

# GLENWOOD MEADOWS PUBLIC IMPROVEMENT FEE

## PIF INFORMATION BOOKLET

February 2010

### GENERAL INFORMATION

The Public Improvement Fee (“**PIF**”) collected at Glenwood Meadows is used to finance certain public improvements in and around it, including public roads, traffic and safety controls, water and sewer systems, storm water drainage systems, debris flow management systems and landscaping. The City of Glenwood Springs (the “**City**” or “**Glenwood Springs**”), acting as PIF Collecting Agent, is collecting the PIF on behalf of Glenwood Meadows Metropolitan District Nos. 1 and 3 (together, the “**Districts**”), which constructed and financed these improvements.

The Districts and the City have provided this PIF Information Booklet to provide guidance to retailers in Glenwood Meadows about the collection and payment of PIF. This PIF Information Booklet may be amended from time to time by the Districts. A summary of the most recent changes to the PIF Information Booklet is provided in “SUMMARY OF CHANGES FROM PRIOR PIF INFORMATION BOOKLET” at the end of the PIF Information Booklet.

The PIF is 1.5% on **sales transactions for almost all goods and certain services sold at retail** at Glenwood Meadows. The PIF is specifically a fee and NOT a tax; therefore, it becomes a part of the overall cost of the sale/service and is itself subject to sales tax.

**Generally all retail sales are subject to the PIF, regardless of whether such items are exempt from sales tax imposed by the State of Colorado, Garfield County, the RTA (Rural Transit Authority) or the City. Unlike sales tax, the PIF is charged on certain sales of services. To determine whether a particular sale is subject to PIF, please review the following seven Rules of PIF Application (one primary and six supplemental).**

### PRIMARY RULE OF PIF APPLICATION

**1. PIF Always Imposed if Sales Tax Imposed.** If any part of a sale is subject to any sales tax (State, County, City or RTA tax), the taxable portion of the sale is always subject to PIF.

**Important:** Rule 1 is the primary rule and covers the vast majority of sales. **If Rule 1 applies, the goods or services in question are always**

**subject to PIF.** No further analysis is needed. Rules 2-7 only apply to sales (or portions of sales) in which no sales tax of any kind is imposed.

## **SUPPLEMENTAL RULES OF PIF APPLICATION**

2. **Other Retail Sales Subject to PIF.** All retail sales of goods are subject to PIF (whether or not subject to sales tax) except:

(a) sales to qualified purchasers whose transactions are exempt from City sales tax, namely authorized charitable and governmental organizations,

(b) sales of items that are purchased with food stamps,

(c) sales of gift cards or certificates and

(d) bad debt sales.

Certain categories of goods are subject to PIF although not subject to sales tax; examples: prescriptions, cigarettes and certain medical supplies.

Also, sales of goods purchased within the District and delivered outside of the City and/or out of State are not subject to any local sales taxes but are subject to PIF.

3. **No PIF on Wholesale Transactions.** PIF is not imposed on goods sold at wholesale.

Note: if sales tax is charged, the transaction is not a wholesale transaction and Rule 1 applies.

4. **PIF on Physical Services Provided Within the District.** PIF is imposed on the cost of physical labor services provided entirely within the District.

Examples include salon and spa services, copy services, and repairs. See “EXAMPLES OF SALES SUBJECT TO THE PIF, BUT NOT SALES TAX” below.

5. **No PIF on Intellectual Services.** PIF is not imposed on intellectual services.

Examples including financial, legal, health care, travel, real estate, and information technology. See “EXEMPTIONS” below for more detail.

6. **PIF on Delivery Costs from the District.** PIF is imposed on the cost of delivering goods subject to PIF, if the goods are delivered directly from a business in the District.

Thus, delivery costs via U.S. Mail or by overnight courier, etc. from a warehouse located outside the District is not subject to PIF.

Note: this rule applies to delivery costs only; it does not affect analysis of whether the goods themselves are subject to PIF.

7. **No PIF on Services Provided Outside District.** PIF is not imposed on services that are deemed to be provided outside the District.

Examples: construction, installation and set-up of materials. See “EXEMPTIONS” below.

