

Second Regular Session  
Sixty-third General Assembly  
STATE OF COLORADO

INTRODUCED

LLS NO. 02-0229.01 Gregg Fraser

HOUSE BILL 02-1199

---

HOUSE SPONSORSHIP

Stengel

SENATE SPONSORSHIP

Fitz-Gerald

---

House Committees  
Finance

Senate Committees

---

A BILL FOR AN ACT

101 CONCERNING THE REFUNDING OF STATE SALES TAX REVENUES PAID ON  
102 WORTHLESS ACCOUNTS THAT HAVE BEEN CHARGED OFF FOR  
103 INCOME TAX PURPOSES.

---

Bill Summary

*(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)*

Specifies that state sales taxes paid on accounts found to be worthless and charged off may be refunded to a vendor, an assignee of a vendor, or a person who extends credit to a purchaser under a private label credit card agreement, including a lender that financed the sales price of the property.

---

**Shading denotes HOUSE amendment.** Double underlining denotes SENATE amendment.  
*Capital letters indicate new material to be added to existing statute.*  
*Dashes through the words indicate deletions from existing statute.*

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** 39-26-102 (5), Colorado Revised Statutes, is  
3 amended to read:

4 **39-26-102. Definitions.** As used in this article, unless the context  
5 otherwise requires:

6 (5) "Gross taxable sales" means the total amount received in  
7 money, credits, or property, excluding the fair market value of exchanged  
8 property ~~which~~ THAT is to be sold thereafter in the usual course of the  
9 retailer's business, or other consideration valued in money from sales and  
10 purchases at retail within this state, and embraced within the provisions  
11 of this article. The taxpayer may take credit in this report of gross sales  
12 for an amount equal to the sale price of property returned by the  
13 purchaser when the full sale price thereof is refunded whether in cash or  
14 by credit. The fair market value of any exchanged property ~~which~~ THAT  
15 is to be sold thereafter in the usual course of the retailer's business, if  
16 included in the full price of a new article, shall be excluded from the  
17 gross sales. On all sales at retail, valued in money, when such sales are  
18 made under conditional sales contract, or under other forms of sale where  
19 the payment of the principal sum thereunder is extended over a period  
20 longer than sixty days from the date of sale thereof, only such portion of  
21 the sale amount thereof may be counted for the purpose of imposition of  
22 the tax imposed by this article as has actually been received in cash by  
23 the taxpayer during the period for which the tax imposed by this article  
24 is due and payable. Taxes paid on gross sales represented by accounts  
25 found to be worthless and actually charged off for income tax purposes  
26 may be credited upon a subsequent payment of the tax provided in this  
27 article OR REFUNDED TO A VENDOR, AN ASSIGNEE OF A VENDOR, OR A

1 PERSON WHO EXTENDS CREDIT TO A PURCHASER UNDER A PRIVATE LABEL  
2 CREDIT CARD AGREEMENT, INCLUDING A LENDER THAT FINANCED THE  
3 SALES PRICE OF THE PROPERTY, but if any such accounts are thereafter  
4 collected, ~~by the taxpayer,~~ a tax shall be paid upon the amounts so  
5 collected BY THE PERSON WHO RECEIVED THE CREDIT OR REFUND.

6 **SECTION 2. Effective date.** This act shall take effect at 12:01  
7 a.m. on the day following the expiration of the ninety-day period after  
8 final adjournment of the general assembly that is allowed for submitting  
9 a referendum petition pursuant to article V, section 1 (3) of the state  
10 constitution; except that, if a referendum petition is filed against this act  
11 or an item, section, or part of this act within such period, then the act,  
12 item, section, or part, if approved by the people, shall take effect on the  
13 date of the official declaration of the vote thereon by proclamation of the  
14 governor.