



September 6, 2017

Sales and Use Tax Simplification Task Force
c/o Luisa Altmann, Research Analyst
200 E. Colfax Ave.
Denver, CO 80203

Task Force Members:

On behalf of the Castle Rock Town Council, I am writing to stress the importance of the Town retaining the ability to control its own sales tax rate, base, collection and auditing functions. We respectfully urge you reject any changes to Colorado's sales tax system that would diminish the Town's home rule authority in these areas.

Castle Rock is a full-service municipality in which fire/EMS, police, parks maintenance, planning, code enforcement and general government services all are provided through taxation. Sales tax makes up 26.1% of total Town revenue, while property tax makes up less than 1%. Within our General Fund – which provides for public safety services in our growing community of more than 64,000 residents – these percentages are 64% and 2.3%, respectively. That the Town is so reliant upon sales tax to provide these core community services makes it especially critical for the Town to retain the ability to control its own sales tax-related functions.

The Town began local sales tax collection and auditing in 2003 and discovered hundreds of unlicensed retailers had been doing business in Castle Rock. Self-collecting and auditing sales tax contributed to a revenue increase between 2003 and 2004 of \$2.5 million, or 14.9%. In the years since, we estimate self-collection and auditing has increased Town revenue by at least \$8 million total. Reverting to a State-collected sales tax system would lead to a decrease in Town sales tax revenue, which would reduce the Town's ability to deliver critical public safety services. Further, this would create a greater reliance on property tax and could lead the Town to have to ask voters for a property tax increase in order to maintain current levels of service.

It is simply not credible in this digital day that it is overly cumbersome for retailers to operate in multiple jurisdictions. The trade-off of having a “simpler” tax system by having one Statewide collection point is not a good one for the Town of Castle Rock. Please do not diminish the Town’s home rule authority and cause additional burden on our Town taxpayers by implementing changes to how sales taxes are collected and audited in Colorado.

Sincerely,

Jennifer Green
Mayor

Cc: Senator Jim Smallwood
Representative Patrick Neville
Metro Mayors Caucus
Colorado Municipal League