

AGENDA
LOVELAND CITY COUNCIL STUDY SESSION and SPECIAL MEETING
TUESDAY, MARCH 24, 2015
CITY COUNCIL CHAMBERS
500 EAST THIRD STREET
LOVELAND, COLORADO

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STUDY SESSION AGENDA

1. **DEVELOPMENT SERVICES** (presenter: Bethany Clark; 60 min)
HIGHWAY 287 STRATEGIC PLAN

This is an informational presentation summarizing the City's progress on the Highway 287 Strategic Plan. City staff and the consultant team, Logan Simpson Design, will make a presentation including an overview of the economic strategies and actions developed in response to the challenges identified and input received from the community and stakeholders. City staff is seeking input from the City Council on the strategies and actions, as well as the overall direction of the plan, before a draft is presented.

ADJOURN STUDY SESSION

SPECIAL MEETING - City Council Chambers
SPECIAL MEETING AGENDA

CALL TO ORDER

ROLL CALL

PROCEDURAL INFORMATION

Anyone in the audience will be given time to speak to any item on the Regular Agenda before the Council acts upon it. The Mayor will call for public comment following the staff report. All public hearings are conducted in accordance with Council Policy. When Council is considering adoption of an ordinance on first reading, Loveland's Charter only requires that a majority of the Council quorum present vote in favor of the ordinance for it to be adopted on first reading. However, when an ordinance is being considered on second or final reading, at least five of the nine members of Council must vote in favor of the ordinance for it to become law.

REGULAR AGENDA

1. **FINANCE** (presenter: Brent Worthington)
PUBLIC HEARING
SALES TAX ON FOOD FOR HOME CONSUMPTION

This is a public hearing, which may result in Council action. The City of Loveland charges sales tax on food for home consumption, at the full 3% city sales tax rate. Council can eliminate the sales tax on food for home consumption, reduce it, make no change, or direct further staff work.

ADJOURN



CITY OF LOVELAND
DEVELOPMENT SERVICES DEPARTMENT
Civic Center • 500 East 3rd Street • Loveland, Colorado 80537
(970) 962-2346 • FAX (970) 962-2945 • TDD (970) 962-2620

AGENDA ITEM: 1
MEETING DATE: 3/24/2014
TO: City Council
FROM: Greg George, Development Services Director
PRESENTER: Bethany Clark, Planning Technician

TITLE:
Highway 287 Strategic Plan

SUMMARY:

This is an informational presentation summarizing the City's progress on the Highway 287 Strategic Plan. City staff and the consultant team, Logan Simpson Design, will make a presentation including an overview of the economic strategies and actions developed in response to the challenges identified and input received from the community and stakeholders. City staff is seeking input from the City Council on the strategies and actions, as well as the overall direction of the plan, before a draft is presented.

BACKGROUND:

The 287 Strategic Plan is nearing completion with an expected adoption by July 2015. The purpose and overall goal of the Strategic Plan is to identify those strategies and projects that will enhance the Corridor's appeal to businesses and attract new investments to spur additional economic development within and adjacent to the Corridor. Through a community-based planning effort, under the direction of City staff and stakeholders, economic strategies, actions, and sub-actions were identified for the five segments of the Corridor to address the challenges associated with each segment. The actions and sub-actions were further refined and prioritized based on overall impact, geographic influence, and potential cost versus revenue generation. The next steps will be to start drafting the Plan with the refined strategies, actions, and sub-actions.

As part of a more robust outreach program to obtain feedback from the affected property and business owners along the corridor, City staff and the consultant team will be holding individual meetings with owners to allow discussion prior to the Draft Plan going to the Planning Commission and City Council. A public open house will be scheduled to receive feedback from the public on the recommended strategies. A draft plan is expected to be presented to the Planning Commission for a recommendation to City Council in early summer.

REVIEWED BY CITY MANAGER:

William D. Cahill

LIST OF ATTACHMENTS:

1. Attachment A: Executive Summary
2. Attachment B: Presentation



Executive Summary

13 March 2015

Purpose

The 287 Strategic Plan is one of the largest economic development projects in the region. In January of 2012, the Loveland City Council held their annual Council Advance to set the priorities for the year. One of the goals the Council set as a priority was to develop a Highway 287 Strategic Plan to guide its development and improve business opportunities along the Corridor. This goal was again adopted as a priority by City Council in 2013 and their commitment was reaffirmed with the subsequent funding for the project.

As one of the main corridors into Loveland's downtown, the Highway 287 Corridor will serve as an important future growth area and has great potential for redevelopment and becoming an enhanced gateway for Downtown Loveland. This Plan serves as a guide for residents, property and business owners, developers, City staff, and elected officials in making good land use, design, and development decisions within the Corridor.

A key outcome of this Plan is an understanding of, and strategies that address, the Corridor's competitive business position, and the type and combination of supportable retail, office, and industrial space that can be retained and attracted to the Corridor. The Plan also identifies impediments associated with development and creates strategies to facilitate redevelopment, attract private investment, and create a positive image through well designed streetscapes and high-quality development.

The purpose and overall goal of the Strategic Plan is to identify those strategies and projects that will enhance the area's appeal to businesses and attract new investments to **spur additional economic development within and adjacent to the Corridor, as well as associated redevelopment opportunities**. This Plan outlines new initiatives consistent with City Council's guidance to redevelop, improve, and sustain this area, which has long been associated with primarily highway-oriented commercial. These initiatives focus on the best means of upgrading, improving, repositioning, and attracting new investment.

The planning effort was designed as a community-based initiative, and focuses on those actions that best strengthen the Corridor's economic position, ultimately offering an overall vision and associated action items. The Purpose, Need, Vision, Economic Strategies, Actions, and Sub-Actions have been developed and refined through a 12-month public participation process.

How to Use the Plan

The following Volumes are provided to residents, property and business owners, developers, City staff, and elected officials to make strategic decisions about the Corridor.

Executive Summary

Purpose

Need

Vision

Process

Challenges, Economic Strategies, Actions + Sub-Actions

Corridor-Wide Action Plan

Initial Work Program

Recommendations

Volume 1: Zone 1

Volume 2: Zone 2

Volume 3: Zone 3

Volume 4: Zone 4

Volume 5 Zone 5

Appendix 1: Public Involvement and Use of Case Studies

Appendix 2: Existing Conditions and Economic Analysis

Appendix 3: Analysis Maps

refined through a 12-month public participation process.



The primary goals of the Plan are to:

- encourage and facilitate redevelopment of declining areas;
- enhance business opportunities;
- increase jobs and generate new tax revenue through new development;
- generate private investment;
- create a pleasant, safe, and inviting streetscape;
- maintain and enhance multimodal mobility;
- improve public safety and infrastructure;
- enhance and promote parks and trails as community amenities;
- foster community support through extensive outreach to property and business owners;
- create a positive image and an identity through well designed, high-quality development; and
- establish gateways to the City and Downtown Loveland; and
- define an implementation strategy and provide specific recommendations for City Council.

Need

The 287 Corridor presents an opportunity to create both a north and south gateway into the city of Loveland and revitalize a major commercial corridor by promoting business reinvestment, facilitating the inclusion of mixed uses and increasing pedestrian and bicycle mobility. Disinvestment along the Corridor has resulted in a declining appearance along some segments. However, some quick fix opportunities exist to improve the overall appearance and public safety of the Corridor by standardizing business signage, facilitating a more consistent landscape treatment, undergrounding utility lines and constructing a complete system of sidewalks. To achieve the full potential of the Corridor, there is a need for additional diversity in businesses to cater to large segments of residents in the region. There is also a need for new development of mixed use neighborhoods, large scale retailers, hotels, and new entertainment venues adjacent to the Corridor. These signs of declined investment represent a problem that was most likely magnified with the recession, and exacerbated by increasing competition from other communities as well as adjacent areas along I-25. Seven statements of overall need are addressed below:

The Corridor accounts for a large portion of the city's tax revenue and key areas show decline.

A market analysis, completed as part of this Strategic Plan, has emphasized the City budget's reliance on the fiscal success of businesses along 287. The City has indicated that as much as 25% of the City's sales and jobs are located along this Corridor. The decline or failure of this area has much broader implications than just the success or failure of individual properties along the Corridor; the entire City has a vested interest in the area's vibrancy.

The Corridor provides primarily underperforming retail.

In order for the Corridor to redevelop and realize its full potential, the Corridor must cater to a larger portion of the market and its customers - specifically larger retailers, mixed use developments, entertainment venues, and those interested in redevelopment. The absence of a larger consumer base has resulted in disinvestment in key areas and, in turn, a declining appearance. This decline in prosperity of key areas along the Corridor indicates that some areas need to be repositioned.

287 is experiencing increased competition.

287 competes against retail further north and south on the Corridor in other communities as well as other corridors such as Highway 34 and Harmony Road in Fort Collins. The redevelopment of Fort Collins' Foothills Mall and the development of new retail centers such as Centerra along I-25 have resulted in increased competition on the Corridor.

There is underutilized retail and a lack of supporting housing stock.

There is a shortage of quality, market-rate, multifamily housing within the 287 study area. Many local retailers do not have sufficient local housing to support their business and rely solely on drive-by traffic. Many existing housing developments built adjacent to the Corridor do not have easy access to local commercial areas. Areas within walking distance of retailers, which could be occupied by housing, are often occupied by a continuous strip of commercial retail. This pattern does not break up the existing commercial or create stronger nodes of commercial activity. The Corridor provides many transportation options, yet most are inaccessible to a large portion of Loveland's existing or future residents.

The north and south gateways to the City of Loveland need enhancement.

287 is Loveland's gateway from Fort Collins to the north and from Berthoud/Longmont to the south, and yet does not have an identity unique to Loveland. Experienced primarily from the automobile, the Corridor should represent the City's cultural values. While recent wayfinding signage has improved this, there is no unique character or unifying theme for the Corridor. In some cases, these characteristics can deter additional private sector reinvestment. Continual investment is needed to improve gateways, civic amenities, and existing streetscape to improve the area's competitive advantage over other commercial areas and corridors. The Corridor needs to serve as a destination for Loveland and the larger regional market.

Current transportation facilities do not support the mobility and economic goals of the Corridor.

In order to support a vibrant economy, a phased transportation plan is needed to improve mobility of vehicles, transit riders, bicyclists, and pedestrians. Current vehicular congestion detracts from the visitor experience, and the Corridor lacks access control in key locations and other improvements which could improve traffic flow. A transit system is present; however the strategies to continually advance this system have not yet been outlined. Bike access north-south is secondary and discontinuous. Pedestrian access, especially within existing commercial centers, is not prevalent, reducing length of stay and overall shopper experience. Capacity, overall mobility, and quality of experience of this State Highway will continue to be reduced without improvements.

The area suffers from unique impediments to economic development within each zone.

The Corridor changes in character, issues, and opportunities within each Zone. Zones further south lack utilities in order to accommodate new development, which, in turn, reduces the opportunity for new development. In many segments, older properties are in need of repositioning. Several zones are challenged by risks and benefits associated with natural resources, including the Big Thompson River. The Corridor's five Zones are described below. Challenges specific to each Zone are described in subsequent sections, and further detailed in subsequent Volumes, specific to each Zone.



Project Zones

Zone 1:
Between 71st St. & 37th St.

Zone 2:
Between 37th St. & the Cemetery

Zone 3:
Between Cemetery & 8th St.

Downtown

Zone 4: Between 1st St. & 14th St.
SE/SW

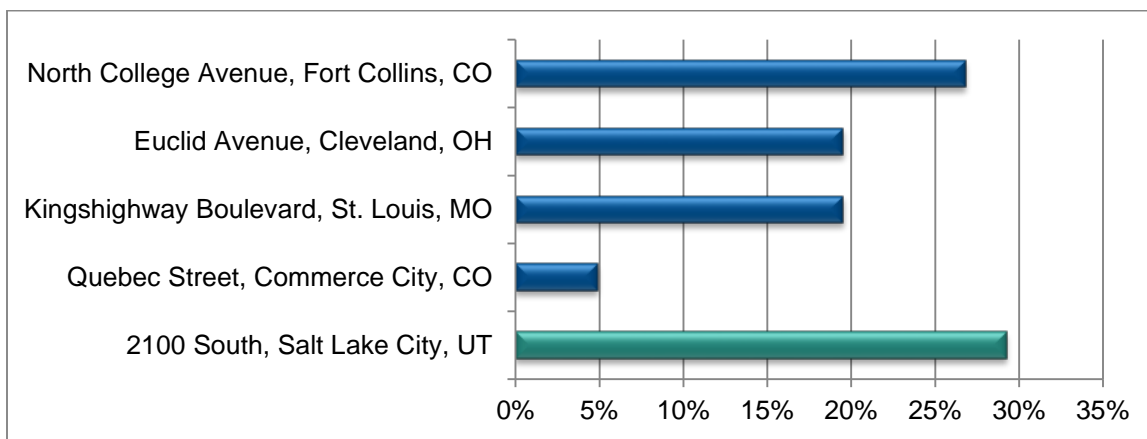
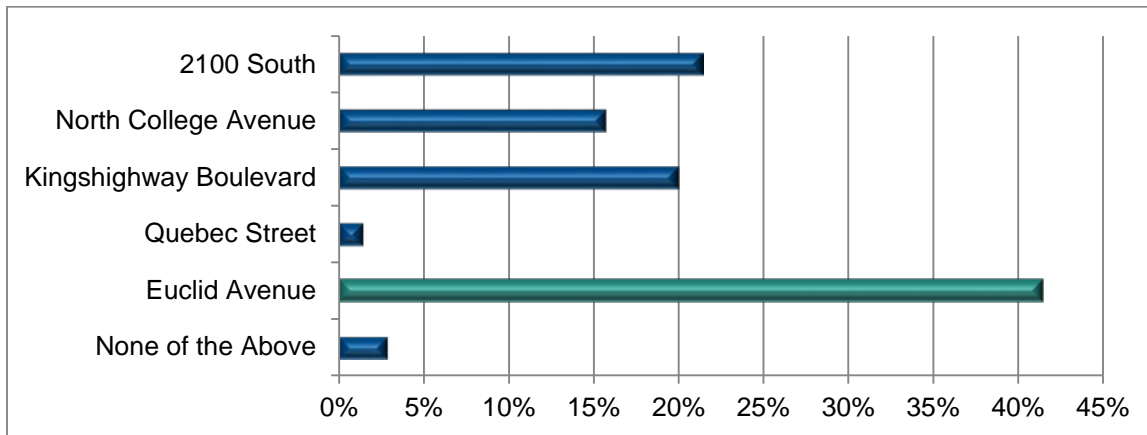
Zone 5: Between 14th St. SE/ SW &
42nd St. SE

After learning about each corridor, meeting attendees participated in an electronic polling activity. Participants were asked to select which corridor they found the most memorable. Key discussions focused on which qualities make a great street and, more importantly, a great economic corridor, as well as those attributes that could be applicable to 287.

