

NORTON & SMITH, P.C.

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Re: South Park Health Service District / CenturyLink Sales Tax

To Whom it May Concern:

We represent the South Park Health Service District. The District notified us that you contacted them regarding your CenturyLink bill and inappropriate sales tax withholding for the District. We have researched this issue and discussed the matter with the Colorado Department of Revenue (“CDOR”). The District does not intend to levy sales taxes for collection outside of its boundaries and we will cooperate with you to stop the future collection of taxes and to obtain a refund if it is possible to do so.

It must be emphasized that the District does not collect its own sales taxes. Those taxes are collected by CDOR and remitted to the District on a monthly basis. Colorado depends on an honor system for the collection of sales taxes by individual merchants, subject to civil penalties and other sanctions if an audit later shows improper collection. The District simply levies the tax by resolution, provides CDOR with a map showing the boundaries of the District, and then waits each month for the payments from the state. We have confirmed that the map provided by the District to CDOR is accurate and does not show zip code addresses within Bailey as being within the District’s boundaries or subject to the District’s sales taxes.

Most merchants, especially large companies such as CenturyLink, use software provided by private vendors to tell them what taxes to collect for sales to their customers. While we have made inquiry with CenturyLink and have not obtained final confirmation, we strongly suspect that the CenturyLink data base provided by their vendor shows Bailey zip codes as being within the District, which is not accurate. If this is true, CenturyLink collects the tax because its software tells it to do so. CenturyLink then prepares a monthly sales tax return for submission to CDOR along with the sales tax proceeds collected for the month. CDOR then sends payments to the District along with other entities that collect a sales tax.

We should also emphasize that the District does not have access to any individual sales tax returns filed by any merchant, including CenturyLink. These returns are confidential. For this reason, we have no way of knowing what sales taxes are collected by any merchant and paid to

the District. It is thus very important that CenturyLink cooperate if any improper sales taxes are to be stopped and refunds obtained, or that CDOR take up the matter directly with CenturyLink.

Per direction from CDOR, the most efficient way to proceed is for you to check your address on the State's database, confirm that it is outside of the District's boundaries, and then contact CenturyLink for a refund. The link for the database is: <https://colorado.ttr.services/>

CDOR also provided the enclosed form DR0137B, which you may submit to the State to process if CenturyLink is not responsive.

Thank you again for contacting the District and bringing this issue to our attention.

Sincerely,

NORTON & SMITH, P.C.

A handwritten signature in blue ink that reads "Charles E. Norton". The signature is written in a cursive style.

Charles E. Norton

cc: Board of Directors, South Park Health Service District