

**Department of Revenue
Legislation Fact Sheet**

**HB09-1101
Penalty for Failure to File a Return**

This bill would ensure that taxpayers provide a tax return on a timely basis.

Under current law, multi-location vendors are penalized for failing to pay taxes on time. But those same vendors are not required to provide a tax return that shows how the money should be distributed among specific cities, counties and/or special districts. This bill would apply a penalty of 10 percent of the filing amount.

Every month, about 75 of the largest vendors doing business in the state fail to provide a return. The result: Nearly \$1.5 million in sales tax revenue per month is not distributed immediately to the cities, counties and special districts. For those communities, sales tax is a crucial source of revenue.

Since April 2007, vendors failing to provide a return have stalled \$11.3 million from the communities that are owed the money.

Every time a return is not filed with a payment, the Department must reassign staff to figure out where that money should be distributed. The Department estimates that a full-time staff person spends nearly one week per month sorting through payments to determine where the money belongs.

In these cases, counties, cities and special districts wait at least two months for their money. The Department estimates that local communities are deprived of the use of their tax revenues and they are losing as much as \$3,200 per month in interest.

A yes vote on HB09-1101

- Ensures equitable treatment of all taxpayers
- Relieves cash-strapped communities by delivering money on time
- Reduces administrative costs for state government

For questions, please contact Mark Couch, Legislative Liaison, Department of Revenue,
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