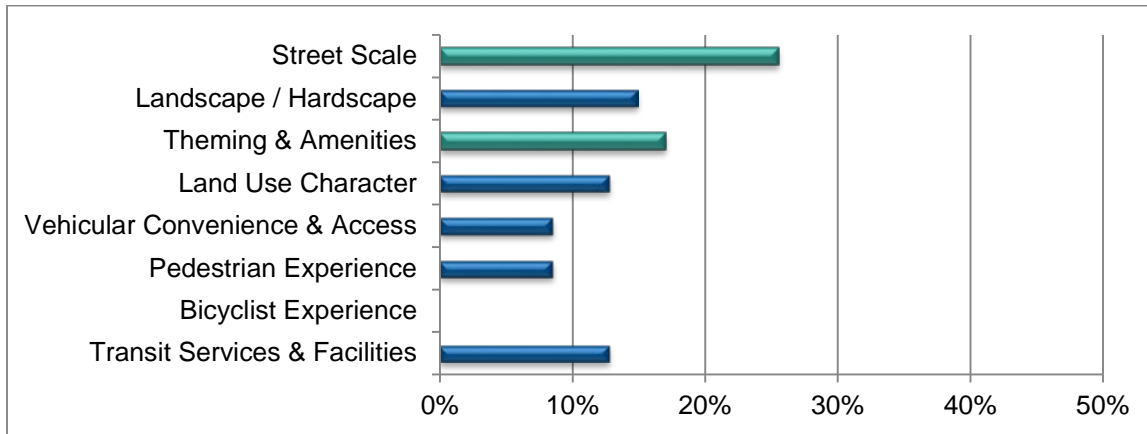
Results varied from one session to another, but, overall Cleveland's Euclid Avenue and Salt Lake City's 2100 South (Sugarhouse District), were ranked the highest in workshops and online surveys.

The following charts show the reasons survey participants made their selected choices. Building design and scale and a modern unique streetscape look with an integrated multimodal transportation system were some of the largest factors.

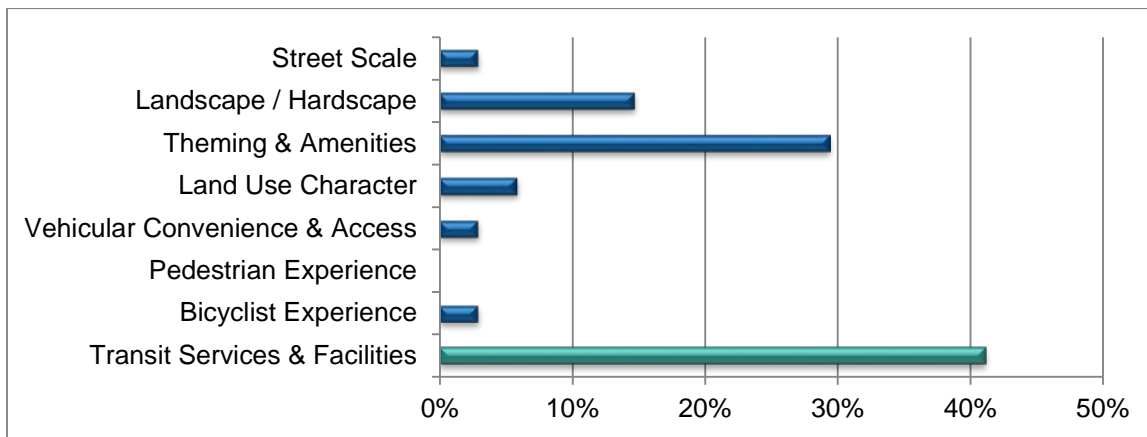
Online + Workshop Polling Results



2100 South (Sugarhouse District) Desired Elements

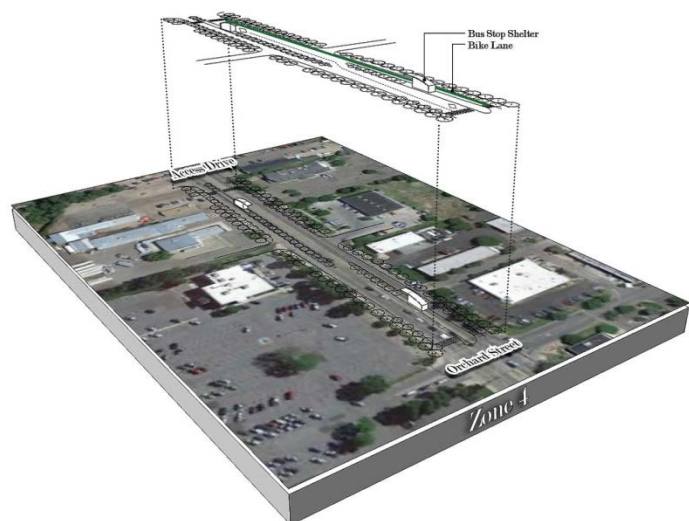


Euclid Avenue Desired Elements



Some think it is important to develop inspiration from some of the great economic corridors in the nation. Euclid Avenue, one of the highest-ranked case studies is considered to be one of the most successful, recent corridor redevelopments in the nation. During the visioning process, the questions were asked, "Are these corridors comparable?" and "Would they fit?"

Euclid has both comparable length and traffic counts very similar to 287. As illustrated, the corridor's cross section also easily fits into 287's cross section. It helps determine how space can be used and if there other alternatives for that space that would not only move vehicles, but spur economic development and meet all the qualities of a great street.



Great Streets

Allan Jacobs, the author of Great Streets, has observed and measured scores of famous urban streets and boulevards, in order to explore what makes great public streets. His book provides a tool to analyze and quantify the initial reaction when confronted with these streets. Criteria include:

A Defined Street

- Is the street an extension of a downtown?
- What is the overall width and number of travel lanes?
- Does it have a beginning and/or end?
- Is it contained with building enclosure?

Places for People to Walk and Bike with Some Leisure

- Does the right-of-way include sidewalks?
- Is the area pedestrian-oriented?
- Does the right-of-way include bicycle lanes?
- Does the area contain connections to off-street trails and greenways?
- Could the street be considered bike-dominant?
- Does the street include high-efficiency transit facilities?

Physical Comfort

- Does the right-of-way include on-street parking?
- Does the right-of-way include pleasant, interesting, and well-maintained landscaping?
- Is it safe?

Qualities that Engage the Eye

- Does the area include unique theming and/or design features?
- Does the right-of-way highlight the area's arts and culture?
- Are there pedestrian plazas and places adjacent to the corridor?

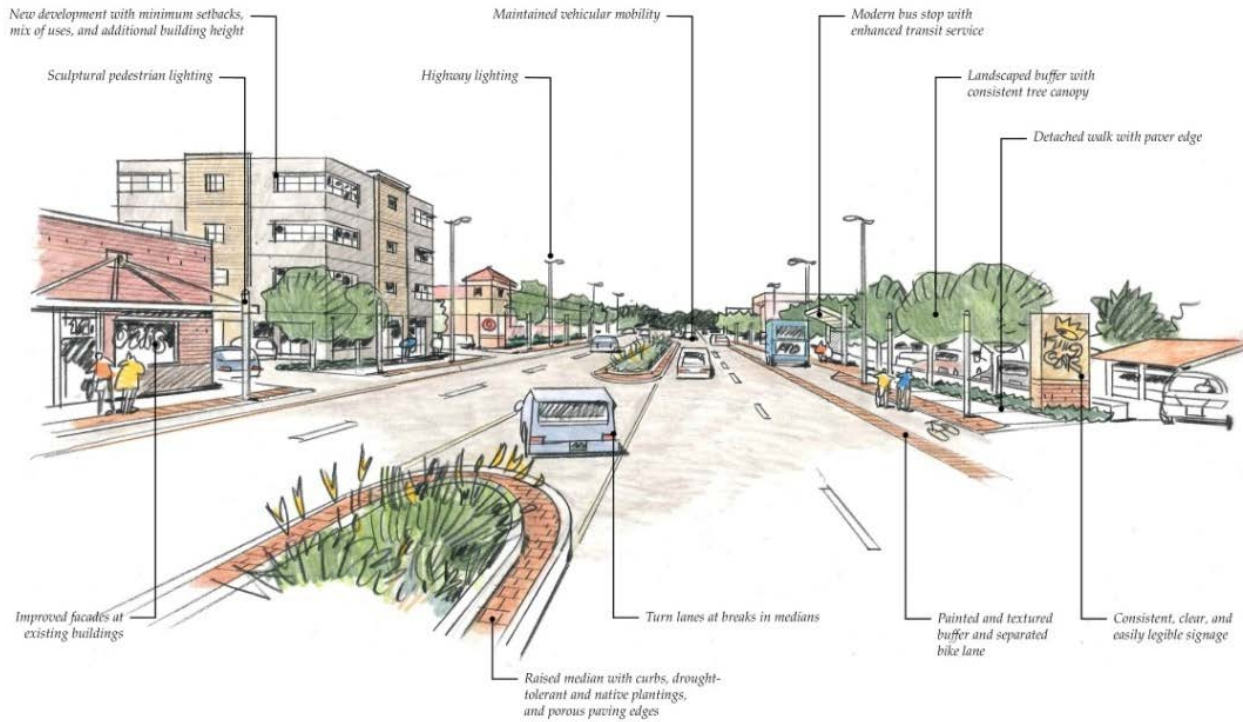
Unique Character

- Does the corridor boast an eclectic mix of land uses?
- Do the style of the street features and elements reflect the local values and culture



Sidewalk | 2 Bus Lanes with 1 Vehicle Lane | Median | Vehicle Lane | Bike Lane | Sidewalk |
 Right of Way 100'

Loveland's 287 Corridor will become a thriving economic corridor by:



Creating an environment that promotes the diversification of employment opportunities.

Preserving desirable land uses and accommodate new uses that improve the character and economic position of the corridor.



Developing improved multimodal connectivity while balancing vehicular mobility, to provide safe and pleasant access to adjacent businesses.



Protecting and capitalizing on the parks, cultural resource, historical heritage, and natural resources.



