



Legislation Details (With Text)

File #:	Ordinance 35-2017	Name:	
Type:	Ordinance	Status:	Passed
File created:	11/20/2017	In control:	City Council
On agenda:	12/19/2017	Final action:	12/19/2017
Title:	Ordinance on second reading amending Title 3, Chapter 9, Sections 3-9-1-2, 3-9-3-2, 3-9-1-10 and 3-9-6-12 of the city code, enacting and implementing standardized sales and use tax definitions		
Sponsors:			
Indexes:			
Code sections:			
Attachments:	1. Ordinance No. 35-2017, 2. Definitions Tax Matrix, 3. CML Letter		

Date	Ver.	Action By	Action	Result
12/19/2017	3	City Council	approved	
12/5/2017	2	City Council	approved	Pass

Agenda Date: 12/19/2017

Subject:

Ordinance on second reading amending Title 3, Chapter 9, Sections 3-9-1-2, 3-9-3-2, 3-9-1-10 and 3-9-6-12 of the city code, enacting and implementing standardized sales and use tax definitions

Presented By: Tiffany Hooten, Finance Director

POLICY QUESTION:

Does city council support an amendment to Chapter 3 of the City of Littleton Municipal Code regarding the Sales Tax Standardization Definitions Project and conform to Colorado Revised Statutes?

BACKGROUND:

The largest revenue source (52%) for the General Fund is from sales and use taxes. Every vendor must collect a 3.00% sales tax on the purchase price or sales price paid or charged for tangible personal property and certain taxable services when purchased, leased, rented or sold at retail within the City of Littleton. The city is a home-rule municipality meaning the city self-collects sales taxes directly from taxpayers.

In 1991, self-collecting home-rule municipalities worked with the Colorado Municipal League (CML) to adopt a series of standardized sales and use tax definitions to make it easier on businesses that had locations or made sales/deliveries in multiple jurisdictions. Having consistent definitions across the multiple home-rule municipalities simplified the sales tax recordkeeping and administrative burden on the business community.

Since then, the standardization of the definitions has eroded as various cities have added and modified existing definitions to address new technologies and issues raised by various taxpayers, and to provide better clarification where ambiguities potentially existed.

In 2014, the Colorado General Assembly adopted Senate Joint Resolution 14-038, asking CML to again work with its member municipalities to adopt a package of standard definitions related to sales and use tax. CML formed a Sales Tax Standardized Definitions subcommittee to work on a package of standard definitions. There were many meetings and lots of hours dedicated to this project, which included good discussion, some give and take, and ultimately an agreed upon package of definitions for each municipality to take to their elected officials for adoption. It is important to note that many of the current definitions include language related to taxability or exemption and not all municipalities have the same tax treatment for each definition. As part of the standardization project, taxability/exemption language was removed from the proposed new definitions - thus requiring other changes to the code to address the taxability or exemption as applicable.

With the constraints of TABOR, it is important to recognize and demonstrate that the revised definitions do not create a tax policy change that results in the creation of new taxes or additional revenues. To help demonstrate that the definitions and other corresponding changes to the code are revenue neutral and don't violate TABOR, City of Littleton staff utilized a matrix developed by the City of Golden. The matrix identifies the definitions, tax treatment and references to the code sections of the existing code, and then refers to the new definitions, identifies similar tax treatment and references to new code sections. As this relates to the City of Littleton, the matrix clearly identifies that the recommended code changes have not changed the City's position on the taxability or exemption of any provisions in the code.

A letter a letter from CML and various heads of business associations further explaining the project are attached for additional background information.

This is a statewide effort and 20 self-collecting municipalities have adopted the standardized sales tax definitions as of October 2017.

Additional amendments to the code are required in order to comply with Colorado Revised Statutes (CRS), 29-2-106-1.

A study session was held on November 28, 2017 with city council regarding this amendment.

Minor changes were made from the first reading and are noted in **BOLD** and capitalized or ~~stricken~~.

STAFF ANALYSIS:

Staff, along with the city attorney's office, is supportive of the standardized definitions and have attached the tax matrix as mentioned above.

Additional changes to section 3-9-3-2 Exemptions, is required because of the standardized definitions.

Section 3-1-1-10 Hearings and Procedure for Review and section 3-9-6-12 Refusal to Make Return of the city code must be amended to allow for thirty (30) days for a taxpayer to petition a tax assessment to conform to Colorado Revised Statutes.

FISCAL IMPACTS:

There are no fiscal impacts in adopting these amendments to the city code.

STAFF RECOMMENDATION:

Staff recommends council consider amending Title 3, Chapter 9 of the City of Littleton City Code, adopting the standard definitions and amending other sections of Chapter 9 affected by the new definitions to maintain the tax policy within the City and conform to CRS 29-2-106-1.

PROPOSED MOTION:

I move to approve ordinance 35-2017 amending Title 3, Chapter 9, Sections 3-9-1-2, 3-9-3-2, 3-9-1-10 and 3-9-6-12 of the city code, enacting and implementing standardized sales and use tax definitions.