



Denver City Council

Summary Finance Committee

Date: Wednesday, April 5, 2006 1:30 PM

Council Conference Room

Committee Members: Boigon, Chair; Faatz, Vice-Chair;
Brown, Garcia, Lehmann, MacKenzie, Wedgeworth

1. Follow-up: Change in tax procedures related to tax delinquency and due dates

Committee Action

The Committee approved changing the tax filing deadline for a variety of City taxes to require receipt of the tax by the Treasurer, not just postmarking by the deadline and authorizing a five day grace period after the due date before penalties are applied.

Summary of Discussion

Steve Ellington and David Hart, Treasury, explained that—in response to Committee input on March 1—changes were made to the proposal regarding tax due dates. The new proposal changes the tax return filing procedures for a variety of City taxes to require the return and taxes to be received by the Manager of Revenue on or before the due date, instead of being *postmarked* on or before the due date; however, it now authorizes a five calendar-day grace period after the due date before penalties and interest are applied.

The latter provision means that no penalties would apply to any taxpayer who continues to mail in their returns as they have in the past—barring any problem at the Post Office. The new proposal would go into effect on September 1, 2006 for sales, use, lodgers', employee occupational privilege, business occupational privilege, facilities development admissions, telecommunications business, and taxicab operators taxes.

Mr. Ellington explained that changing to a received by standard positions the Treasury Division to implement online filing in the future and also allows the use of current lockbox technology.

Mr. Ellington reviewed a marketing plan to notify citizens of the change, as previously requested by the Committee. (See attached.) Other points made during the discussion were:

- The five day grace period is more generous than what is legally generally considered appropriate, or three days.
- Approximately 95% of tax returns are currently received within five days.

- Changes should be marketed at business forum meetings, such as those of the Downtown Denver Partnership.
- Marketing materials should be distributed to community centers, libraries, council offices, and included in Council e-newsletters.
- In a lock box system, the contracting bank will track the receipt—not the deposit---date for purposes of proving timeliness; if there are bank equipment failures checks will be back dated.
- Taxpayers can appeal to the Revenue Director if problems are caused by outside factors, like the post office; collections staff will consider all the evidence and the taxpayer's history of payment. This is the same appeal process as is currently in place.