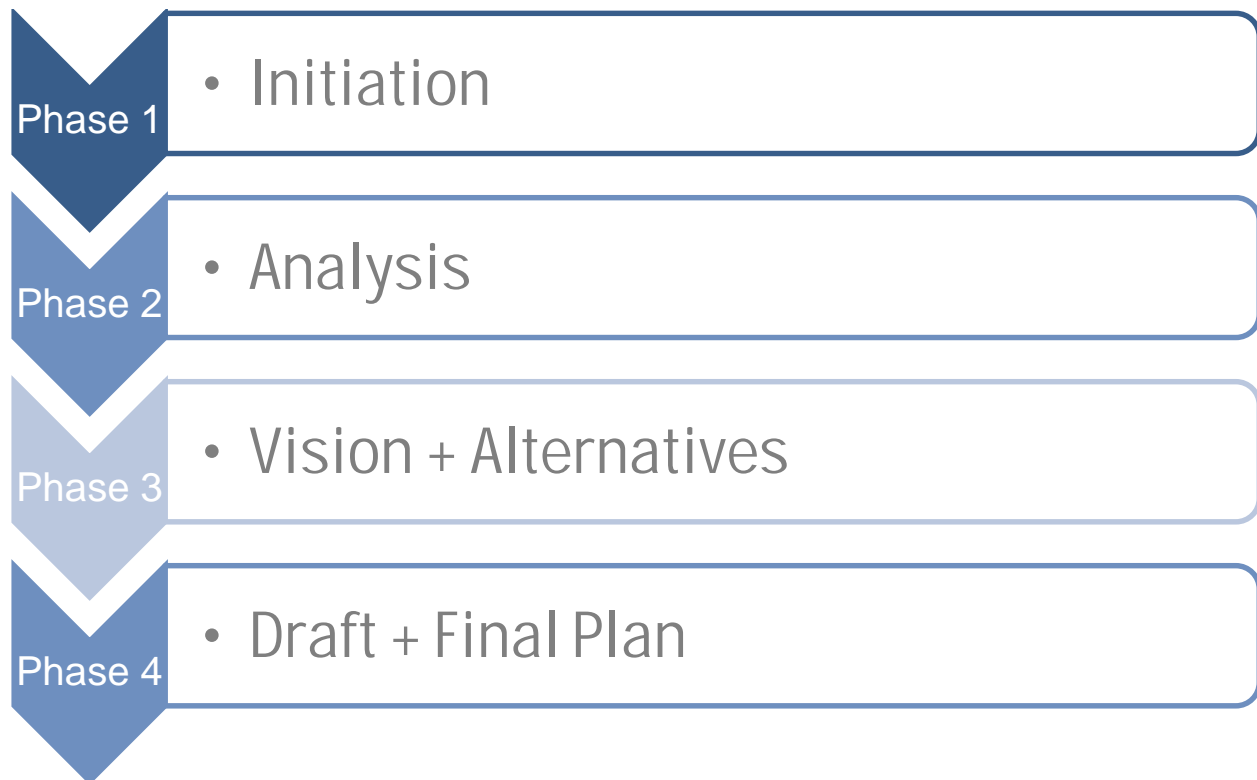
Emphasizing the enduring nature of materials, architectural character, and site design that supports Loveland's identity.

Process

The 287 Study Team and Advisory Committee were established in late 2013. City Council first recognized the need to develop an economic development strategy for the Corridor and helped create a decision structure for the Plan. Committee membership was structured around City staff, agencies, and stakeholder organizations to provide an efficient and productive means for ensuring meaningful participation from the Corridor's business and property owners. The Study Team met seven times, and the Advisory Committee met five times over the past year. Their key recommendations formed the basis for the development of this plan.

Highway 287 and the Loveland community played a significant role in the development of this Plan. In total, a dozen meetings were held with individual property owners, and strengthened with a corridor business walk, a business forum, a study session with Planning Commission, a study session with City Council, input from the Loveland Downtown Partnership, and two public workshops series, consisting of multiple meetings. These public events were held during the visioning, strategy, and recommendation stages of the Plan. An online virtual event was held on the web following each public event, and additional input was provided through multiple Create Loveland public events.

Subsequent workshops with both Planning Commission and City Council are planned through March, along with another set of individual property owner meetings. A final public open house will be held in the spring to review the Draft Plan, and public hearing and adoption is expected in the summer of 2015.



Challenges, Economic Strategies, Actions + Sub-Actions

Challenges

The five sets of Challenges identify the general issues that each Zone of the Corridor is facing. While many of the issues are common to multiple Zones, some issues exist only for specific areas.

Economic Strategies

The 5 Economic Strategies are the overall approach to investments within each Zone, based on the purpose of the Plan and the Challenges. These Strategies correspond to each Challenge. Strategies will be annually monitored in order to adjust and prioritize.

Actions + Sub-Actions

The 18 Actions have been drafted in order to provide a targeted solution to improve the economic position of each Zone. 32 Sub-Actions have been categorized into study, policy, and project actions, and are further detailed by anticipated cost and anticipated effectiveness in influencing change. Actions and Sub-Actions should be annually monitored in order to adjust and re-prioritize if necessary. Each of these Actions and Sub-Actions are described in further detail in the five subsequent Volumes.

Details by Zone

Zone 1: 71st Street to 37th Street

Challenges.

A large number of vacant commercial properties along 287 from 37th to 65th create gaps in destinations, and the strength of the Longview/Midway employment node is not being leveraged to generate additional growth.

Economic Strategy.

Concentrate future commercial uses at 65th Street, and employment uses in Longview/Midway. Transition remaining corridor to community-oriented services and higher-density residential uses to create more coherent and better planned commercial nodes, and open vacant parcels to alternative development opportunities.

Actions.

1.1 Encourage Mixed Use. Apply zoning to encourage mixed use and residential development in order to support retail districts to the north and south.

1.2 Include Multimodal Amenities. Improve the overall street section and east-west connections to incorporate multimodal travel.

1.3 Attract Business. Leverage the existing employment concentration to strengthen employment base and attract additional business.

Sub-Actions.

Zoning District Map Revisions • Flexible Code • Bike & Pedestrian Amenities & East/ West Connections • Gateway Enhancements • Longview/ Midway Commercial Center and the Peakview Commercial Park Expansion

Zone 2: 37th Street to Cemetery

Challenges.

The 29th to 33rd Street commercial area is the most viable commercial node in the Corridor and yet is underperforming, circulation and access is confusing, and the shopping center overall, is aging and in need of reinvestment. Current zoning and development regulations promote incremental, piecemeal improvements that tend to discourage reinvestment.

Economic Strategy.

Create a public/private development plan to revitalize and expand the 29th commercial node as a community shopping and entertainment destination for central and north Loveland.

Actions.

2.1 Revitalize the 29th Street Commercial Area. Develop a commercial district revitalization plan.

2.2 Simplify Connections. Reorganize the street network and walk and trail connections for improved vehicle, pedestrian, and bicycle access and connectivity.

2.3 Improve Dry Creek Bridge. Improve bridge and pedestrian crossings at Dry Creek.

Sub-Actions.

Orchards, Loveland Market Place and Palmer Gardens Master Plan • ULI Healthy Places Workshop • Reorganization of Roadways & Connections at 29th • Garfield Avenue Bike Boulevard Study • Dry Creek Bridge Enhancements • 37th Street Completion

Zone 3: Cemetery to 8th Street

Challenges.

Many existing properties are underperforming, with an abundance of vacant sites of narrow frontages, and inadequate access for commercial redevelopment. These small lots under separate ownership cause complications in redevelopment options. A lack of pedestrian access and appropriate separation from auto traffic creates an unsafe and unpleasant environment.

Economic Strategy.

Improve the couplet right of way to create more functional commercial sites and attract higher quality uses oriented to Downtown as well as the surrounding residential neighborhoods.

Actions.

3.1 Expand Downtown and Allow Mixed Use. Expand the DDA Boundary and allow mixed use through the Couplet area.

3.2 Improve Multimodal Amenities. Improve the pedestrian environment and add bike lanes.

3.3 Initiate the 34/287 Redevelopment Plan. Create a redevelopment plan for the Hwy 34 & Hwy 287 intersection as a key gateway into Downtown.

Sub-Actions.

DDA Boundary Expansion • Zoning District Map Revisions • Couplet Master Plan • Couplet Mobility & Streetscape Improvements • 5th – 7th Street/ Railroad Avenue Station Master Plan • US34/ US287 Master Plan.

Zone 4: 1st Street to 14th Street SE/SW

Challenges.

In general, the area consists of small lot, underperforming commercial and industrial uses. Commercial frontage development potentials are compromised by county industrial uses to the east. The flood hazard limits reinvestment opportunities for certain properties, while the area's development does not capitalize on the River as an amenity.

Economic Strategy.

Create an enhanced river corridor with public spaces and amenities that will attract new commercial development and make existing properties more attractive.

Actions.

4.1 Mitigate Flood Hazard. Mitigate the flood hazard and reduce the possibility of future damage from flood events.

4.2 Create a Master Plan. Create a plan to capitalize on flood mitigation efforts and convert the 287/ Big Thompson River crossing into a River District (i.e. Estes Park, Pueblo, or Golden).

4.3 Create Gateway. Improve the bridge across the Big Thompson River to help mitigate flooding and create a southern gateway to Downtown.

Sub-Actions.

Big Thompson Bridge Extension • Ongoing Mitigation and Enhancements • River District Master Plan • Zoning District Map Revisions • Big Thompson Bridge Enhancements

Zone 5: 14th St. SE/SW to 42nd St. SE

Challenges.

The area is sparsely developed with large vacant areas, a lack of connected street network, a lack of infrastructure to serve the area, and a lack of households to support new commercial uses. The area also lacks a cohesive land use plan and annexation plan for the multiple County enclaves within the area.

Economic Strategy.

Concentrate future commercial and employment development and high-density residential development at 14th Street/Hwy 402 while maintaining and expanding low- and medium-density residential uses to the south.

Actions.

5.1 Modify Future Land Use & Zoning.

5.2 Create Gateway. Create a southern gateway into Loveland.

5.3 Develop Master-Planned Residential Communities. Promote the development of contiguous, master-planned neighborhoods.

Sub-Actions.

Future Land Use Map Revisions • Zoning District Map Revisions • Gateway Enhancements • Utility Master Plan • Metro Districts Allowance

All Zones

Actions.

6.1 *Improve Corridor-Wide Aesthetics.*

6.2 *Improve Mobility.* Improve transit service, as well as bike and pedestrian access.

6.3 *Identify Future Annexation Areas.* Identify those parcels within the study area that will be annexed, and determine timeframes.

Sub-Actions.

Municipal Code Updates • Code Enforcement Coordination • Overhead Utility Line Burial • Transit Service Improvements • Access Management • Sidewalk Construction • Annexation Study

Corridor-Wide Action Plan

A detailed Action Plan, developed and prioritized by the community, stakeholders, and advisory committees, is summarized here and fully outlined within each subsequent Volume. A total of 5 Economic Strategies, 17 Actions, and 30 Sub-Actions have been identified for the 8-mile Corridor.

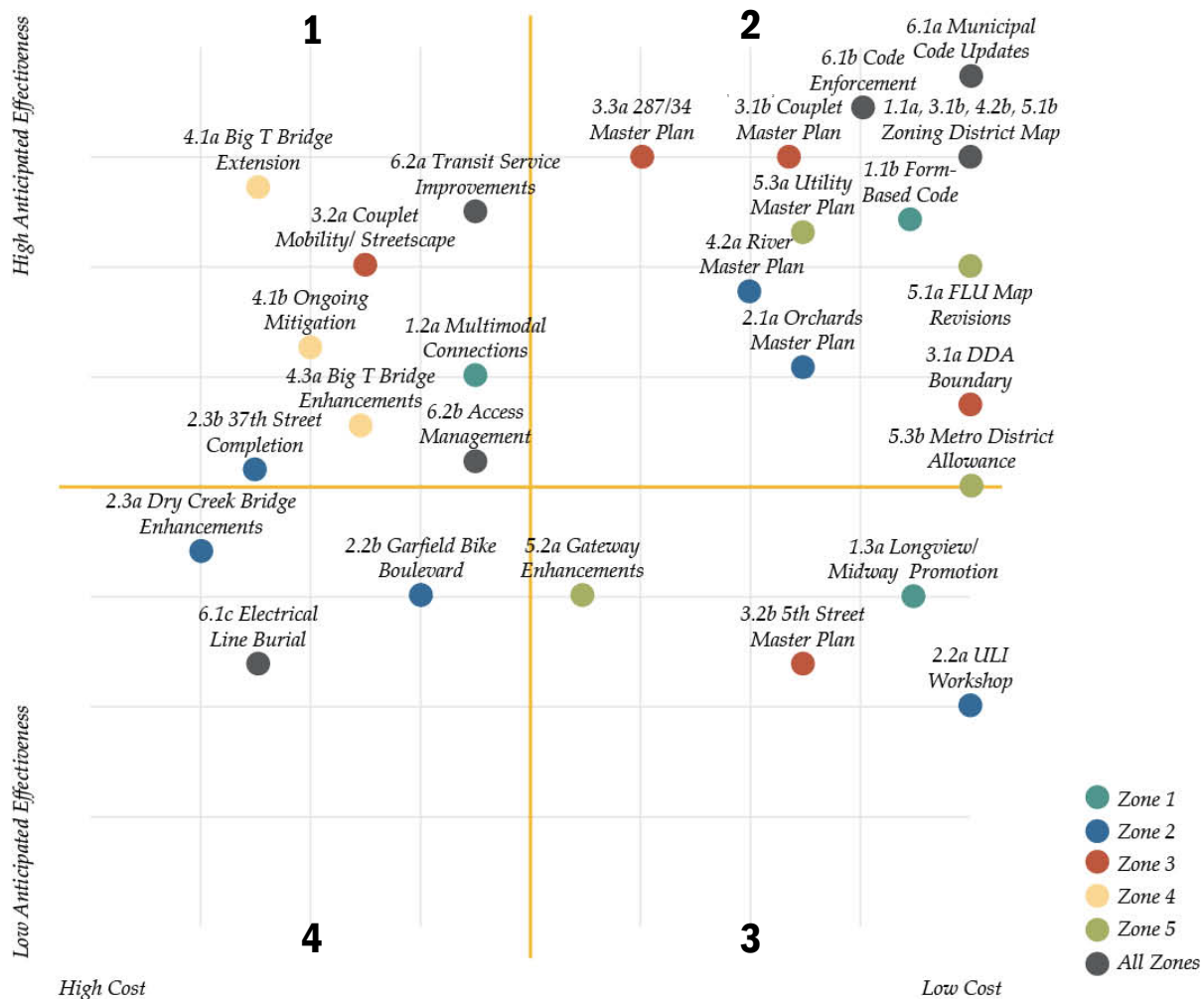
Together, these Strategies work to provide a coordinated approach to spur additional economic development within and adjacent to the Corridor. Each Strategy's corresponding Sub-Actions have been individually ranked based on their ability to address the specific issues related to each Zone. In order to classify the project packages, the Sub-Actions have been divided into three project types: policies, studies, and projects.

