



Legislation Text

File #: 22-569, **Version:** 2

Ordinance No. 22-66 Creating Section 451 (Retail Delivery Fees) of Part 4 (Exempt Transactions, Commodities and Persons; Deductions) 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 Retail Delivery Fees

Presenter:

Charae McDaniel, Chief Financial Officer

Summary:

The attached Ordinance creates a new sales tax exemption for the retail delivery fees enacted by the State of Colorado. The retail delivery fee was approved by SB21-260 and went into effect on July 1, 2022.

Background:

During the 2021 legislative session the Colorado General Assembly passed SB21-260 which imposed various delivery fees (\$0.27 in total), to be remitted to the State Department of Revenue, on deliveries of tangible property. The Code of the City of Colorado Springs, along with most other home rule municipalities, treat this mandatory fee as part of the purchase price and it is, therefore, subject to City sales and/or use tax. The attached ordinance will exempt the delivery fee from the sales tax and use tax imposed by the City. The delivery fee will still be imposed by the State, but it will no longer be subject to City sales tax.

Previous Council Action:

N/A.

Financial Implications:

The amount of City Sales Tax (3.07%) forgone for each delivery fee will be \$0.008. The total amount of annual sales tax foregone cannot be specifically determined, as the amount is remitted by vendors in the total sales tax amount filed with the City each month or quarter. However, if an assumption is made that each resident has 2 deliveries per week, the total sales tax foregone would be approximately \$422,000 in the first year.

City Council Appointed Board/Commission/Committee Recommendation:

N/A

Stakeholder Process:

N/A

Alternatives:

City Council could not approve the sales tax exemption.

Proposed Motion:

Move approval of the Ordinance Creating Section 451 (Retail Delivery Fees) Of Part 4 (Exempt Transactions, Commodities and Persons; Deductions) 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 Retail Delivery Fees

An Ordinance exempting the State retail delivery fee from City sales tax