



# Sales & Use Tax Standard Definitions

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Study Session November 26, 2018

Presentation 18-350

# Background

- SJR14-038 - the General Assembly asked the Colorado Municipal League (“CML”) to develop a package of standardized tax definitions to create consistency throughout the state aimed at tax simplification.
- This project is a major collaborative sales and use tax simplification initiative by CML and Colorado’s self-collecting home-rule municipalities. This initiative is supported by the Colorado General Assembly and the business community. (Refer to January 31, 2017 and August 31, 2017 letters).



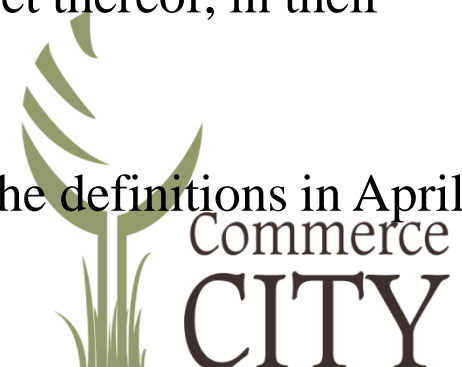
# Background

- Stakeholders, including municipal tax professionals, municipal attorneys, the business community and the Colorado Association of Commerce and Industry (“CACI”) scrutinized and approved the standard definitions. (Refer to CML’s July 31, 2017 Memo)
- Commerce City Tax Code Section 20-17 calls for the City to cooperate with and participate in tax simplification efforts convened by the Colorado Municipal League



# Key Take Aways

- Create uniformity to the tax code definitions of home-rule municipalities to improve compliance and provide tax simplification
- Intended to be a revenue neutral project, meaning the addition of standard definitions to the City's code will have no impacts on the current taxability of property or services within the City
- Tax Division and City Attorney conducting final review of specific language
- Definitions that are not relative to the current tax base or had any potential revenue impacts are not under consideration for adoption
- 45 of 71 self-collecting sales tax municipalities have adopted the standard sales tax definitions, or a subset thereof, in their local tax code
- No TABOR election is necessary to adopt
- No challenges since the first city adopted the definitions in April 2017



# Summary of Changes

- 106 standard definitions drafted, 65 were selected for adoption.
- As recommended by the CML committee, language within the current definitions section of the code that indicate any type of taxable status were moved, so only definitions remain.
- Some regulations currently embedded within the definitions were moved into other appropriate code sections. The regulations moved were not altered.



# Next Steps

- Council approval of ordinance 2193
- December 17, 2018
  - Recommend adopting 65 standard definitions
  - Adoption will increase uniformity with the majority of Colorado's home-rule municipalities and will benefit taxpayers that report to the City
  - Relocation of regulations and language regarding taxable transactions
- Code update published on website