Prioritization

A comprehensive analysis of priority projects was identified by determining each Sub-Action's overall effectiveness vs. anticipated cost:

Effectiveness: **impact** - the ability to improve the economic position of the Corridor; and **influence** - the geographic scale of change and the ability to improve all five zones.

Cost: the potential cost vs. revenue generated.



Immediate Action Program

This initial work program focuses on:

- those immediate projects that should result in transformative change within the first two to five years of implementation;
- quick fixes that set underlying policy structures or funding mechanisms in place for future change;
- projects that enhance public safety; and
- projects that have been heard as a high priority from public outreach.

The initial work program predominantly targets those Sub-Actions found in Quadrants 1 and 2. Quadrant 1 includes those projects that are considered to be transformative in nature with a higher cost; while Quadrant 2 projects are those that are a little less costly, but still have the capability for incremental positive change over time.

The remaining Quadrant 1 and 2 projects, as well as those Quadrant 3 and 4 projects should be pursued as part of the long-term work program and evaluated annually by City Council. Many of these projects would also require additional funding sources, including special assessments or state or federal agencies.

Long-Term Work Program

Optimally, all Sub-Actions should be anticipated to be implemented within a 20- to 25-year timeframe. As the Strategic Plan is designed to be flexible in order to allow City Council to be adaptive, responsible, and decisive in implementing these projects, these Sub-Actions should be continuously monitored to evaluate the course of the Corridor and ensure its desired economic position is realized.

A work program for implementing the Strategic Plan should be created and reviewed annually by City Council and City staff. The initial work program should be created immediately following City Council's adoption of this Plan, and should be revisited each year as part of the budgeting process. In setting the work program, City Council should evaluate which projects are most needed by reviewing work completed over the past year, available funding, and strategies based on how well the Corridor is adapting to the vision. The work program process may also result in the reprioritization of projects if expected results are not realized.

These corrective actions will ensure the desired end result is achieved. Resources required to implement the strategy will be considered, along with parties responsible for implementing the project and the timeframe for implementing the strategy. Moreover, as strategies are completed and/or new best practices, technology, and information become available, the work program may include projects not listed in this document.

However, each project or action should be relevant to an Economic Strategy within this Plan and measured by effectiveness and cost.

Immediate Action Plan

Quick Wins – High Return, Low Risk Items

Applicable Zone	Sub-Action	Value Added	City Role	Estimated Cost to City	Citizen Concern
Zone 1	1.1a. Zoning Code Updates: Update the zoning code, including new overlay zones, to promote mixed use and residential development to support retail districts to the north and south.	<ul style="list-style-type: none"> Removes barriers to redevelopment Facilitates business reinvestment Brings retail customers into walking and biking distance 	Lead	~\$20,000 In house and funds are appropriated for code consultant	Medium
	1.2a. Bike and Pedestrian Amenities & East/ West Connections: Require pedestrian and cyclist amenities as new development occurs along 287 and from adjacent neighborhoods. Require that new development provide connections and future right-of-way for east/west street connections from retail districts to adjacent neighborhoods.	<ul style="list-style-type: none"> Improves public safety Increases business activity by providing easy access from adjacent residential neighborhoods Promotes business reinvestment 	Lead, with CDOT coordination	No cost, unless provided by City as incentive	High
	1.2b. Gateway Enhancements: Create a northern gateway into Loveland.	<ul style="list-style-type: none"> Promotes City recognition Builds sense of City pride 	Lead	~\$250,000	Medium
Zone 2	2.2a ULI Building Healthy Places Workshop: Utilize the outcomes of the spring workshop to inform additional changes or amenities within the area.	<ul style="list-style-type: none"> Promotes citizen awareness regarding the built environment and healthy living opportunities 	Lead	No cost, workshop awarded through grant application	High
	2.3a. Dry Creek Bridge Enhancements: Improve pedestrian access and connectivity across Dry Creek with the construction of sidewalks on the bridge.	<ul style="list-style-type: none"> Improves public safety 	Lead, with CDOT coordination		Medium

Applicable Zone	Sub-Action	Value Added	City Role	Estimated Cost to City	Citizen Concern
Zone 3	3.1c. Zoning District Map Revisions: Expand the B-E zoning to match the new DDA boundary outside the B-E zone, in order to allow mixed use development.	<ul style="list-style-type: none"> • Promotes mixed use within the DDA • Provides more land use options to facilitate redevelopment 	Lead	In house	Medium
	3.3a. US 34/ US 287 Master Plan: Create a redevelopment plan for the Hwy 34 & Hwy 287 intersection as a key gateway into Downtown.	<ul style="list-style-type: none"> • Catalyzes business reinvestment or new development • Promotes City recognition • Builds sense of City pride 	Lead	~\$200,000	High
Zone 4	4.2a. Create Big Thompson District Redevelopment Plan: Capitalize on flood mitigation efforts and establish a river district for the Hwy 287 river crossing.	<ul style="list-style-type: none"> • Uses outside funding source to capitalize on flood mitigation efforts • Catalyzes business reinvestment or new development 	Lead	~\$200,000	High
Zone 5	5.1b. Zoning District Map Revisions: Promote a node of mixed use and higher density residential at 14 th Street/Hwy 402.	<ul style="list-style-type: none"> • Concentrates living units in closer proximity to community commercial uses • Reduces vehicle miles traveled • Utilizes a more efficient provision of public infrastructure 	Lead	No cost, In house	Medium
	5.2a Gateway Enhancements: Create a southern gateway into Loveland.	<ul style="list-style-type: none"> • Promotes City recognition • Builds sense of City pride 	Lead	~\$250,000	Medium
	5.3a. Utility Master Plan: Plan for all utilities south to Hwy 402 and what the city and/or county will fund vs. private development	<ul style="list-style-type: none"> • Allows new development a funding option for extension of sewer services 	Lead	~\$150,000	Low

Applicable Zone	Sub-Action	Value Added	City Role	Estimated Cost to City	Citizen Concern
All Zones	6.1a. Construct Missing Sidewalk Segments: Design and build missing sections of sidewalks along the length of the Corridor.	<ul style="list-style-type: none"> Improves public safety Strengthens mobility Increases length of stay/visitor experience 	Lead	> \$500,000	High
	6.1b. Underground Utility Lines: Bury utility lines as part of a capital improvement project, utility service upgrades, and new development or redevelopment.	<ul style="list-style-type: none"> Improves reliability of electric service and visual impacts on Corridor Promotes business reinvestment 	Partner with utility suppliers and private entities	> \$1 million	Low
	6.3a. Annexation Study: Complete an in-depth analysis and study of those lands that still need to be annexed into the City, along with improvements costs, phasing, and funding recommendations.	<ul style="list-style-type: none"> Allows for sense of surety for new development Promotes private development 	Lead, with County coordination	~ \$150,000	Low



City Council Study Session, 24 March 2015

Agenda

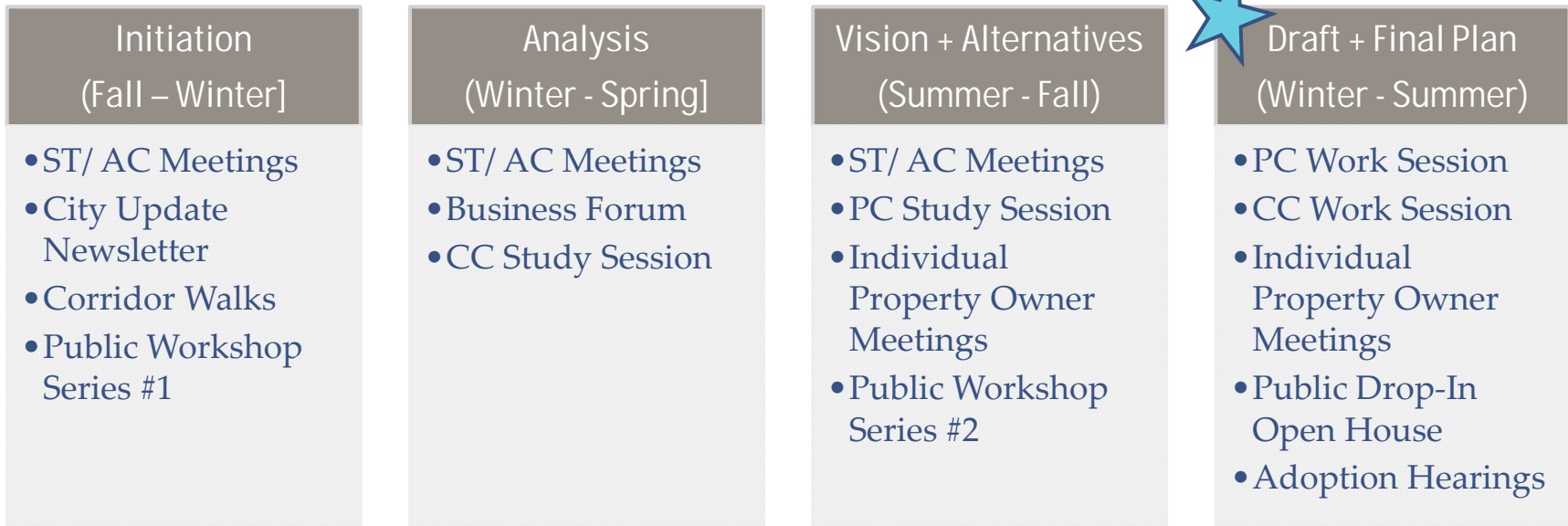
- Process/ Schedule
- Challenges, Strategies, Actions & Sub-Actions
 - Challenges & Economic Strategies
 - Actions & Sub-Actions
 - Public Feedback
 - Catalyst Sites/ Projects
- Action Plan
- Next Steps
- Council Feedback/ Guidance

Purpose & Overall Goal

Identify those strategies and projects that will enhance the area's appeal to businesses and attract new investments...

...to spur additional economic development within and adjacent to the Corridor...

Overall Process



Corridor-Wide Action Plan



- Vision

- Challenges

- Economic Strategy

- Actions + Sub-Actions

- Action Plan + Immediate Action Plan

Corridor Zones



North:

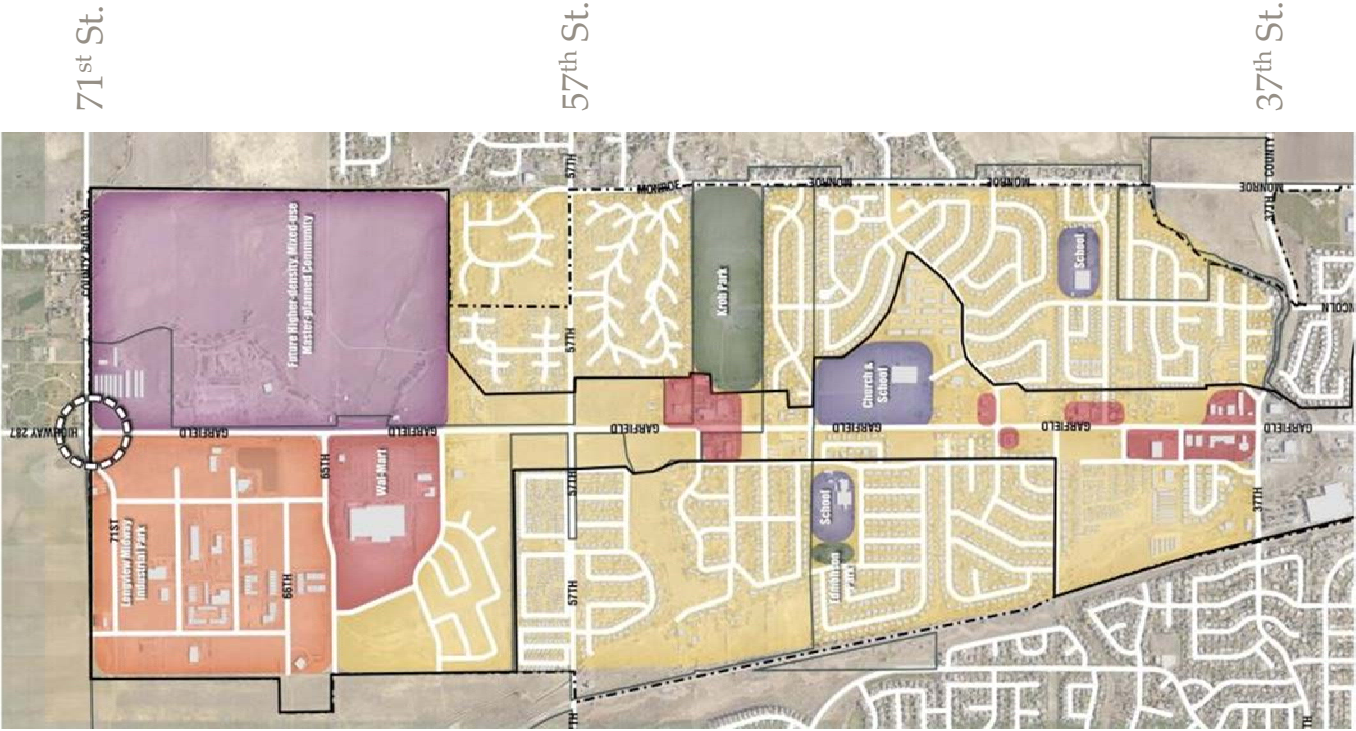
- Zone 1: Between 71st St. & 37th St.
- Zone 2: Between 37th St. & the Cemetery
- Zone 3: Between Cemetery & 8th St.

