

## **RESOLUTION NO. 45-04**

### **A RESOLUTION ADOPTING A SALES TAX ENFORCEMENT, COLLECTION AND DELINQUENCY POLICY FOR THE CITY OF GRAND JUNCTION**

#### **RECITALS:**

The Customer Service Division of the Administrative Services Department is responsible for the administration, collection and enforcement of City Sales Taxes. The foundation for collection of these taxes is a voluntary compliance system (similar to the State of Colorado and all other local government jurisdictions), and therefore the Customer Service Division's function is to encourage and achieve the highest possible degree of voluntary compliance. The City of Grand Junction is committed to the fair and effective enforcement of the City taxes in accordance with the Code of Ordinances.

It should be recognized that City Sales Taxes collected at retail by a vendor are in trust from the citizen to the City and as such should be properly and promptly remitted to the City. A vendor/business that fails to comply with the Sales Tax Ordinance as to timely remittance of taxes collected is afforded a financial advantage over competitors. The fair and effective administration of the City tax laws assures that all vendors are held to the same level of responsibility and thus creates a "level playing field" for all involved. Money properly collected from citizens by vendors is not theirs to borrow or ours to loan to them, but is temporarily in their trust for the City.

When voluntary compliance is not realized with some vendors then enforcement procedures and practices are necessary. The enforcement process is intended to collect tax liabilities due the City from vendors who have underpaid their tax liability or who have failed to file the required returns and remit the tax collected. Vendors do pay a high price for their failure to file and remit timely, as they lose their 3.33% vendors fee, are assessed a 10% penalty on the tax due and are charged an 18% interest rate on the delinquent amount. These and other enforcement practices and procedures are spelled out in the Sales Tax Ordinance of the City of Grand Junction. Although the seizure of assets is always an available remedy, it is the City's policy and practice to exhaust other collection and enforcement efforts prior to seizure, because ongoing successful businesses are very important to the City of Grand Junction.

#### **NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF GRAND JUNCTION; that**

- A. The City's enforcement policies and practices relative to Sales Tax as outlined in the Sales and Use Tax Ordinance are hereby confirmed and approved for continuation in

the day to day administration of the City's Sales Tax.

- B. The following enforcement policies and practices are hereby approved in addition to those contained in the ordinance.
- 1) Automatic administrative remedies including "Notice of Tax Assessments" from our Sales Tax system, loss of vendors fee, penalties and interest.
  - 2) Telephone and/or physical visit by Customer Service staff to location of local vendors to obtain compliance.
  - 3) Payment arrangements to eliminate delinquency, while keeping current on all required filings and remittances.
- C. If the above procedures fail to achieve compliance more aggressive action will be taken including; turning the account over to the City Attorney for contact, Municipal Court complaint, bank account garnishment, and seizure and sale of assets at public auction.
- D. While proceeding through the above processes every attempt will be made to coordinate and evaluate conditions of delinquency with the State of Colorado enforcement personnel.
- E. No open and ongoing business will be allowed to continue in operation beyond nine months of delinquency without the seizure and sale of assets being activated; unless a payment arrangement being complied with goes beyond this period. Also failure to comply with a payment arrangement on an account over nine months delinquent will result in immediate seizure of bank accounts and/or business assets.

**PASSED AND APPROVED THIS 5<sup>th</sup> DAY OF MAY, 2004**

/s/: Bruce Hill  
President of the Council

ATTEST:

/s/: Stephanie Tuin  
City Clerk