

ORDINANCE NO. 4749

AN ORDINANCE AMENDING CHAPTER 3, SECTION 3.12.100 OF THE GRAND JUNCTION MUNICIPAL CODE (GJMC) CONCERNING THE SALES TAX VENDOR'S FEE

RECITALS:

The Grand Junction Municipal Code regulates the taxation, collection, reporting and remittance of sales and use taxes in the City. To alleviate some of the burden of those requirements the City has for many years provided to retailers that collect and remit the tax a credit of three and one-third percent of the sum of the sales tax collected to offset the expense to the retailers for the collection and remittance effort, provided that no credit is allowed for any sales tax that is not properly and timely reported and paid by the due date.

The credit is a vendor's compensation expense to the City and is known as a "vendor's fee", (hereinafter "Fee") and was established prior to the introduction of automated systems and accordingly the Fee was then more aligned with the cost of collecting, preparing and filing the tax returns and remitting the tax. Now, because of the prevalence of point of sale systems, automated bookkeeping and computerized tax preparation programs, the Fee is proposed to be capped as more particularly described below.

It is proposed to reduce to the vendor's compensation expense to the City by limiting the Fee to \$500 per month per sales tax account. It is estimated that this limit (hereinafter "Cap") would reduce the expense to the City between \$365,000 and \$375,000 annually. This amount of annual expense reduction will increase or decrease correspondingly with the increase or decrease with sales tax revenue. Each business is required to file and remit sales taxes collected either on a monthly, quarterly, or annual basis depending on the amount of their taxable sales. Generally speaking, a retailer that would be subject to the proposed Cap would have taxable sales in excess of \$500,000 per month which would require them to file monthly. Therefore, the CAP will likely only impact retailers filing monthly, however for the sake of consistency the amendment to section 3.12.100(b)(1) specifies limits by filing frequency.

With and following adoption of this Ordinance, the City Council will annually reserve a portion of the Fee that is no longer credited to the retailers to support economic development in the City. These funds will be held in reserve in a separate account for this purpose. The economic development support will specifically be in the form of: a) the implementation of the Grand Junction and Mesa County BrandPrint recommendations commonly referred to as the *North Star Report*, incorporated by this reference as if fully set forth; and b) the continued backing by the City Council of

economic development organizations and their programs, which include but are not limited to the Business Incubator Center (BIC), the Grand Junction Area Chamber of Commerce (GJACC) and the Grand Junction Economic Partnership (GJEP) and their individual and collective efforts to start new businesses, retain existing businesses and attract new business and industry. To assist the City with its annual budgeting for economic development, the economic development organizations may submit to the City Manager by August 1 each year a joint recommendation for the expenditure of the Fund. The recommendation is non-binding but shall be considered by the City Manager and City Council in the course of the preparation, deliberation and approval of the City's annual budget.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF GRAND JUNCTION, COLORADO EFFECTIVE JANUARY 1, 2018:

Title 3, Section 12, Part 100(b)(1) of the Grand Junction Municipal Code is amended as follows. (Amendments to the relevant parts of the Code are shown in strikethrough and *ALL CAPS BOLD ITALIC* typeface

3.12.100(b)(1) Vendor's Fee. A retailer's collection and remittance expense equal to three and one-third percent of the sum of the sales tax collected and any excess tax collected may be taken as a credit against sales tax paid on or before the due date. *THE CREDIT SHALL NOT EXCEED \$500.00 (FIVE HUNDRED DOLLARS) PER MONTH FOR TAXPAYERS FILING MONTHLY; \$1,500 FOR DOLLARS PER MONTH FOR TAXPAYERS FILING QUARTERLY; AND, \$6,000 DOLLARS PER YEAR FOR TAXPAYERS FILING ANNUALLY.* However, no such credit shall be allowed for any sales tax that is not timely reported and paid by the due date. Forfeiture of the vendor's fee shall be prima facie evidence that the taxpayer was in violation of this chapter.

ALL OTHER PROVISIONS OF TITLE 3, SECTION 12 PART 100 ARE UNCHANGED AND SHALL REMAIN IN FULL FORCE AND EFFECT.

INTRODUCED ON FIRST READING AND ORDERED PUBLISHED in pamphlet form this 19th day of April, 2017.

PASSED, ADOPTED, and ordered published in pamphlet form this 3rd day of May, 2017.



President of the Council

ATTEST:




Stephanie Tuin, City Clerk



I HEREBY CERTIFY THAT the foregoing Ordinance, being Ordinance No. 4749 was introduced by the City Council of the City of Grand Junction, Colorado at a regular meeting of said body held on the 19th day of April, 2017 and that the same was published in The Daily Sentinel, a newspaper published and in general circulation in said City, in pamphlet form, at least ten days before its final passage.

I FURTHER CERTIFY THAT a Public Hearing was held on the 3rd day of May, 2017, at which Ordinance No. 4749 was read, considered, adopted and ordered published in pamphlet form by the Grand Junction City Council.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the official seal of said City this 11th day of May, 2017.



Stephanie Tuin, MMC
City Clerk

Published: April 21, 2017
Published: May 5, 2017
Effective: June 4, 2017

