenses. There are no additional reporting requirements. Licenses are perpetual until canceled. Business's collect and pay, reporting is periodic and only required when taxable transactions occur above 0 dollars.

A 100,000 dollar intra-state threshold as covered in section 2b of Senate Bill 19-131 will ease the burden on small business's.

I would recommend:

- That it is clearly stated that the \$100,000 threshold is Colorado intra-state revenue.
- It should also be clearer in the bill that a business is obligated in the year they reach \$100,000 to pay sales taxes on the first transaction after they reach the \$100,000 threshold in intra-state business. Intra-state sales taxes in that year will not be retro-active.
- It should be clear what happens in year three if a Colorado company hits the 100,000 threshold in year 1, but does not hit it in year 2. That Colorado company would not be obligate to collect and remit sales taxes intra-state until they hit the threshold again in subsequent years.
- For a multi-jurisdiction retailer (multiple- physical locations), those locations should include pop-up Event based business outside of the physical jurisdiction(s) where sales taxes are collected. In other words, the threshold for intra-state shipments does not include the business's physical locations includes temporary event based pop up business locations.
- A second \$10,000 threshold for home rule jurisdictions that do not participate in central state sponsored reporting system (Currently: [https://www.colorado.gov/revenueonline/ /](https://www.colorado.gov/revenueonline/)) should be added that would ease the burden of non-participating home rule intra-state jurisdictions. For Home Rule jurisdictions that do not participate in the central reporting system, the small business would only be obligate to collect and pay sales tax until the \$10,000 threshold is reached in any year (regardless of the prior years or current years total intra-state volume). This would reduce the burden of home rules that do not participate in a central state system, charge a separate tax license and renewal fee and require reporting on a separate system.
- There should be no requirement to report zero dollar sales for non-physical locations.
- There should be no other reporting requirements other than reporting sales by jurisdiction for state sales taxes.

Thank you,
Peter Novak, Colorado Small Business Owner, Longmont Colorado

February 13, 2019

Dear Esteemed Members of the Colorado State Senate and House,

My name is Peter Frykholm. I own a small business in Leadville called Precision Peaks. I make topographical mountain carvings from beetle-killed Colorado pine. For example, my customers can purchase a wooden carving of Pikes Peak, or Beaver Creek ski area, or all of Rocky Mountain National Park.

I am the owner and sole employee. I do everything – harvest wood, create new 3D models, operate the CNC machine, take product photos, update my website, fill orders, keep the books – you name it.

About half my annual revenue comes from point-and-click sales on my website, which is hosted by SquareSpace. On a typical day a customer from Greeley might buy a carving of Longs Peak, while a customer from Grand Junction might buy a carving of Keystone. I sell to people all over Colorado and indeed the United States.

In the past, collecting and remitting sales tax has been simple and straightforward. But the new sales tax law is simply a nightmare, and here's why.

Currently, there is no e-commerce plug-in that automatically calculates sales tax for every jurisdiction in Colorado, let alone the United States.

So if my website can't automatically calculate sales tax for a customer in Fort Collins or Fort Lupton or Fort Garland, I'm essentially left without a viable e-commerce site. Imagine a website that says, "Tell me what you'd like to order plus your address, then I will go online to determine your sales tax, email you an accurate electronic invoice, then you can pay that invoice online, and then I will fulfill the order."

Those extra steps would kill time and sales.

And even if the State of Colorado or a private company develops an e-commerce plug-in that *does* generate accurate sales tax for every conceivable jurisdiction, the other massive issue becomes one of remitting taxes to these dozens or even hundreds of unique jurisdictions. No matter how hard the Department of Revenue tries (and I believe they are doing their utter best), I fear we will soon be faced with a revenue collection system that is unwieldy, confusing, and one that simply devours the time and money of small businesses like mine.

So I urge the General Assembly to *exempt* Colorado's small internet-based businesses from the new Destination Sourcing sales tax laws, at least until such time as the *mechanisms* for collecting and remitting taxes actually become practical.

Thank you so much for your support of Colorado small business.

Sincerely,

Peter Frykholm
Owner, Precision Peaks
Leadville, Colorado
970-333-1375
info@precisionpeaks.com

Fwd: SB19-131

1 message

Rob Woodward <rob.woodward.senate@state.co.us>
To: Lauren Munson <aide.senate15@gmail.com>

Tue, Feb 19, 2019 at 8:43 AM

Rob Woodward, Senator
Colorado State Senate, District 15 Larimer County
office 303-866-4853

----- Forwarded message -----

From: <jimnewcomb2@gmail.com>
Date: Mon, Feb 18, 2019 at 7:03 PM
Subject: SB19-131

To: <leslie.herod.house@state.co.us>, <kerry.tipper.house@state.co.us>, <susan.beckman.house@state.co.us>, <adrienne.benavidez.house@state.co.us>, <Shannon.bird.house@state.co.us>, <rod.bockenfeld.house@state.co.us>, <matt@matthewgray.us>, <janice.rich.house@state.co.us>, <shane.sandridge.house@state.co.us>, <marc.snyder.house@state.co.us>, <tom.sullivan.house@state.co.us>

Dear House Finance Representatives:

Collecting out-of-area taxes is clearly one of those regulations that prevent a small business from achieving a margin. Can you imagine keeping track of each taxing district in the county and each town/city, completing accurate accounting, sending small payments all over the state to satisfy a goal to collect every penny of potential tax. We are depending on you to fulfill your obligation to encourage small business, not discourage it. Regulation need to be practical, acceptable and helpful. This regulation does none of it.

Small business is the prerequisite to larger, efficient operations and needs a chance to grow. Please take the initiative to **say 'YES' to Exclude Small Business from taking the amount of time and energy for this government, cost-inefficient activity.**

Thank you for your mindful consideration.

Thank you very much. JIM

Jim Newcomb