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**\* \* \* IMPORTANT DEALER ALERT \* \* \***

**Vendor Fee Reduction Notice**

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**TO:** CADA Members  
**FROM:** Tim Jackson  
**RE:** Reduction in State Sales/Use Tax Vendor Fee Applies Immediately  
**DATE:** March 13, 2009

**→ ROUTE TO: CONTROLLERS**

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The Colorado General Assembly passed Senate Bill 212 (SB 09-212), which reduces the allowable amount that vendors such as automotive retailers/dealers can deduct from state sales tax collections as part of covering your costs to provide this function for government. While many of you likely saw CADA alerts on this legislative battle, all members should be aware of the final law that has now been signed and that is effective immediately.

**The allowable vendor fee (also referred to as “service fee”) has been reduced from 3.33% to 1.35%.**

- This change is effective for sales and use tax returns filed on or after March 1, 2009 through December 31, 2011.
  - NOTE: there is a hold-harmless until April 1<sup>st</sup> given the quick application of this change, so if the lower rate was not applied this month, the adjustment can be made next month. The language of the bill is below:

“ON ANY RETURN MADE ON OR AFTER MARCH 1, 2009, BUT PRIOR TO DECEMBER 31, 2011. FOR ANY RETURN MADE PRIOR TO APRIL 1, 2009, A VENDOR SHALL NOT BE LIABLE FOR ANY INTEREST OR OTHER PENALTY IMPOSED AS A RESULT OF AN ERROR MADE IN CONNECTION WITH THE IMPOSITION OF A MAXIMUM AMOUNT OF SALES TAX REVENUES THAT MAY BE RETAINED IN ACCORDANCE WITH THE PROVISIONS”

- This is a reduction in the vendor fee for state sales and use tax, it does not affect local vendor fees
- There is no change to the state sales/use tax rate which remains at 2.9 percent.
- This rate reduction applies to monthly, seasonal, irregular and thirteen-month filing frequencies. The service fee remains the same for quarterly and annual state sales and use tax filers.
- Attached is a copy of the latest state DRP 1002 which summarizes all Colorado sales/use tax rates

Visit the March 4th CADA Open Road, Legislative Updates, SB 212 – Vendor Allowance Fee for more on the background of this recently enacted bill: [www.cadaopenroad.org](http://www.cadaopenroad.org) (for all prior archives)

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