



Legislation Text

File #: 23-342, **Version:** 1

Ordinance No. 23-34 amending Part 5 (License Fees) and Section 1008 (Payment By Cash Or Guaranteed Funds) of Part 10 (Offenses; Failure To File, Pay) Both 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 License Fees

Presenter:

Charae McDaniel, Chief Financial Officer

Summary:

The Ordinance updates Sales Tax portions of the City Code to align with State Statute by eliminating conflicting provisions. This alignment with the State Statutes for Sales Tax policy and implementation makes it easier for vendors to conduct business in the City of Colorado Springs by reducing the potential for confusion resulting from variations in definitions and process between the State and the City.

Background:

Sales Tax Licensing - Chapter 2 (Business Licensing, Liquor Regulation and Taxation): The Code revision eliminates the \$20.00 application fee and \$20.00 biennial license renewal fee for all retail sales tax licenses. In 2022, the State of Colorado enacted SB 22-032 which prohibits local jurisdictions from charging a license fee/ renewal fee from businesses who have incidental presence, primarily online retailers. It is in the best interest of the City to provide our business community a fair and unbiased process and eliminate the fee for everyone. Other Colorado municipalities, such as Denver have already eliminated these fees.

The licensing updates also include beneficial changes for businesses by allowing vending machine operators to obtain a single license for all locations as well as offering a new Multiple Special Event license for businesses that participate in several events throughout the year.

The sales tax license renewal process begins the first week in October 2023 for the 2024-2025 licensing period. The elimination of fees deadline of September 1, 2023 identified in the new definition will provide our office time to make the necessary changes to our software system so that there is no fee assessed. Although there will be no fee, we will still have businesses renew their registration so that we have accurate contact information and confirmation they are still in business.

Previous Council Action:

Enter previous City Council action relating to this item. Enter N/A if not applicable.

Financial Implications:

The elimination of the Sales Tax License Fee will reduce General Fund revenue between approximately \$90,000 to \$225,000.

City Council Appointed Board/Commission/Committee Recommendation:

This item was presented to the City Council Budget Committee on June 27, 2023.

Stakeholder Process:

N/A

Alternatives:

N/A

Proposed Motion:

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Ordinance 23-34 Ordinance amending the Sales Tax Code to remove the fee for Sales Tax license application and renewal.