South:

- Zone 4: Between 1st St. & 14th St. SE/SW
- Zone 5: Between 14th St. SE/ SW & 42nd St. SE



Zone 1 - 71st Street to 37th Street



Zone 1 - Challenges & Economic Strategy

<i>Challenges</i>	<i>Economic Strategy</i>
<ul style="list-style-type: none"> • <i>Large number of vacant commercial properties create gaps in destinations</i> • <i>The strength of the Longview/Midway employment node is not being leveraged to generate additional growth</i> 	<ul style="list-style-type: none"> • <i>Concentrate future commercial uses between 64th and 65th Streets,</i> • <i>Concentrate future employment uses within Longview/Midway</i> • <i>Transition other areas to community-oriented services and higher-density residential</i>

Zone 1 - Actions & Sub-Actions

1.1 Encourage Mixed Use.

Apply zoning to encourage mixed use and residential development in order to support retail districts to the north and south.

1.1a *Zoning District Map Revisions.*

1.1b *Flexible Code.*

1.2 Improve Multimodal Amenities.

Improve the overall street section and east-west connections to incorporate multimodal travel.

1.2a *Bike and Pedestrian Amenities and East/ West Connections.*

1.2b *East/West Connections*

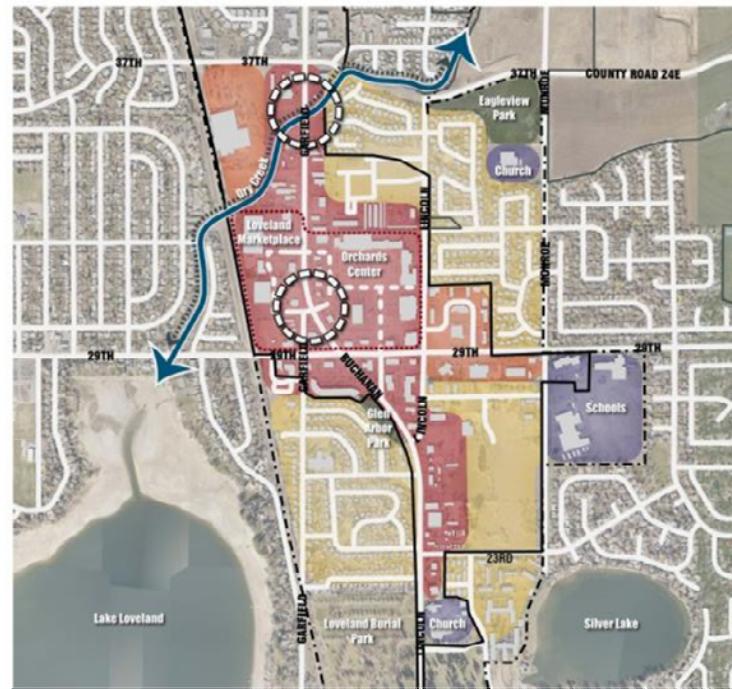
1.2c *Gateway Enhancements*

1.3 Attract Business.

Leverage the existing employment concentration to strengthen employment base and attract additional business.

1.3a *Longview/Midway Expansion.*

Zone 2 - 37th Street to Cemetery



37th Street

29th Street

23rd Street



Zone 2 - Challenges & Economic Strategy

Challenges	Economic Strategy
<ul style="list-style-type: none"> • <i>Underperforming store mix</i> • <i>Circulation and access is confusing</i> • <i>The shopping center is aging and in need of reinvestment</i> • <i>Current zoning and development regulations promote incremental, piecemeal improvements, discouraging reinvestment</i> 	<ul style="list-style-type: none"> • <i>Create a public/private development plan</i> • <i>Revitalize and expand the 29th commercial node</i> • <i>Focus on a community shopping district destination</i>

Zone 2 – Actions & Sub-Actions

2.1 Revitalize the 29th Street Commercial Area.

Develop a commercial district revitalization plan.

2.1a *Orchards, Loveland Market Place and Palmer Gardens Redevelopment/ Master Plan.*

2.2 Simplify Connections.

Reorganize the street network and walk and trail connections for improved vehicle, pedestrian, and bicycle access and connectivity.

2.2a *ULI Healthy Places Workshop.*

2.2b *Reorganization of Roadways and Connections at 29th.*

2.2c *Garfield Avenue Bike Boulevard Study.*

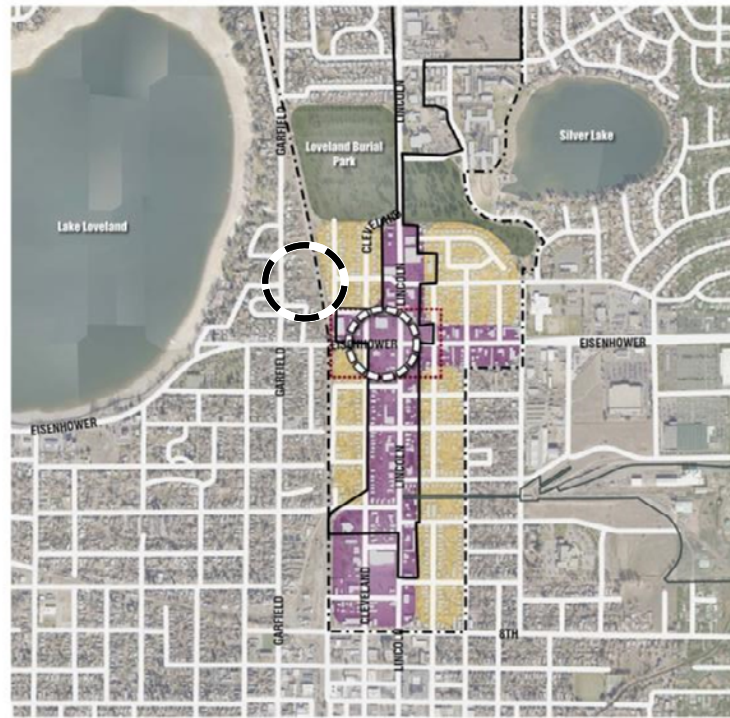
2.3 Improve Dry Creek Bridge.

Improve bridge and pedestrian crossings at Dry Creek.

2.3a *Dry Creek Bridge Enhancements.*

2.3b *37th Street Completion.*

Zone 3 - Cemetery to 8th Street



US 34/ Eisenhower

8th Street



Zone 3 - Challenges & Economic Strategy

Challenges	Economic Strategy
<ul style="list-style-type: none"> • <i>Underperforming properties</i> • <i>Abundance of vacant sites with narrow frontages, and inadequate access for redevelopment</i> • <i>Lack of pedestrian access</i> • <i>Lack of appropriate separation from vehicular traffic is unsafe and unpleasant</i> 	<ul style="list-style-type: none"> • <i>Improve the couplet right of way to create more functional commercial sites</i> • <i>Attract higher quality uses oriented to Downtown and residents of surrounding neighborhoods</i>

Zone 3 - Actions & Sub-Actions

3.1 Expand Downtown and Allow Mixed Use.

Expand the DDA Boundary and allow mixed use through the Couplet area.

3.1a *DDA Boundary Expansion.*

3.1b *Zoning District Map Revisions.*

3.1c *Interior Blocks Master Plan.*

3.2 Improve Multimodal Amenities.

Improve the pedestrian environment and add bike lanes.

3.2a *Couplet Mobility & Streetscape Improvements.*

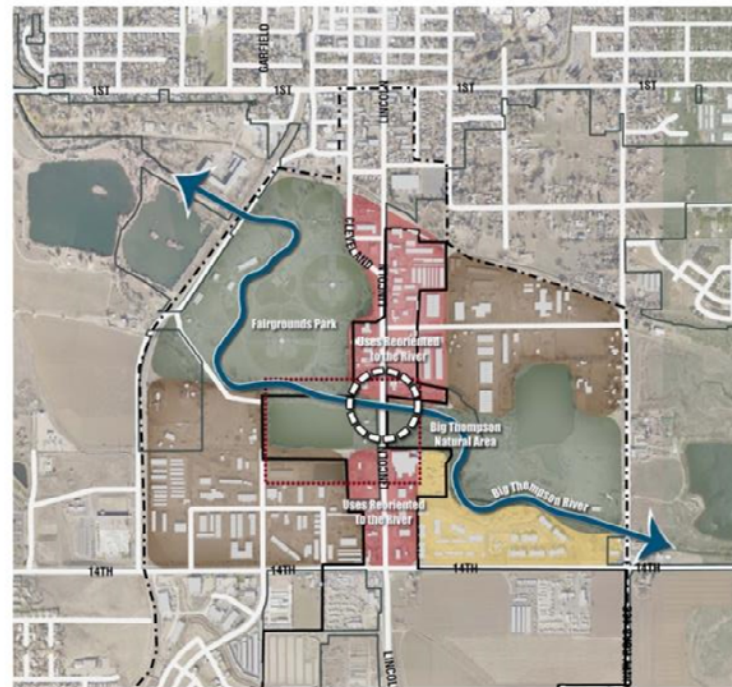
3.2b *5th – 7th Street/ Railroad Avenue Station Master Plan.*

3.3 Initiate the 34/287 Redevelopment Plan.

Create a redevelopment plan for the Hwy 34 & Hwy 287 intersection as a key gateway into Downtown.

3.3a *US 34/ US 287 Master Plan.*

Zone 4 - 1st Street to 14th Street SE/SW



1st Street

14th Street



Zone 4 - Challenges & Economic Strategy

Challenges	Economic Strategy
<ul style="list-style-type: none"> • <i>Consists of small lot, and underperforming commercial and industrial uses</i> • <i>Development potentials are compromised by county industrial uses</i> • <i>Flood hazard limits reinvestment opportunities</i> • <i>Does not capitalize on the River</i> 	<ul style="list-style-type: none"> • <i>Create an enhanced river corridor with public spaces and amenities that will attract new commercial development and make existing properties more attractive</i>

Zone 4 - Actions & Sub-Actions

4.1 Mitigate Flood Hazard.

Mitigate the flood hazard and reduce the possibility of future damage from flood events.

4.1a *Big Thompson Bridge Extension.*

4.1b. *Ongoing Mitigation and Enhancements.*

4.2 Create a Master Plan.

Create a plan to capitalize on flood mitigation efforts and convert the 287/ Big Thompson River crossing into a River District.

4.2a *River District Master Plan.*

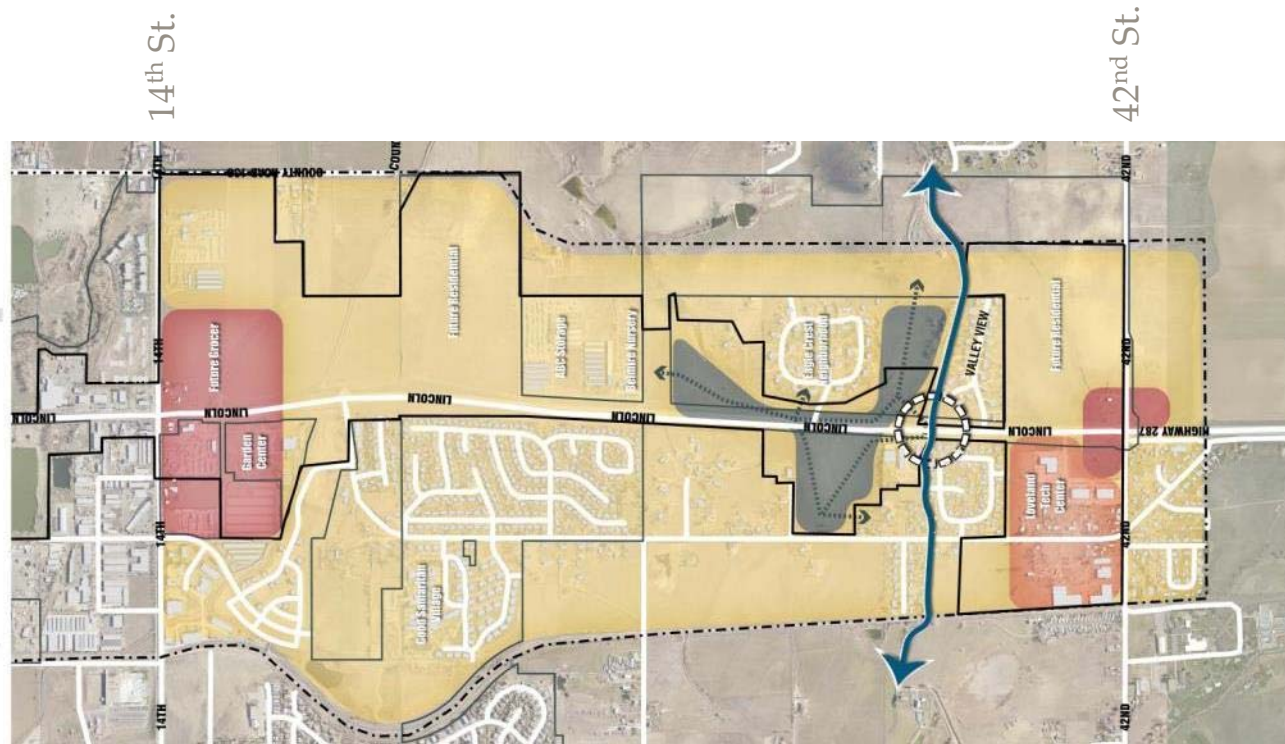
4.2b *Zoning District Map Revisions.*

4.3 Create Gateway.

Improve the bridge across the Big Thompson River to help mitigate flooding and create a southern gateway to Downtown.