### **EXEMPTIONS**

The following services are not subject to PIF:

- Financial Services, including
  - Banking
  - Home or Business Loans
  - Accounting
  - Insurance
  - Financial Advice
- Real Estate Services, including
  - Brokerage services
  - Title services
  - Closing services
- Legal Services
- Travel Agency Services
- Professional Health Care Services, including
  - Medical
  - Dental
  - Optometric
  - Chiropractic
  - Physical Therapy
- Information Technology Services
- Services provided entirely outside the Districts, including
  - Construction
  - Set up and installation
  - In-home measurement
  - Removal

Upon written request, Glenwood Meadows Metropolitan District No. 1 may consider whether to exempt additional services from the PIF. Such requests should be made in writing to Glenwood Meadows Metropolitan District No. 1, c/o Mike Maple, Dunrene Group, 710 E. Durant Avenue, Suite W-6, Aspen, Colorado 81611-2070.

Collection and payment of the PIF is the responsibility of each retailer or service provider. **You will be responsible for paying the PIF, whether or not you collect it from your customers.**

## **EXAMPLES OF SALES SUBJECT TO THE PIF, BUT NOT SALES TAX**

Examples of items subject to the PIF (but not subject to sales tax by one or more of the State of Colorado, Garfield County, RTA or the City) include the following:

- Goods
  - Cigarettes
  - Prescriptions
  - Goods delivered outside the City or State
- Services
  - Direct delivery from Glenwood Meadows
  - Repair
  - Salon and Spa, including Haircutting, Styling, Tanning, and Massage

## **LICENSING**

All businesses operating in Glenwood Springs must apply to the City for the appropriate business license. See [www.cogs.us](http://www.cogs.us) for general licensing, sales tax and PIF information. An application packet should be requested from City Hall at 101 W. 8<sup>th</sup> Street, 970-384-6400, [pif@cogs.us](mailto:pif@cogs.us). You will not need a separate application for a PIF License; the relevant merchant information from the City Business License will be used to establish your PIF account.

## **ASSISTANCE**

The Finance Department at the City Hall is open Monday through Friday from 8:00 a.m. to 5:00 p.m., or may be reached by phone during those hours at 970-384-6400 or you may send an e-mail to: [pif@cogs.us](mailto:pif@cogs.us).

## **PIF COVENANTS**

A Declaration Of Covenants Imposing And Implementing The Glenwood Meadows Public Improvement Fee is recorded against the Glenwood Meadows property (the “**PIF Covenants**”). The PIF Covenants also contain important provisions describing your obligations regarding the PIF. You should read and understand your obligations under the PIF Covenants. A copy of the PIF Covenants is attached to your lease. If you do not have a copy, request one from the property owner.

## PIF SALES - EXAMPLE RECEIPT

Some goods will be subject to PIF but not Sales Tax →	Cigarettes	\$4.00
	PIF (1.5%)	<u>0.06</u>
	<b>Item Total</b>	<b>\$4.06</b>
Some goods will be subject to both PIF and Sales Tax →	Clothing	\$18.00
	PIF (1.5%)	<u>0.27</u>
	<b>Sub Total</b>	\$18.27
	TAX (8.60%)	<u>1.57</u>
	<b>Item Total</b>	<b>\$19.84</b>
Most food items for home consumption will be subject to PIF and City Sales Tax only (3.70%) →	Milk	\$2.75
	PIF (1.5%)	<u>0.04</u>
	<b>Sub Total</b>	\$2.79
	TAX (3.70%)	<u>0.10</u>
	<b>Item Total</b>	<b>\$2.89</b>
Item subject to PIF and Sales Tax →	Flowers	40.00
Certain services will be subject to PIF but not Sales Tax →	Delivery	10.00
PIF is on \$50.00 →	PIF (1.5%)	<u>.75</u>
	<b>Sub Total</b>	<u>\$50.75</u>
Tax is on \$40.60 (no tax on \$10.00 delivery fee & \$0.15 of related PIF)	TAX (8.60%)	<u>\$3.49</u>
	<b>Item Total</b>	<b><u>\$54.24</u></b>
	<b>GRAND TOTAL</b>	<b>\$81.03</b>

For information regarding the PIF or sales tax, including a list of sales exempt from City sales tax, please visit [www.cogs.us](http://www.cogs.us) or contact the Finance Department at 970-384-6400. You may also send PIF questions to [pif@cogs.us](mailto:pif@cogs.us). For a list of sales exempt from the PIF, see “EXEMPTIONS” above.

## REMINDERS

1. When sales tax is collected by the retailer, it will be collected on the total sales price of the product and the PIF.

