



## MEMORANDUM

**To:** Mayor and City Council

**From:** Kim Tiehen, Director of Strategic Financial Engagement

**Date:** June 10, 2025

**Reference:** Consider approval of a contract with Texas City Services for sales tax audit services; and authorizing the City Manager to sign any necessary documents.

**2040:** Sustainable Government

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### Introduction:

This agenda item is to obtain Council authorization to enter into a contract with Texas City Services for Sales Tax Audit Services.

### Background:

The City has previously entered into sales tax audit agreements with Texas City Services in 2004, 2014, 2020, and 2022 to verify that businesses are properly sourcing, collecting, and remitting sales tax to Coppell. With uncertainty surrounding the proposed changes to Rule 3.334, which may shift sourcing from origination to destination, staff is requesting to renew the agreement with Texas City Services which has supported the City's legal efforts on this issue and performed sales tax audit to ensure businesses are accurately reporting sales tax due and remitting to the correct taxing entity. This is a three-year contract with two optional one-year renewals.

### Benefit to the Community:

Using a third-party firm for sales tax audits helps ensure businesses are accurately reporting and remitting sales tax to the City, protecting local revenue and supporting essential services. The firm provides specialized expertise at no cost unless revenue is recovered, making it a fiscally responsible way to safeguard Coppell's financial interests.

### Legal Review:

Agenda item was reviewed by legal as part of the agenda packet.

**Fiscal Impact:**

No fiscal impact unless sales tax is recovered.

**Recommendation:**

The Strategic Financial Engagement Department recommends approval of the Contract.