4.3a *Big Thompson Bridge Enhancements.*

Zone 5 - 14th St. SE/SW to 42nd St. SE



Zone 5 - Challenges & Economic Strategy

Challenges	Economic Strategy
<ul style="list-style-type: none"> • <i>Large vacant areas</i> • <i>Lacks connected street network</i> • <i>Lacks needed infrastructure</i> • <i>Lacks households to support new commercial uses</i> • <i>Lacks a land use plan and annexation plan for County enclaves</i> 	<ul style="list-style-type: none"> • <i>Concentrate future commercial and employment development opportunities and high-density residential development at 14th Street/Hwy 402</i> • <i>Maintain and expand low- and medium-density residential uses to the south</i>

Zone 5 - Actions & Sub-Actions

5.1 Modify Future Land Use & Zoning.

5.2 Create Gateway.

5.3 Develop Master-Planned Residential Communities.

Create a southern gateway into Loveland.

Promote the development of contiguous, master-planned neighborhoods.

5.1a Future Land Use Map Revisions.

5.2a Gateway Enhancements.

5.3a Utility Master Plan.

5.1b Zoning District Map Revisions.

5.3b Metro Districts Allowance.

Overall Vision



All Zones - Actions & Sub-Actions

6.1 Improve Corridor-Wide Aesthetics.

6.1a Municipal Code Updates.

6.1b Code Enforcement Coordination.

6.1c Overhead Utility Line Burial.

6.2 Improve Mobility.

Improve transit service, as well as bike and pedestrian access.

6.2a Transit Service Improvements.

6.2b Access Management.

6.2c Sidewalk Construction.

6.3 Identify Future Annexation Areas.

Identify those parcels within the study area that will be annexed, and determine timeframes.

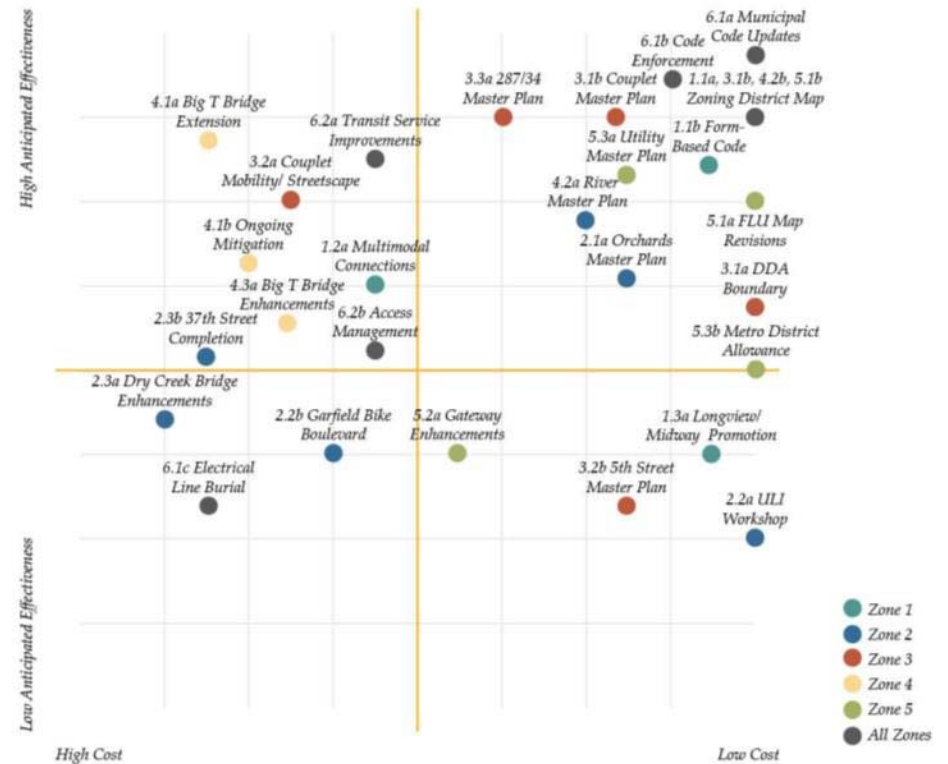
6.3a. Annexation Study.

Prioritization

Effectiveness:

- ▣ *impact* - ability to improve the economic position of the Corridor; and
- ▣ *influence* - geographic scale of change and ability to improve all five zones.

Cost: the potential cost vs. revenue generated



Immediate Action Plan

Focuses on:

1. those **immediate** projects that should result in transformative change within the first two to five years of implementation;
2. **quick fixes** that set underlying policy structures or funding mechanisms in place for future change;
3. projects that enhance **public safety**; and
4. projects that have been heard as a high priority from **public outreach**.

Immediate Action Plan

Zone 1:

- 1.1a Zoning Code Updates
- 1.2a Bike and Pedestrian Amenities
- 1.2b East/West Connections
- 1.2c Gateway Enhancements

Zone 2:

- 2.2a ULI Building Healthy Places Workshop
- 2.3a Dry Creek Bridge Enhancements

Immediate Action Plan

Zone 3:

- 3.1c Zoning District Map Revisions
- 3.3a US 34/US 287 Master Plan

Zone 4:

- 4.2a Create Big Thompson District Redevelopment Plan

Immediate Action Plan

Zone 5:

- 5.1b Zoning District Map Revisions
- Gateway Enhancements
- 5.3a Utility Master Plan

All Zones:

- 6.1a Construct Missing Sidewalk Segments
- 6.1b Underground Utility Lines
- 6.3a Annexation Study

Next Steps



Prepare Draft Plan [Mar. – Apr.]

- PC Study Session
- CC Study Session
- Individual Property Owners' Meetings

Present Draft Plan (Apr. – May]

- ST/AC Review of Draft Plan
- Public Drop-In Open House & Review of Draft Plan

Prepare Final Plan (May - Jun.)

- Final Plan Document

Adoption (Summer)

- Planning Commission
- City Council

Council Feedback/ Comment

- General Guidance
- Feedback on strategies/actions



CITY OF LOVELAND
FINANCE DEPARTMENT

Civic Center • 500 East Third • Loveland, Colorado 80537
(970) 962-2318 • FAX (970) 962-2918 • TDD (970) 962-2620

AGENDA ITEM: 1
MEETING DATE: 3/24/2015
TO: City Council
FROM: Brent Worthington, Finance Director
PRESENTER: Brent Worthington, Finance Director

TITLE:

Sales Tax on Food for Home Consumption

RECOMMENDED CITY COUNCIL ACTION:

Conduct a public hearing and Council may take formal action, if so desired.

OPTIONS:

1. Direct Staff to prepare analysis and ordinance, and return to Council.
2. Move to adopt on first reading an ordinance to eliminate sales tax on food for home consumption.
3. Move to adopt on first reading an ordinance to reduce sales tax on food for home consumption.
4. Keep sales tax on food for home consumption in place, unchanged.

SUMMARY:

This is a public hearing, which may result in Council action. The City of Loveland charges sales tax on food for home consumption, at the full 3% city sales tax rate. Council can eliminate the sales tax on food for home consumption, reduce it, make no change, or direct further staff work.

BUDGET IMPACT:

- Positive
 Negative
 Neutral or negligible

Sales tax on food for home consumption comprises approximately \$6.3 million of General Fund revenue in 2016. Reducing or eliminating this sales tax would reduce the General Fund revenue on an ongoing basis (not one time).

BACKGROUND:

Loveland has historically charged sales tax on food for home consumption, at the full City sales tax rate. Based on current estimates of sales of food for home consumption, the sales tax on food for home consumption equals approximately \$6 million, or 8% of General Fund revenue.

While food for home consumption is exempt from sales tax charged by the State of Colorado, there is no requirement that Colorado municipalities exempt food for home consumption. In fact, approximately 80% of Colorado cities and towns collect sales tax on food for home consumption.

Elimination or reduction of sales tax on food will produce savings for Loveland households (as well as out-of-town households, who buy food in Loveland). It is estimated that the average savings per household would be about \$17 per month (while low income families, due to the availability of assistance programs, could save \$3-\$4 per month).

Eliminating or reducing the sales tax on food for home consumption would reduce General Fund revenue by up to 8%. Outright elimination is projected to reduce General Fund revenues by about \$6.3 million in 2016. Expense reductions to match lower revenues would need to be focused in those departments or activities which use General Fund money for support. Options have been developed for Council consideration and action.

REVIEWED BY CITY MANAGER:



LIST OF ATTACHMENTS:

1. Staff Report
2. Addendum to Staff Report
3. Draft Ordinances
4. PowerPoint Presentation



CITY OF LOVELAND
FINANCE DEPARTMENT

Civic Center • 500 East Third • Loveland, Colorado 80537
(970) 962-2318 • FAX (970) 962-2994 • TDD (970) 962-2620

To: City Council
From: Brent Worthington, Finance Director
Jim Wedding, Revenue Manager
Marc Kahn, Budget Officer
Date: March 24, 2015
Re: City of Loveland Sales Tax on Food for Home Consumption

This Staff Report provides information pertaining to Loveland's sales tax on food for home consumption. The report covers the following:

- Legal basis for collecting sales tax on food for home consumption. Relevant law resides in the Colorado Revised Statutes, the Loveland Municipal Code, and the Taxpayer's Bill of Rights (TABOR)
- Prevailing municipal practices. There are 222 municipalities in Colorado that charge and collect sales taxes. Most municipalities charge sales tax on food for home consumption; a few do not.
- Loveland sales tax on food for home consumption. This section illustrates the estimated amount of sales tax collected and historical trends.
- Effects upon households and assistance programs. Loveland has a needs-based rebate program. There is also a Federal assistance program that affects whether or not Loveland households pay sales tax on food for home consumption.
- Analysis and Options. There are various options for reducing or eliminating the sales tax on food for home consumption. Each option will affect the City budget, to different degrees.

LEGAL BASIS FOR SALES TAX ON FOOD FOR HOME CONSUMPTION

The **State of Colorado**, for purposes of establishing food purchases exempt from sales taxes, uses the following definition of food for home consumption:

C.R.S. 39-26-102

(4.5) (a) "Food" means food for domestic home consumption as defined in 7 U.S.C. sec. 2012 (k), as amended, for purposes of the federal food stamp program, or any successor program, as defined in 7 U.S.C. sec. 2012 (l), as amended; except that "food" does not include carbonated water marketed in containers; chewing gum; seeds and plants to grow foods; prepared salads

and salad bars; packaged and unpackaged cold sandwiches; deli trays; and hot or cold beverages served in unsealed containers or cups that are vended by or through machines or non-coin-operated coin-collecting food and snack devices on behalf of a vendor.

C.R.S. 39-26-707

(1) The following shall be exempt from taxation under the provisions of part 1 of this article:

(a) All sales of food purchased with food stamps. For the purposes of this paragraph (a), "food" shall have the same meaning as provided in 7 U.S.C. sec. 2012 (g), as such section exists on October 1, 1987, or is thereafter amended.

(b) All sales of food purchased with funds provided by the special supplemental food program for women, infants, and children, as provided for in 42 U.S.C. sec. 1786. For the purposes of this paragraph (b), "food" shall have the same meaning as provided in 42 U.S.C. sec. 1786, as such section exists on October 1, 1987, or is thereafter amended.

Note that the State's exemption of food from the State portion of the sales tax does not require that municipalities exempt food from sales tax.

The **Loveland Municipal Code** sets the general Sales Tax rate at 3% (effective 1/1/1985). There has never been an exemption or reduction in sales tax rate for food for home consumption.

Article X, Section 20 of the Colorado Constitution, commonly known as the **Taxpayer Bill of Rights** (TABOR), affects Loveland's ability to increase sales tax rates and alter tax policy. City Council may decrease the sales tax rate, either in whole or in part; however, any increase to the sales tax rate must go to ballot and be approved by Loveland voters.

