


FINANCE MEMORANDUM  
#07-04

August 23, 2007

TO: Honorable Mayor Kathleen M. Novak and City Council Members

FROM: A.J. Krieger, City Manager   
Brent Worthington, Finance Director *BW*

SUBJECT: CB-1632, Interest on Delinquent Taxes

**RECOMMENDATION:**

Approve the CB-1632, which provides for an annual adjustment of the interest rate on delinquent City taxes based on the Prime Rate.

**BACKGROUND:**

The current City Code sets the interest rate for delinquent City taxes at 18% annually (1.5% per month). This interest rate has been in effect for at least 13 years, and has no provisions for changes in the market interest rate due to changed in the economy.

Research by Staff determined that most Denver Metro Area home rule cities either charge 12% annual interest or set interest each year based on the Prime Rate. (This is the method set forth in the Colorado Revised Statutes to be applied to delinquent State taxes).

At the July 12 study session, Council instructed Staff to draft an ordinance amendment based on the State Statute. CB-1632 conforms with this direction from Council.

**POTENTIAL OBJECTION:**

City Staff is not aware of any specific opposition to the proposed contract extension.

**BUDGET/TIME IMPLICATIONS:**

There will be a slight decrease in revenue. Staff estimates this decrease in 2008 will be \$1,300. This decrease has been incorporated into revenue projections for the 2008 Budget.

**STAFF REFERENCE:**

If Councilmembers have any comments or questions, they may contact Brent Worthington, [bworthington@northglenn.org](mailto:bworthington@northglenn.org)

SPONSORED BY: COUNCIL MEMBER PAIZ

COUNCILMAN'S BILL

ORDINANCE NO.

No. CB-1632  
Series of 2007

\_\_\_\_\_  
Series of 2007

A BILL FOR AN ORDINANCE AMENDING SECTION 5-2-8(d) OF THE NORTHGLENN MUNICIPAL CODE AMENDING THE INTEREST ASSESSED ON DELINQUENT SALES AND USE TAXES TO THE RATE OF INTEREST FIXED ANNUALLY BY THE STATE COMMISSIONER OF BANKING IN ACCORDANCE WITH C.R.S. § 39-21-110.5

BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF NORTHGLENN, COLORADO, THAT:


Section 1. Section 5-2-8(d) of the Northglenn Municipal Code is hereby amended to read as follows:

**Section 5-2-8. Assessment; Penalties and Interest.**

...

(D) Interest. Unless the taxpayer shows that its failure to comply fully with this Code is due to reasonable cause, which the taxpayer may prove in a hearing requested pursuant to this Code, there shall be added to all assessments a penalty of fifteen (15%) of the deficiency. ~~Interest in such case shall accrue and be collected at a rate of one and one half (1½ %) per month on the amount of such deficiency from the time the return was due.~~ INTEREST ON THE DEFICIENCY AMOUNT SHALL ACCRUE PER MONTH AT THE RATE OF INTEREST FIXED ANNUALLY BY THE STATE COMMISSIONER OF BANKING IN ACCORDANCE WITH C.R.S. § 39-21-110.5, AS IT MAY BE AMENDED FROM TIME, WHICH RATE IS CURRENTLY THE PRIME RATE AS REPORTED BY THE "WALL STREET JOURNAL" PLUS THREE (3) POINTS, ROUNDED TO THE NEAREST FULL PERCENT. THE RATE FOR 2008 SHALL BE SET BY THE CITY ON OCTOBER 1, 2007. THE RATE FOR EACH SUBSEQUENT YEAR SHALL BE SET ANNUALLY ON JULY 1, OR THE FIRST BUSINESS DAY THEREAFTER, THE RATE TO BECOME EFFECTIVE ON JANUARY 1 OF THE NEXT SUCCEEDING YEAR. INTEREST SHALL BE COLLECTED FROM THE TIME THE RETURN WAS DUE.

INTRODUCED, READ AND ORDERED POSTED this 23<sup>rd</sup> day of August,  
2007.

  
KATHLEEN M. NOVAK  
Mayor

ATTEST:

  
DIANA L. LENTZ, CMC  
City Clerk


PASSED ON SECOND AND FINAL READING this \_\_\_\_ day of \_\_\_\_\_,  
2007.

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KATHLEEN M. NOVAK  
Mayor

ATTEST:

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DIANA L. LENTZ, CMC  
City Clerk

APPROVED AS TO FORM:

  
COREY Y. HOFFMANN  
City Attorney