2. Make PIF payments payable to:

Glenwood Meadows PIF Collecting Agent

3. Send PIF payments to:

Glenwood Meadows PIF Collecting Agent  
 101 W. 8<sup>th</sup> Street  
 P.O. Box 458  
 Glenwood Springs, CO 81602

## **DISCLOSURES**

Retailers (when such term is used herein, it shall include a service provider) must make the following disclosures regarding the PIF:

**Sales Receipts** – All sales receipts should itemize the amount of PIF for each transaction. If a retailer’s cash register system is not reasonably able to provide a sales receipt with such itemization, the retailer may instead provide a separate statement indicating that “Sales tax includes a 1.5% PIF fee.”

**Advertising** – All advertising, whether by print, radio, television or other medium, is to indicate that advertised prices are subject to state and local taxes and PIF.

**Sales Register** – Permanently place a placard (3” x 5” minimum) at each sales register to notify all customers of the PIF.

If your receipts itemize the PIF, the placard must read:

“Customer Price Disclosure / Public Improvement Fee”

All customers are hereby notified that a Public Improvement Fee (PIF) in the amount of 1.5% will be added to the advertised price of all sales transactions. Sales tax will then be calculated on the sum of the advertised price and the PIF.

If your register does not itemize the PIF, the placard must read:

“Customer Price Disclosure / Public Improvement Fee”

All customers are hereby notified that a Public Improvement Fee (PIF) in the amount of 1.5% will be added to the advertised price of all sales transactions. Sales tax will then be calculated on the sum of the advertised price and the PIF. *The sales tax amount on your receipt includes both PIF and sales tax.*

## **INFORMATION/AUDITS**

Each month the retailer must attach a copy of the Glenwood Springs sales tax return to the PIF schedule and send it to the City as PIF Collecting Agent. A copy of any other report, statement or supplement relevant to the City sales tax must also be attached. All such records must be retained by the retailer for three years from the filing date.

All businesses located at Glenwood Meadows are subject to a PIF audit by the City as PIF Collecting Agent, the Districts or American National Bank, Denver, Colorado, as trustee for the Districts. If your business is chosen for an audit, the auditor will notify you to schedule a date to visit your business and review records to verify that all PIF has been collected and paid. When your business is contacted for an audit, detailed instructions about the audit process will be provided.

## **ENFORCEMENT**

Failure to impose, collect or remit the PIF constitutes an event of default under the PIF Covenants. The City, as PIF Collecting Agent, will send official notice to all retailers who become delinquent in payment of PIF. It is important to contact the City, as the PIF Collecting Agent, if your business receives a notice of delinquent PIF.

If the retailer does not respond, the City, as the PIF Collecting Agent, the Districts, American National Bank, Denver, Colorado, as trustee for the Districts or their designee are authorized to enforce the provisions of the Declarations and the imposition of the PIF against the retailer. The retailer will be responsible for payment of the PIF, a late fee of 10% of the amount due, penalty interest at the rate of 12% per year and all costs of enforcing collection thereof, including legal fees. **You are responsible for paying the PIF whether or not you collect it from your customers.**

## **CONFIDENTIALITY**

All information provided to the City as PIF Collecting Agent and the Districts pursuant to the PIF Covenants will be kept confidential. However, the Districts and American National Bank, Denver, Colorado, as trustee for the Districts, are authorized to obtain information from the City as PIF Collecting Agent as described in the PIF Covenants. Before opening for business, every business selling goods or services must sign a Public Financing Addendum, which includes a waiver of confidentiality to disclose information as described above. These documents must be signed and in place before the City will permit the business to open. Such information will not be shared or discussed with any unauthorized individuals. The Public Financing Addendum is attached to your lease. If you do not have a copy, request one from the property owner.

## **FREQUENTLY ASKED QUESTIONS**

### **When is the PIF due?**

The PIF schedule and payment **must be postmarked by the 20<sup>th</sup> day of the month following the preceding calendar month.** If the 20<sup>th</sup> falls on a holiday or a weekend, the PIF schedule and payment must be postmarked on the next business day. Overnight payments must be addressed to the City of Glenwood Springs, PIF Collecting

Agent, 101 W. 8th Street, Glenwood Springs, CO 81601. Payments may also be dropped off at the same address during business hours.

### **What forms do I need to report sales tax and PIF receipts?**

You will need to file a monthly PIF schedule. The City will also send you sales/use tax returns to be filed monthly, quarterly or annually, depending on the frequency you selected on your application. You may always request a monthly filing of the sales/use tax return if you wish to complete both forms at the same time. (See [www.cogs.us](http://www.cogs.us)). For PIF information, you may e-mail the City, as Collecting Agent, at [pif@cogs.us](mailto:pif@cogs.us).