Council can permanently reduce or eliminate sales tax on food for home consumption; however, once the tax is permanently reduced or eliminated, it cannot be restored or reinstated without voter approval. There is no provision in TABOR that specifically allows or prohibits a temporary reduction of tax with a reinstatement of the tax to the original tax rate at a later date. If such a temporary reduction of tax is to be considered, the issue under TABOR is whether a temporary reduction in tax requires voter approval or whether the temporary reduction is a change in tax policy without a net revenue gain and therefore permissible without a vote.

EXISTING MUNICIPAL PRACTICES FOR SALES TAX ON FOOD

The Colorado Department of Local Affairs identifies 270 municipalities in the State of Colorado. Of these, 222 charge sales tax on purchases of tangible personal property and certain services (see Colorado Department of Revenue Publication DR-1002). Cities that charge sales tax are divided into two categories: State-collected municipalities, and self-collected. Most, but not all, Home Rule municipalities are self-collected.

Municipalities that charge sales tax are able to determine their tax rate and their tax base (items subject to or exempt from sales tax). Eighty two percent of Colorado municipalities charge the entire amount of authorized sales tax on food.

Table 1: Sales Tax on Food for Home Consumption, All Colorado Municipalities

Municipalities that charge sales taxes on food for home consumption (full tax rate)	176	79%
Municipalities that exempt sales taxes on food for home consumption	44	20%
Municipalities that charge a reduced sales taxes on food for home consumption	2*	1%
Total Municipalities Charging Sales Tax	222	

SOURCE: Publication DR-1002, Colorado Department of Local Affairs

**The two cities that charge a reduced sales tax rate on food for home consumption are Fort Collins and Northglenn. Northglenn charges 3% sales tax on food (their general tax rate is 4%); Fort Collins charges 2.25% sales tax on food (their general sales tax rate is 3.85%).*

Of the 178 municipalities that charge sales tax on food for home consumption, all but two (Northglenn and Fort Collins) charge their general sales tax rate on food for home consumption.

Of the 222 Colorado municipalities that collect sales tax, the State Department of Revenue collects sales taxes for 153. Most of these are classified as Statutory Municipalities, which are limited to exercising powers specifically granted to them by state law. This table shows the breakdown of the State-collected municipalities:

Table 2: Sales Tax on Food for Home Consumption, State-Collected Municipalities

Municipalities that charge sales taxes on food for home consumption (full tax rate)	125	82%
Municipalities that exempt sales taxes on food for home consumption	28	18%
Total	153	

SOURCE: Publication DR-1002, Department of Local Affairs

Of the 222 Colorado municipalities that charge sales tax, there are 69 that collect their own sales taxes. These municipalities have Home Rule charters; they have greater authority to regulate local and municipal matters than statutory municipalities. This table shows the breakdown for the self-collected municipalities:

Table 3: Sales Tax on Food for Home Consumption, Self-Collected Municipalities

Municipalities that charge sales taxes on food for home consumption (full tax rate)	51	74%
Municipalities that exempt sales taxes on food for home consumption	16	23%
Municipalities that reduce sales taxes on food for home consumption	2	3%
Total	69	

SOURCE: Publication DR-1002

Staff has also compared the practices of Northern Colorado municipalities. These are generally in the central corridor of I-25 in Larimer and Weld Counties, and are a mixture of self-collected and state-collected. This table shows the breakdown for the Northern Colorado municipalities:

Table 4: Sales Tax on Food for Home Consumption, Northern Colorado Municipalities

Municipalities that charge sales taxes on food for home consumption (full tax rate)	28	82%
Municipalities that exempt sales taxes on food for home consumption	5	15%
Municipalities that reduce sales taxes on food for home consumption	1	3%
Total	34	

SOURCE: Publication DR-1002, Department of Local Affairs

Northern Colorado Municipalities: Ault, Berthoud, Brighton, Dacono, Eaton, Erie, Estes Park, Evans, Firestone, Fort Collins, Fort Lupton, Frederick, Garden City, Gilcrest, Greeley, Hudson, Johnstown, Keenesburg, Kersey, La Salle, Lafayette, Longmont, Louisville, Loveland, Lyons, Mead, Milliken, Nunn, Pierce, Platteville, Severance, Timnath, Wellington, and Windsor.

LOVELAND SALES TAX ON FOOD FOR HOME CONSUMPTION

It's necessary to estimate the amount of total sales reported by the retailers that represents sales of food for home consumption; there is no definitive accounting of sales of food for home consumption. Retailers that sell food also sell non-food merchandise. The City Sales Tax Return does not require retailers to separately identify food for home consumption. Finance staff have therefore prepared estimates of sales tax of food for home consumption. These estimates are based on:

- historical findings from City tax audits,
- analyses provided by Revenue Recovery Group (a nationwide firm that performs jurisdictional-combined audits of large retailers),
- one major grocery chain which was willing to share its data.

Based on the City's audit history, 80% of total sales at stand-alone grocery stores is food for home consumption. Combining the City's audit history with the broader range of findings provided by Revenue Recovery Group, the sales mix for stores that sell general merchandise and food range from 10% to 45% food for home consumption. (The difference is due to the size of the grocery department at individual stores.) Convenience stores sell on average 25% food for home consumption.

From these data sources, staff has estimated sales tax on food for home consumption for five past years, the current fiscal year, and projected for 2016.

Table 5: Loveland Annual Sales Tax Collections on Food for Home Consumption (Estimated)

Year	Tax Collected	Percent Change
2011	5,300,000	
2012	5,400,000	1.8%
2013	5,600,000	3.7%
2014	5,900,000	5.4%
2015	6,100,000	3.4%
2016	6,300,000	3.3%

SOURCE: Staff Analysis

Looking at sales tax on food for home consumption over a longer timeframe, the amount of tax collected per year is very stable, even during economic downturn. This stability mitigates the volatility of recessionary cycles. Figure 1 shows the stability of sales tax on food for home consumption through the recessionary period of 2008-2011:

Figure 1: Stability of Sales Tax on Food for Home Consumption



EFFECTS ON HOUSEHOLDS, AND EXISTING ASSISTANCE PROGRAMS

Sales tax on food is sometimes characterized as a regressive form of taxation, meaning it places a greater burden on lower income families. It is useful to know the sales tax on food for home consumption paid by the average household, and the two key assistance programs available to lower-income households to address the effects of the tax (SNAP and the Loveland City Food Sales Tax Rebate Program). The two assistance programs currently provide tax relief or tax exemption to income-eligible households.

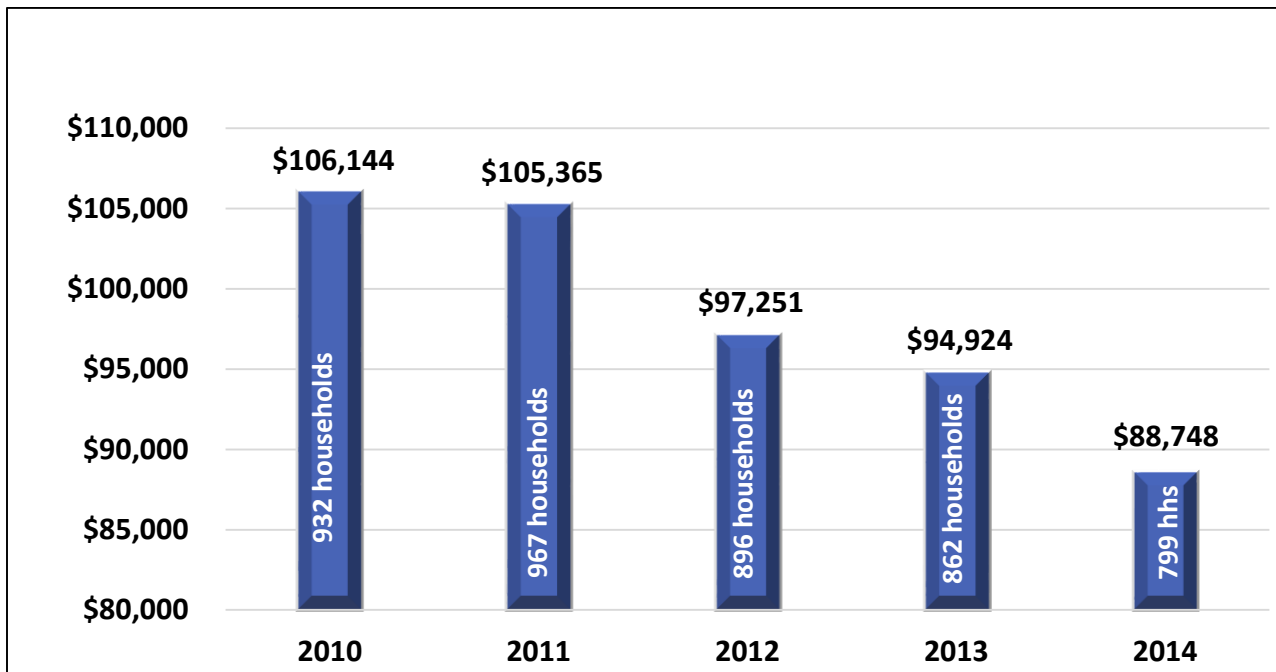
One important consideration for the elimination of the sales tax on food for home consumption is the amount of savings per household if the tax is reduced or eliminated. Loveland has approximately 29,500 households (based on the number of in-City residential utility bills). In 2014, the City collected approximately \$5,900,000 from sales tax on food for home consumption; this averages to \$15.75 per month, per household. If the entire tax savings was spent inside Loveland boundaries solely on taxable goods or services (rather than saved or spent outside Loveland), the additional tax revenue to the City would be \$177,000 ($\$5,900,000 \times 3\%$). Under this scenario, the net decrease in City tax revenue would be \$5,723,000.

A Federal program, Supplemental Nutrition Assistance Program (SNAP), provides substantial assistance to families in need. The federal SNAP program (formerly known as food stamps) allows low income families to acquire food for home consumption at no cost to the family. Any food for home consumption acquired through this program is exempted from sales tax. The definition of exempt food is found in Federal law and the State's food sales tax exemption is based on this Federal legislation.

According to the Larimer County Department of Human Services, Loveland families receive approximately \$11,350,000 in SNAP assistance per year (which, if taxed, would produce \$340,500 in tax). All food purchased through SNAP is exempted from sales tax.

In recognition of the effect of the sales tax on food for home consumption on lower-income families, Loveland has instituted its own needs-based Food Sales Tax Rebate program, designed to provide relief for these households. In order to receive this rebate, applicants must be 18 or older, meet certain Loveland residency requirements, and meet the income requirements set forth by the Federal Department of Housing and Urban Development (HUD). As Figure 2 shows, the City’s total annual rebates have been steadily declining. The primary factor in this decline appears to be the improving local economy.

Figure 2: City of Loveland Food Sales Tax Rebate Program History



SOURCE: City of Loveland Rebate Program

Between the two assistance programs, about seven percent (7%) of the sales tax on food for home consumption in Loveland is waived or rebated.

ANALYSIS AND OPTIONS

Total elimination of the sales tax on food for home consumption would remove an estimated \$6.3 million in General Fund revenues from the 2016 budget. Lesser revenue reduction would occur if some other option is selected to reduce sales tax on food for home consumption, without total elimination:

1. Elimination or reduction of sales tax on certain food items (milk, bread, meat, produce, etc.) The City arguably has home rule authority to tax certain items and exempt other items in a manner different from the State. However, it is important to note that the uniformity of taxation and exemptions across the state is a statutory mandate of the Department of Revenue. Section 39-26-128 CRS states in part that the Department of Revenue shall make recommendations to the general assembly regarding the establishment of a revenue neutral uniform sales and use tax base throughout the state. Exempting just certain items in a manner different from the State exemptions concerning food for home consumption may result in legal, legislative, or legal and legislative challenges, as large, well-funded retailers and the State rely on the uniformity of tax and exemptions across the state. The State has gone as far as stating in its formal, written guidelines on sales tax exemptions that if home rule cities exempt food from sales tax they must use the same criteria as the State in determining which items are taxable and which are exempt.
2. Reduction of the percentage rate on sales tax on food for home consumption (illustrated below):

**Table 6: Sales Tax on Food for Home Consumption,
Reduction Scenarios (based on 2016 Estimates)**

Reduction	Revenue Decrease	New Rate
25% Decrease	(1,525,000)	2.25%
50% Decrease	(3,050,000)	1.50%
75% Decrease	(4,575,000)	0.75%
100% Decrease	(6,300,000)	0.00%

Source: Finance Department calculations

If the sales tax on food for home consumption is reduced or eliminated, management will examine the 2016 proposed budget and recommend the best ways to absorb the revenue decrease. This process will be directed by Council; staff will incorporate Council's budgetary priorities and direction into the proposed budget.

It is important to understand the general parameters for actions available to deal with reduced General Fund revenues.

- First: the effects are confined to the General Fund only, not the total City budget. The total General Fund budget revenue is \$78.2 million for 2015. Total elimination of sales tax on food for home consumption would result in a 7.8% decrease in General Fund revenue. Total City revenues are \$256.3 million, but most City operations are in enterprises or special funds, are not affected by sales tax revenues, and so expense reductions in those areas generally don't help meet a General Fund shortfall.
- Second: a mix of solutions is possible, including General Fund expense reductions and possible increases in other General Fund revenues (fees and charges). However, staff efforts will be devoted primarily to expense reductions as the solution, because of the greater predictability of the result.

