



## Legislation Details (With Text)

**File #:** 19-277      **Version:** 2      **Name:**

**Type:** Ordinance      **Status:** Mayor's Office

**File created:** 5/7/2019      **In control:** City Council

**On agenda:** 6/11/2019      **Final action:** 6/11/2019

**Title:** Ordinance No. 19-36 amending Section 506 (Cancellation) and Repealing and Reordaining Section 507 (Applicability) of Part 5 (Licenses) of Article 7 (Sales and Use Tax) of Chapter 2 (Business Licensing, Liquor Regulation and Taxation) of the Code of the City of Colorado Springs 2001, as Amended, Pertaining to Sales Tax Licenses

**Presenter:**  
Charae McDaniel, Chief Financial Officer

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** 1. SalesTaxCodeAmendORD-2019-05-13.pdf, 2. Signed Ordinance 19-36

Date	Ver.	Action By	Action	Result
6/11/2019	1	City Council	finally passed	Pass
5/28/2019	1	City Council	approved on first reading	Pass
5/13/2019	1	Council Work Session	referred	

Ordinance No. 19-36 amending Section 506 (Cancellation) and Repealing and Reordaining Section 507 (Applicability) of Part 5 (Licenses) of Article 7 (Sales and Use Tax) of Chapter 2 (Business Licensing, Liquor Regulation and Taxation) of the Code of the City of Colorado Springs 2001, as Amended, Pertaining to Sales Tax Licenses

**Presenter:**  
Charae McDaniel, Chief Financial Officer

**Summary:**  
The attached Ordinance reincorporates language whereby the City may revoke or cancel a sales tax license after 12 months of inactivity and cancel a license of any person found to have violated City Code.

**Previous Council Action:**  
The City of Colorado Springs Sales and Use Tax Code was enacted on March 1, 1968. On November 13, 2012 City Council approved changes to Part 5 (Licenses) to modify and remove language related to cancellation and revocation of a sales tax license.

**Background:**  
In 2013 the Sales Tax Division established a new process whereby business owners must renew

their city license biennially. At the same time, the sales tax department launched a new accounting platform to maintain and manage all taxpayer records.

It was thought at the time that the Sales Tax System would automatically cancel licenses if not renewed by the business, therefore language within City Code pertaining to cancellations and revocation was removed. It is now understood that the Sales Tax System does not have the capability to distinguish between a business that is legitimately closed as opposed to a business that has not paid the license renewal fee. As a result, the City must keep all licenses open unless a cancellation form is received from the business owner. In many cases, staff has identified businesses that are physically closed, however have no forwarding contact information to obtain the owners' permission to cancel the license.

Without the ability to cancel a sales tax license, the sales tax system continues to create monthly sales tax returns and delinquent notices on these accounts. Staff must manually make adjustments to these accounts. This result is an undesirable use of City resources.

The ability to revoke licenses was also removed from City Tax Code in 2013, as it was thought to be unnecessary. Revocation of a City License is standard language within all municipal ordinances and should be reordained into City Tax Code. Revocation of a sales tax license provides a legal mechanism to enforce City Code while providing the taxpayer with their right to due process.

**Financial Implications:**

N/A

**Board/Commission Recommendation:**

N/A

**Stakeholder Process:**

N/A

**Alternatives:**

N/A

**Proposed Motion:**

Move approval of the attached ordinance.

An Ordinance Amending Section 506 (Cancellation) and Repealing and Reordaining Section 507 (Applicability) of City Sales and Use Tax chapter of the Code of the City of Colorado Springs 2001, as Amended, Pertaining to Sales Tax Licenses