

**Town of Lyons, Colorado
Board of Trustees
BOT Agenda Cover Sheet
Agenda Item No: VIII.1
Meeting Date: October 2, 2023**

TO: Mayor Rogin and Members of the Board of Trustees

FROM: Cassey Eyestone, Finance Director

DATE: 9/28/2023

ITEM: Ordinance 1154 – an Ordinance of the Town of Lyons, Colorado, Repealing Section 4-4-30(E) of the Lyons Municipal Code Concerning the Sales Tax Vendor Fee Collection

 X ORDINANCE
 — MOTION / RESOLUTION
 — INFORMATION

- I. **REQUEST OR ISSUE:** Update the municipal code to remove the sales tax vendor fee in the amount of three and one-third percent (3⅓%).
- II. **RECOMMENDED ACTION / NEXT STEPS:** Approve Ordinance 1154 on the first reading and schedule a public hearing and second reading.
- III. **FISCAL IMPACTS:** If the sales tax vendor fee is removed, it will result in additional sales tax revenue for the Town. It is estimated that this could result in approximately \$57,000 in additional revenue annually.
- IV. **BACKGROUND INFORMATION:** The Board of Trustees requested that Staff research additional options to increase revenues to help cover increasing expenses. Upon further research it was noted that the Town's municipal code still allows for all retail vendors, local and non-local, to retain three and one-third percent (3⅓%) of the Town's 3.5% sales tax as a collection fee. The sales tax collection and remittance process has since greatly improved as far as ease and time consumption are concerned and many municipalities have removed the allowance for this fee, therefore capturing 100% of the municipal sales tax paid by customers. A local comparison as well as business impact examples are included in Exhibit A for reference.

This was presented to the EVC on September 20, 2023. The commission's recommendation is attached.

- V. **LEGAL ISSUES:** None.
- VI. **CONFLICTS OR ENVIRONMENTAL ISSUES:** None known.

VII. SUMMARY AND ALTERNATIVES: Do not remove the sales tax vendor fee from the code and forego additional annual revenue of approximately \$57,000. Alternatively, the Town could keep the language as is and place a cap on the monthly fee of \$25 to cover administrative expenses for remitting the sales tax revenue. It should be noted that while this method can currently be done, it is not preferred by the State Department of Revenue and the ability to have a cap may be removed in the future.

VIII. PROPOSED MOTION: "I move to approve Ordinance 1154 on 1st Reading and schedule a public hearing and 2nd Reading."

Attachments:

1. Ordinance 1154
2. Exhibit A – Local Comparison and Impact Examples
3. EVC Recommendation