



Council Agenda Summary

June 6, 2023

Key Staff Contact: John Karner, Finance Director

Title:

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

Summary:

During the May 9, 2023 City Council Work Session, following a staff presentation there was consensus among the City Council to bring forward the items necessary for the City of Greeley (City) to collect sales tax through the State of Colorado's Sales & Use Tax System (SUTS). This item follows that path with a necessary municipal code change necessary to allow the City to collect sales tax through 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 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.

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 which includes the following public hearing steps:

- 1) City staff presentation (if requested)
- 2) Council questions of staff
- 3) Public input (hearing opened, testimony - up to three minutes per person, hearing closed)
- 4) Council discussion
- 5) Council decision

Other Issues and Considerations:

None

Strategic Focus Area:



Business Growth



Community Vitality



High-Performance Government

Decision Options:

- 1) Adopt the ordinance as presented; or
- 2) Amend the ordinance and adopt 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 adopt the ordinance and publish with reference to title only.

Attachments:

Ordinance

PowerPoint Presentation