### **What happens if I don't file on time?**

Failure to file the PIF Schedule constitutes a violation of the PIF Covenants and of your lease or real estate agreement and authorizes the imposition of a late fee of 10% of the amount due, penalty interest at the annual rate of 12%, collection costs and legal fees. The City Sales Tax Department will notify the Districts and American National Bank, as trustee of the Districts, of the status of all PIF filings.

### **What happens if I fail to impose, collect or remit the PIF?**

Failure to impose, collect or remit the PIF constitutes an event of default under the PIF Covenants. The City, as PIF Collecting Agent, will send official notice to all retailers who become delinquent in payment of PIF. It is important that you respond to any such notice. If payment of PIF is not made, the retailer is responsible for payment of the PIF, a late fee of 10% of the amount due, penalty interest at the annual rate of 12%, collection costs and legal fees. **You are responsible for paying the PIF whether or not you collect it from your customers.**

### **How does the PIF relate to sales tax?**

If the sale is subject to sales tax, both the cost of the item and/or service plus the PIF itself are subject to sales tax. The vast majority of sales of retailers in Glenwood Meadows will be in this category. Some sales will be subject to PIF, but not be subject to sales tax, such as prescriptions, cigarettes and services (other than the services listed under "EXEMPTIONS" above).

### **Are sales of services subject to PIF?**

**Generally, yes. Although not subject to sales tax, sales of certain services are subject to PIF**, except for any (1) services provided to governmental and charitable organizations, (2) certain intellectual services and (3) services deemed not to be provided within the District listed in "EXEMPTIONS" above.

**What about sales of goods delivered from Glenwood Meadows to locations outside of the City of Glenwood Springs? What if they're shipped out of state?**

Sales, leases or rentals of goods delivered from Glenwood Meadows to locations outside of Glenwood Springs are subject to the PIF, but are not subject to the City sales tax. Similarly, goods delivered outside of Colorado remain subject to PIF although not subject to Colorado sales tax.

**What about direct ship items?**

Sales, leases or rentals of goods that are direct shipped to the consumer (i.e., do not go through Glenwood Meadows) are not subject to the PIF.

**Is there a deduction for the expense of collecting the PIF?**

No, there is no deduction permitted for collection of the PIF.

**Where can I get additional information regarding the PIF?**

Additional information can be obtained from the City of Glenwood Springs, PIF Collecting Agent, Finance Department, 101 W. 8<sup>th</sup> Street, Glenwood Springs, CO 81601; telephone 970-384-6400, pif@cogs.us. Copies of the PIF Covenants, PIF Agreement and other documents relating to the PIF, are publicly available or are available upon written request and the payment of reasonable copying, mailing and handling charges from Glenwood Meadows Metropolitan District No. 1 c/o Mike Maple, Dunrene Group, 710 E. Durant Avenue, Suite W-6, Aspen, Colorado 81611.

**What if I think a particular type of service should be exempt from the PIF?**

If you think that a particular service you provide should be exempted from the PIF, please contact Glenwood Meadows Metropolitan District No. 1 c/o Mike Maple, Dunrene Group, 710 E. Durant Avenue, Suite W-6, Aspen, Colorado 81611. The Board of Directors of Glenwood Meadows Metropolitan District No. 1 may consider such requests and if an exemption is granted will contact you in writing to that effect.

**What if I discover an error on a PIF schedule that was previously filed?**

An amended schedule showing the correct figures may be submitted to the City as collection agent, up to three years after the filing of the original schedule. The retailer should also provide a letter that explains how the errors were made. The retailer can then take a credit, or pay the additional amount due, on line 7 of their next PIF schedule.

## **SUMMARY OF CHANGES FROM PRIOR PIF INFORMATION BOOKLET**

- Clarify that Rule 1 of PIF Application governs the vast majority of transactions.
- Add Rule 5 of PIF Application (intellectual services are not subject to PIF).
- Update City Sales Tax Rates in Example Receipt.
- Clarify retailers' responsibility for a 10% late fee and 12% penalty interest rate for uncollected PIF.
- Clarify that PIF payments may be postmarked to the City by the 20<sup>th</sup> of the month following collection.
- Add discussion of how to correct errors in previously submitted PIF schedules.