

**TOWN OF LYONS, COLORADO
RESOLUTION 2024-101**

**A RESOLUTION OF THE TOWN OF LYONS, COLORADO
ESTABLISHING A DELINQUENT SALES TAX POLICY**

WHEREAS, the Town of Lyons (“Town”) is authorized to enact resolutions regulating the conduct of boards, committees, commissions, and staff; and

WHEREAS, pursuant to Section 4-4-10 *et seq.* of the Lyons Municipal Code (“LMC”) and the Colorado Revised Statute, the Town can enact sales taxes; and

WHEREAS, pursuant to LMC Section 6-1-40, the Town may deny the issuance of a business license for unpaid sales taxes; and

WHEREAS, pursuant to LMC Section 6-1-120, the Town may revoke a business license for unpaid sales tax; and

WHEREAS; the Town may suspend or revoke other Town licenses, such as a liquor license if a business does not have a business license; and

WHEREAS, the State of Colorado collects sales tax on behalf of the Town, and sales tax information collected by the state is confidential; and

WHEREAS, the Town of Lyons Staff needs to use information on delinquent sales tax to enforce its licensing regulations; and

WHEREAS, the Town of Lyons Board of Trustees desires to enact a policy on the use of sales tax information as it relates to licensing to provide guidance to town staff.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE TOWN OF LYONS, THAT:

Section 1. The above recitals are incorporated by reference.

Section 2. The Board of Trustees hereby approves the Delinquent Sales Tax Policy attached as **Exhibit A**.

Section 3. This Resolution shall take effect immediately upon adoption.

ADOPTED THIS _____ DAY OF _____ 2024

TOWN OF LYONS, COLORADO

Hollie Rogin, Mayor

ATTEST:

Dolores M. Vasquez, CMC – Town Clerk

Exhibit A

Delinquent Sales Tax Policy of the Town of Lyons

Last Revised _____, 2024

I. Purpose of Policy.

Pursuant to Lyons Municipal Code (LMC) Section 6-1-40, the Town may deny the issuance of a business license for unpaid sales taxes, and pursuant to LMC Section 6-1-120, the Town may revoke a business for unpaid sales tax. The revocation of a business license can also result in the revocation or suspension of other Town licenses, such as a liquor license. The State of Colorado collects sales tax on behalf of the Town, and sales tax information collected by the state is confidential. However, the Town of Lyons Staff (the "Staff") needs to use information on delinquent sales tax to enforce its licensing regulations. The purpose of this policy is to govern the Town's use of sales tax information to enforce its licensing regulations.

II. Amounts of Unpaid Sales Tax Which Require Initiation of Business License Revocation or Denial

If a taxpayer either 1) accrues more than an estimated \$5,000 in delinquent sales tax or 2) is 90 or more days behind on sales tax payments, Town Staff shall initiate revocation of that taxpayer's local business license or deny approval of new or renewed business licenses. If a taxpayer enters into a payment agreement with the Colorado Department of Revenue (DOR), the Town may suspend revocation of the business license. However, in the event of default on the payment agreement, the Town shall resume revocation proceedings.

III. Revocation Proceeding Prerequisites

If revocation proceedings are required to be initiated due to the conditions of Part II of this Policy being met, Town Staff shall notify the local taxpayer of the initiation of the revocation of their business license due to unpaid sales taxes. Notice shall be provided by registered mail to the address listed on the taxpayer's business license. Such notice shall specify that failure to promptly enter into a payment arrangement with the DOR or full payment of the delinquent amount may result in the Board of Trustees ("BOT") revoking a local business license. The notice shall also specify that the loss of a business license could result in financial penalties for operating an unlicensed business and the potential loss of other Town licenses, such as a liquor license. The notice shall be provided at least 30 days from the date of mailing so that the taxpayer can come into compliance before the BOT conducts a revocation proceeding. If the taxpayer provides evidence of good faith efforts to enter into a payment agreement with the DOR, the Town staff may grant one 15-day extension. If no payment agreement is entered into by the taxpayer by the noticed deadline and any extension, Town Staff shall schedule a revocation hearing before the BOT and provide seven (7) days written notice to the taxpayer of such hearing.

IV. Revocation Proceedings Before the BOT for Unpaid Sales Tax

Revocation hearings of the Board of Trustees shall be conducted in accordance with the provisions of LMC Section 6-1-120. Town Staff shall confidentially share with the BOT the amounts and/or days in which the taxpayer is delinquent. Staff's presentation to the Board during the revocation hearing shall consist only of the taxpayer's name and the fact that they are behind on sales tax payments requiring action under this policy. The amount of unpaid sales tax shall not be publicly disclosed unless authorized by the taxpayer. The taxpayer may present before the Board of Trustees its own evidence rebutting the unpaid amounts, showing progress towards entering into a payment agreement, or any other argument of good cause for the unpaid sales tax. The Board of Trustees, in its sole discretion, may either suspend a business license, revoke a business license, or provide a definite period of time for the taxpayer to come into compliance. Such a decision shall be issued in writing to the taxpayer.

V. Penalties and Remedies for Unpaid Sales Tax

If a business license is revoked pursuant to Part IV above, the BOT may assess penalties for the unpaid sales tax in accordance with LMC Section 1-4-10 *et seq.* If the penalties are not paid, they may be assigned as liens against the taxpayer's property in Boulder County's property records. Penalties for unpaid sales tax shall be in addition to any applicable penalties and remedies of the Town for operating without a business license or other Town license.

V. Waivers, Modifications, and Amendments to Policy

This Policy may also be amended from time to time by resolution of the BOT.