



September 29, 2023

Re: EVC opinions on the Elimination of the Vendor Service Fee on Sales Tax

Dear Mayor Rogin, Lyons Board of Trustees, and Lyons Town Staff,

At our September EVC meeting, Cassie Eyestone (Lyons Finance Director) gave us a presentation that included the recommendation to eliminate the 3.3% "vendor service fee" on the vendor's sales tax revenue. In this memo, please find our current opinions on that recommendation.

First, please know that:

- We see and understand the need for the Town to grow and sustain increasing revenue. We want to support initiatives that find more money for our Town budget.
- We are committed to "business friendly" decisions that support existing local business owners and financially incentivizes possible new local business owners.

The recommendation to eliminate the 3.3% "vendor service fee" for business owners supports the first bullet, but not the second bullet. We know that the 3.3% payments returned to business owners seem like small amounts, but these payments are noticed and helpful for our small businesses.

In addition, we feel like the information on [this Colorado Tax Revenue page](#) might be important to consider, specifically:

- "Beginning January 1, 2022, a retailer with total state net taxable retail sales greater than \$1,000,000 is not eligible to retain the state service fee."
- "For any filing period beginning January 1, 2020 or later, the Colorado state service fee a retailer is allowed to retain is limited to \$1,000."

Ideally, we would want to recommend that the Town remove the vendor service fee only for non local taxes (and companies with sales greater than \$1M), and keep it at the current 3.3% for local vendors. We have heard that that is not possible with the current state system.

Thus, we suggest the following compromise to the suggested recommendation:

We recommend that the Town pursue removing the vendor service fee entirely and implement an annual, simple application process for locally based vendors who are current with sales tax remittance to apply for a vendor fee rebate (perhaps equal to 3.3% of that vendor's annual sales tax revenue).

Please know that the thoughts expressed in this letter are (of course) partial. If you would like to hear additional details and background, we welcome any comments or questions from you.

With gratitude & humility

Paul Dreyer, Chair
Asa Firestone
Connie McGuire
Eric Linnert
Erin Foudy
Grace Barrett
Tiffany Martindale