



General Government & Finance Committee Summary Minutes

Wednesday, July 13, 2011 10:30 AM City & County Building, Room 391

Members Present: Boigon, Faatz, Lehmann, Robb
Members Absent: Brown
Other Council Present: Nevitt

Committee Staff: Debra Bartleson

Bill Requests

BR11-0458 Approves a revision to the Denver Revised Municipal Code to authorize the Department of Finance to administer a Tax Amnesty Program from October 1, 2011 through December 30, 2011, for sales, use and occupational privilege taxes.
Steve Ellington, Dept. of Finance-Treasury

Steve Ellington, Treasury, explained the proposed Amnesty Program that will run from October 1, 2011 through December 30, 2011. (See attachments for full details.) The program is designed to encourage businesses and individuals to pay any unreported back taxes while avoiding penalties and criminal prosecution. Taxes eligible for amnesty include sales tax, use tax, and occupational privilege tax. The amnesty would be applied to tax liabilities incurred on or before June 30, 2011. Eligible applicants would benefit by a waiver of 100% of the late payment penalty and a waiver of 50% of the late payment interest. Councilmember Faatz questioned if there are other penalties that could be impacted by this program such as criminal penalties. Mr. Ellington said they are not waiving criminal prosecution rights. He will modify language in the "Frequently Asked Questions" document to make the information more clear regarding penalties and prosecution. Use tax is the most misunderstood area for tax compliance, and Treasury staff will be available to assist businesses and individuals in computing liability for back taxes owed. Denver will collaborate with the State regarding their amnesty program, but the State has not finalized their program.

The marketing for the program includes utilizing Council newsletters, Denver's Channel 8, the City's webpage, flyers to every licensed business, CPA's, and other industry opportunities. Denver offered an amnesty program in 2003, 199 applications was approved, and \$2.1 million in revenue was generated.

A motion offered by Councilmember Lehmann, duly seconded by Councilmember Robb, to file a bill to authorize the Dept. of Finance to administer a Tax Amnesty Program from October 1, 2011 through December 30, 2011, carried by the following vote:

AYES: Boigon, Faatz, Lehmann, Robb, Nevitt(5)

NAYS: (None)

ABSENT: Brown(1)

ABSTAIN: (None)

Councilmember Faatz questioned where is City's position is pertaining to Amazon or other related online tax collections. Mr. Ellington explained that the City could not require sales tax, because these entities, i.e. Amazon, do not have a physical presence in Denver, but Denver could collect the use tax. The opportunity to collect sales taxes on online opportunities will not change until federal law changes.

David Broadwell, City Attorney, added that since the State could not require these entities to pay sales tax, two years ago the State passed a law that required them to report to Treasury when a sale was made to recover use tax money. Denver law does not require individuals to remit a tax on a monthly or quarterly tax report from these sales. Basically, internet sales are untouchable at this time until it changes at the federal level, said Mr. Broadwell.

Executive Session:

Councilmember Robb moved for Executive Session, and Councilmember Lehmann seconded the motion, for the purpose of discussing cable franchise negotiations.

Cable Franchise negotiations

Darryn Zuehlke, Office of Telecommunications; David Broadwell, City Attorney