



Council Agenda Summary

May 16, 2023

Key Staff Contact: John Karner, Finance Director

Title:

Introduction and first reading of an Ordinance amending Title 6, Chapter 2 of the Greeley Municipal Code relating to Vendor Responsible for Tax

Summary:

As introduced previously during the May 9th City Council work session, a change to the municipal code is necessary to allow the City to collect sales tax through the Sales & Use Tax System (SUTS). The update provides the opportunity for remote sellers & marketplace facilitators to remit tax returns in one online location. SUTS participation also allows the City to reduce the monetary and clerical burden taxpayers may experience while adhering to Colorado's taxability matrix.

The State of Colorado Interim Committee, the Sales and Use Tax Simplification Task Force, was originally created in 2017 to find ways to make it easier for businesses to navigate this highly complex system. Simplicity within the Colorado Sales and Use Tax landscape became imperative after the 2018 Supreme Court's ruling in *South Dakota v. Wayfair* that allowed states to require that sellers collect, and remit sales tax based on the establishment of an "economic nexus," doing away with the previous "physical presence" test.

In 2019, the State of Colorado Department of Revenue (DOR) and the Governor's Office of Information Technology (OIT) collaborated to deliver a Sales & Use Tax System (SUTS) that could be a single web portal where businesses could both look up sales and use tax information and file and remit to all jurisdictions at once. Current sale tax collections are remitted directly to the City of Greeley (City).

Two important items to consider in potentially utilizing SUTS include:

- While this is a choice for Home Rule municipalities in Colorado, participating in SUTS opens the possibility for remote sellers & marketplace facilitators to remit tax returns in one online location. SUTS participation also allows the City to reduce the monetary and clerical burden taxpayers may experience while adhering to Colorado's taxability matrix and complying with the *South Dakota v. Wayfair* ruling. The City was not an early adopter and is now one of only 11 home rule municipalities that are currently not on the SUTS system. As the system becomes more mature and adopted more broadly, City staff believe now is the appropriate time to participate in the SUTS system.

- Moving forward, municipalities across Colorado engaged in SUTS should monitor any legislation and/ or regulations that would result in the State of Colorado retaining any portion of local sales and use taxes.

Attached is an ordinance amending the City’s Municipal Code to allow for the SUTS system to collect and remit taxes to the City. The City will also enter into an intergovernmental agreement with the State of Colorado for the purposes of permitting access to the SUTS System and its related tax information search capabilities.

Fiscal Impact:

Does this item create a fiscal impact on the City of Greeley?	No
Is there grant funding for this item?	No

Legal Issues:

Consideration of this matter is a legislative process.

Other Issues and Considerations:

N/A

Strategic Focus Area:



Business Growth



Community Vitality



High-Performance Government

Decision Options:

- 1) Introduce the ordinance as presented; or
- 2) Amend the ordinance and introduce as amended; or
- 3) Deny the ordinance; or
- 4) Continue consideration of the ordinance to a date certain.

Council's Recommended Action:

A motion to introduce the ordinance and schedule the public hearing and second reading for June 6, 2023.

Attachments:

Ordinance with Appendix A
Sales and Use Tax System (SUTS) Summary Report