



December 19, 2017

Dear City of Grand Junction Business:

As you may be aware from public City Council meetings and previous media coverage, the City is implementing a cap on the vendor’s fee allowed for businesses who collect and remit City of Grand Junction sales tax. In collaboration with our economic development partners, including the Chamber of Commerce, Grand Junction Economic Partnership, the Business Incubator, and the Greater Grand Junction Sports Commission (collectively the “ED Partners”) the vendor’s fee cap was proposed in order to generate a sustained and dedicated source of revenue for economic development. City Council authorized the vendor’s fee cap (“CAP”) April 19, 2017 to begin in 2018. The estimated revenues from the CAP have been approved in the City’s 2018 budget to go towards the economic development partnership for use in retention and expansion of existing businesses, as well as recruitment of new businesses to the Grand Junction area.

The CAP is set at \$500 per month. It is estimated that this limit will affect only about 60 accounts out of the 4,900 licensed businesses who collect sales tax for the City. For businesses that file City sales taxes monthly, then the CAP will apply only if taxable sales exceed \$545,509 in a month translating to more than \$15,002 in City sales tax (2.75%) being due before the vendor’s fee is calculated. As a reminder, a vendor’s fee is only allowed if the return is filed on time with full remittance of City sales tax due.

**Following is an example of when the CAP applies.** Calculated vendor’s fee on line 8 before the CAP is \$684.76 (3.333% x \$20,545) which exceeds the \$500 limit, therefore the amount is reduced to \$500.

COMPUTATION OF TAX			
5.	AMOUNT OF CITY SALES TAX: <b>2.75%</b> OF LINE 4	\$	20,545.00
6.	ADD: EXCESS TAX COLLECTED	\$	-
7.	<b>ADJUSTED CITY TAX:</b> (ADD LINES 5 & 6)	\$	20,545.00
8.	DEDUCT: <b>3.333%</b> OF LINE 7 (VENDOR'S FEE IF PAID BY DUE DATE) <b>***MAXIMUM DEDUCTION ALLOWED IS \$500***</b>	\$	500.00
9.	<b>TOTAL SALES TAX:</b> (ITEM 7 MINUS 8)	\$	20,045.00

The 2018 City of Grand Junction sales tax forms have been revised to reflect the CAP. If you receive and use a tax booklet, those will be mailed in late January for monthly filers and in February for quarterly and annual filers. **NOTE: the CAP starts with retail sales after January 1, 2018, so that means the calculation will not change until returns that are due on February 20, 2018 or later.**

Please do not hesitate to contact me or Tatiana Gilbertson ([tatianag@gjcity.org](mailto:tatianag@gjcity.org), 970-256-4025), Finance Supervisor, if you have questions.

Thank You,  
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