



SALES TAX BOONDOGGLE

Last summer when I began working on the waste tire problem in House District 19, I exposed the *governments sales tax* scheme imposed on waste tire fees that all consumers are required to pay when purchasing new tires. *Was it a mistake or a boondoggle that policy makers implemented this double and sometimes triple tax scheme on a fee?* After months of additional research, it appears that this policy of taxing fees is a widespread practice and has been in effect for over 75 years in Colorado!

Apparently, taxing fees and even taxing taxes is nothing new in Colorado. With certain exceptions, fees are subject to sales tax whenever they are included in the purchase price of an item. This has been the case since the inception of the sales tax in 1935.

In general, any fee included as part of the purchase price of an item is subject to both Colorado's state's sale tax and any local sales taxes. For example, the waste tire fee of \$1.50 per tire is assessed as part of the purchase price of a new tire then the consumer is slapped with an additional sales tax on top of the \$1.50. This produces an additional \$.04 state tax on every \$1.50 waste tire fee. To add injury to insult local taxes are then piled on top of the waste tire fee and state sales tax. Consumers have been paying state and local taxes on fees for decades because of this money making Colorado Revised Statute.

Telephone services provide another example of this ridiculous policy of taxing a fee! The federal government's universal service/connectivity fee, which is charged to customers for providing phone service to underserved areas, is subject to the sales tax. Next time you pay your phone bill, check the fee for the universal service charge and then notice how taxes are assessed on the fee and you will see this tax scheme first-hand. How many taxes are being levied on fees included in the purchase of an item or service is unknown to me at this time. It is time to start tracking and calculating this abusive tax policy. If you know of any additional examples of this type of taxing scheme contact me so we can track it on my website.

This years HB1018 sponsored by myself and Senator Gibbs, repeals the tax on the waste tire fee, now it is time to repeal the tax on all fees. It is my goal to get to the bottom of this absurd policy and work to repeal this 75 year old tax scheme and abolish this revenue generating boondoggle. Your help is invited and any messages may be posted on my website for others to view. To read additional research on this issue visit www.gomarsha.org and click on 2010 legislative session. Thank you for the opportunity to serve.

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