



AGENDA MEMORANDUM

CONTACT: ERIC FOERSTER-CITY MANAGER

SUBJECT: SALES TAX COMPLIANCE AUDIT/COLLECTION

SUMMARY: Firms utilize software and other investigative methods to monitor payment transactions to make sure that the City of Richwood is capturing the correct amount of sales tax. We have utilized these firms before with a decent result. These firms are paid on a contingency basis, usually collected amounts @ 30%, a mixture of collected amounts + fee. These compliance audits should be done every few years to maintain compliance.

BACKGROUND INFORMATION: Due to permitting mistakes and reporting errors, there is a possibility that some businesses are not collecting the correct sales tax, and/or reporting it in error.

ISSUE: Sales Tax audits and compliance verification

FISCAL IMPACT: None

RECOMMENDATION: If council desires, authorizing the City Manager to enter into a contingency based contract with Avenu Insights for sales tax compliance audits and recovery for the City of Richwood and the Crime Control District.