Each of these is examined in greater detail below.

Impacts to the General Fund: The sales tax on food for home consumption flows into the General Fund; for the most part, Enterprise Funds will be minimally affected. There are some small exceptions: the General Fund does pay part of a debt owed by the Water Fund (\$750,000 annually for each of the next six years for repayment of a loan from the Power Utility).

Any impact is also considered in the context of the total economy and its effect on the General Fund. Loveland has benefitted from economic growth since the 2008 recession, and sales tax revenues have been climbing from 6 to 8 percent per year. On the positive side, new retail development (for instance, the Bass Pro Shop, if completed, along with the ancillary sales tax generators) may replace some of the lost revenue. However, as noted at the Council Planning Session in January, Loveland is at risk from competition from increased retail redevelopment in neighboring communities, which could erode Loveland retail sales. For that reason, sales tax growth projections have already been reduced in the 2015 edition of the Ten Year Financial Plan, and Councilors have suggested further reductions in sales tax growth rate.

Any revenue reduction from change in the sales tax on food for home consumption could be offset by expenditure reductions across General Fund departments and programs. The recommendation is to do targeted reductions, rather than simply "across the board" reductions.

Table 6 illustrates the amount of General Fund support each department of the City receives in the 2015 budget, as well as non-departmental support (Airport, Loveland Fire Rescue Authority); and transfers out of the General Fund to Capital, Incentives, etc. The sales tax on food for home consumption comprises almost 10% of the total subsidies to the various City operations.

Note that the budgeted General Fund amount for each department is different from the "Potential General Fund Expense Reductions". This is because each department "earns" some of its own income through fees and charges; these are considered General Fund revenues, but they're not a product of taxes. For example, in Development Services, there are significant revenues from fees – particularly building permit fees – and those are not affected by the sales tax on food for home consumption.

In essence, the yellow highlighted column in Table 7 illustrates the areas for possible expense reduction in response to reduced sales tax revenues.

**Table 7: General Fund Support
(Based on the 2015 Budget)**

Expenses by Department	General Fund	Potential General Fund Expense Reductions
Legislative	\$153,590	153,590
Executive/Legal	2,067,420	1,083,860
Clerk & Court Admin	1,079,650	880,620
Cultural Services	2,025,270	1,270,770
Development Services	4,064,170	1,768,700
Economic Development	1,191,400	1,167,000
Finance	4,888,570	1,336,550
Fire & Rescue (<i>see transfers below</i>)	-	
Human Resources	1,269,810	315,830
Info. Technology	4,053,040	949,430
Library	3,201,750	3,061,970
Parks & Recreation	10,562,430	6,999,110
Police	19,591,890	18,413,920
Public Works	5,228,480	1,687,020
Water & Power	-	
Non-Departmental	10,165,270	
Airport		177,500
Fire		9,568,750
Admin. Overhead	(6,391,070)	
Council Reserve		1,317,267
Transfers	10,826,810	
Capital		1,777,580
Economic Incentives		450,000
Recreation CEF		669,160
Fire CEF		289,790
Transit		1,152,380
Transportation		5,672,900
Water and Power		750,000
Public Works		65,000
Total Expenses	\$73,978,480	\$ 60,978,697

Source: Finance Department calculations based upon the 2015 Annual Budget

Mix of Solutions: If the Council elects to change the sales tax on food for home consumption, then options for action will be returned to the City Council for decision. These options will reflect strategic and targeted reductions in expenses, rather than “across the board” non-prioritized reductions, or relying upon revenue increases.

Expense reductions are recommended over revenue increases because expense reductions can produce actual measurable results with a higher degree of certainty than revenue increases can.

That is the basic reason that expense control is always selected first in times of downturn; it is not possible to be certain of the results of projected revenue increases. Targeting of expense reduction is important to manage long-term impacts on the City organization, while maintaining critical priorities.

Depending upon the timing of any action decided by the City Council, recommendations may be returned as part of the 2016 Budget process or sooner if needed.

Attachments

Colorado Department of Revenue Publication FYI Sales 4
Colorado Department of Revenue Publication DR-1002
Page 4-2, Fund Summary, from adopted 2015 City of Loveland Budget



FYI Sales 4

Taxable and Tax Exempt Sales of Food and Related Items

The following guidelines should be used to determine whether a food item is exempt from sales tax. Colorado's principal sales tax exemption guideline is based upon what can be purchased for home consumption with food stamps [U.S.C. section 2012 (g)] and WIC vouchers (WIC is the federal supplemental food program for women, infants and children.) (42 U.S.C. section 1786). Colorado statute also imposes other criteria, in addition to the food stamp/WIC guidelines. [Reg. 39-26-102.4.5]

FOOD PURCHASES EXEMPT FROM COLORADO SALES TAX

Exempt items eligible for purchase with food stamps or WIC vouchers include:

1. Food purchased for human consumption at home.
2. Seeds and plants which produce food for human consumption.
3. Food purchased with food stamps or WIC vouchers. (§39-26-707, C.R.S.)

FOOD AND RELATED ITEMS NOT EXEMPT FROM COLORADO SALES TAX

The Department of Agriculture guidelines prohibit the use of food stamps or WIC vouchers for the purchase of the following items. These items are sales **taxable**:

1. Nonfood items such as soaps, paper products and household supplies, grooming items and cosmetics, and food not for human consumption, such as pet and bird food.
2. Alcoholic beverages. (cooking wine, wine vinegar and , alcohol-filled candies are exempt.)
3. Cigarettes, tobacco and tobacco products.
4. Food to be eaten in the store, hot foods ready to eat and food marketed to be heated in the store.
5. Food preservation equipment and items.
6. Vitamins, dietary supplements, and medicines. (Prescription drugs are exempt under [Reg. 39-26-717.1])
7. Ice used for refrigeration.

ITEMS EXEMPT FROM TAX IF PURCHASED WITH FOOD STAMPS OR WIC VOUCHERS -- BUT TAXABLE WHEN PAID WITH CASH

The following items, if purchased with food stamps or WIC vouchers/checks are exempt from the 2.9% state sales tax, but are taxable if purchased with cash:

1. Carbonated water marketed in containers.
2. Soft drinks.
3. Chewing gum.
4. Candy
5. Seeds and plants to produce food for human consumption.
6. Prepared salads and salad bar items.
7. Cold sandwiches.
8. Deli trays.

Sales and purchases of food sold through vending machines are exempt from Colorado sales tax. Sales of hot and cold beverages in unsealed containers sold by vending machine are not exempt. [39-26-102(4.5), C.R.S.]

NOTE: Food used by a business or commercial entity, such as coffee or bottled water served to customers or employees, is subject to state sales tax.

In addition, all food and drink sold by the following establishments are taxable: restaurants, snack shops, carryout shops, pushcarts and other sellers of food and drink as specified in §39-26-104 (1) (e), C.R.S. However, meals sold by colleges in dormitories, by assisted living facilities to its residents, by private clubs to its members, and by restaurants at no cost or reduced cost to employees of restaurants and other such establishments are exempt.

DETERMINING WHETHER LOCAL TAX AND SPECIAL DISTRICT TAXES ARE DUE ON FOOD

Cities and counties have the option of taxing food. However, if they exempt food from sales tax they must use the same criteria as the state in determining which items are taxable and which are exempt. This includes home-rule cities that administer their own sales tax. Localities that elect to tax food still must exempt purchases made with food stamps or WIC vouchers.

To find out whether a city or county taxes food, retailers should refer to Colorado Sales/Use Taxes (DR 1002). This publication lists tax rate information for Colorado cities and counties and indicates which counties and statutory cities have a sales tax exemption for food. The publication can be obtained on our Web site at www.TaxColorado.com or the rates can be found through the Business button on Revenue Online at www.Colorado.gov/RevenueOnline. Contact home-rule cities directly to find out if they exempt food from sales tax.

Regional Transportation District (RTD) tax, and Scientific and Cultural Facilities District (CD) taxes are due on any food item sold within RTD/CD boundaries and that is subject to the state sales tax. (The boundaries of these three special districts encompass most of the seven-county Denver metropolitan area.) The DR 1002 provides boundaries and tax rates. If the item is not subject to state sales tax, RTD/CD taxes are not due.

The Rural Transportation Authority (RTA) tax is due on any food item sold within the RTA boundary, and that is subject to the state sales or use taxes. The DR 1002 will list the various RTA boundaries and tax rates.

All state sales tax and, if applicable, state-collected local and RTD/CD, or RTA taxes must be reported and remitted with the Retail Sales Tax Return (DR 0100).

Effective March 1, 2010 sales and purchases of nonessential food items and packaging provided with purchased food and beverage items are taxable at the state sales and use tax rate of 2.9%.

Nonessential articles or containers furnished in connection with sale of taxable food. On or after March 1, 2010, a retailer of food, meals, or beverages who purchases nonessential food items or nonessential containers or bags and furnishes the article or container to a consumer in connection with a taxable retail sale of food, meals, or beverages, must pay sales or use tax on the purchase of the nonessential article or container.

Nonessential articles and containers. An article or container is nonessential if it is primarily used for the convenience of the consumer and is not necessary to effectuate the sale of food.

Examples of nonessential articles or containers include, but are not limited to, non-reusable:

- utensils
- skewers
- napkins and towelettes
- bibs
- serving trays, platters, and dome lid covers to plates or platters
- placemats, tray liners, and tablecloths
- sacks
- grocery bags
- bags and bag ties for bulk grocery produce or bread
- carryout containers for leftover food sold for immediate consumption
- straws
- toothpicks
- stirring sticks
- cup sleeves
- portion dividers
- single-use baking dishes
- condiments, including ketchup, mustard, relish, and spices that are not incorporated into a prepared meal at the time it is transferred to the consumer but, rather, are provided separately from the transfer of the meal to the consumer, such as at a convenience counter. Another example of condiments provided separately from the meal are packets of ketchup placed in a bag that are given to the customer. Condiments sold as food for domestic home consumption (for example, condiment sales sold in grocery stores) are exempt from state sales and use tax.

Examples of essential articles or containers include, but are not limited to, non-reusable:

- plates, cups, or bowls (and lids for such items) on, or in which, unwrapped or unpackaged hot or prepared food and beverages are served to the consumer;
- Cups used in vending machines dispensing beverages;
- Disposable containers or packaging material* on, or in which, food is transferred to the consumer, including pizza delivery box, sleeve for French fries, buckets, clamshells or other containers if the retailer cannot transfer the food to the consumer without such article or container. However, a carryout container used by a consumer to carry leftover meals from the restaurant is not essential.

*packaging material used in a non-essential manner would be taxable. Example: butcher paper used as a table liner would not be considered an essential use.

Articles or containers not furnished to consumer. A retailer is liable for sales or use tax for its purchase, use, storage, or consumption of an article or container, regardless of whether it is essential to the consumer, if the article or container is not transferred to the consumer. An article or container is treated as transferred to the consumer if the food retailer makes the article or container available to consumers on the food retailer's premises. Examples of non-transferred articles include, but are not limited to:

- Reusable articles such as glassware, ceramic plates, cloth napkins, and silverware;
- Non-reusable articles the retailer uses to cook or store food, such as plastic storage wrap for storage, aluminum foil used primarily for cooking, food labels, single use baking dish, and cooking tray liners.

Taxable Food. Articles or containers that are essential to the consumer and, therefore, otherwise exempt under this regulation, are taxable to the food retailer if the purchase of the food by the consumer is not subject to tax. For example, a food retailer must pay tax on free beverage samples furnished in disposable paper cups and free food furnished with napkins or with disposable utensils. In such cases, there is no retail sale from the food retailer to the consumer and there is no tax due on the transfer of the free article to the consumer. However, the retailer is responsible to pay the tax on both the food and the container.

Separate charge for essential article or container. Sales of an article or container by a food retailer to a consumer is subject to tax, regardless of whether the article or container is essential to the consumer, if the food retailer separately states on the consumer's invoice a charge for such article or container or if the food retailer separately sells the article or container for a charge and not as part of a retail sale of food.

Example 1: A theater sells a canned beverage and cup for a single charge. Prior to March 1, 2010, the theater could purchase the cup from suppliers as an exempt wholesale purchase for resale. After March 1, 2010, the theater must pay sales or use tax on its purchase of cups from suppliers.

Example 2: Same facts as Example No. 1, except the theater sells non-reusable cups to consumers who do not also purchase a beverage. Theater may purchase such cups as an exempt wholesale purchase and must collect sales tax on the charge for the cup.

Example 3: Airport food retailer separately charges for food and disposable utensils used by the consumer. Retailer may purchase the utensils from suppliers as an exempt wholesale purchase for resale to consumer and must collect sales tax on the sale of utensils to the consumer.

Example 4: Food retailer sells plastic bottles or cups with beverage for a single charge, but the plastic bottle is designed for reuse by the consumer. Retailer may purchase the reusable bottle or cup from the supplier as an exempt wholesale purchase and collect sales tax from the consumer.

Who collects and remits this tax? The vendor or supplier of the items known to be nonessential (forks, napkins, lids, straws) is responsible for charging and remitting the sales tax. For those items that may be essential (paper plates used in the restaurant), then become nonessential (paper plates provided along with food already in containers), the restaurant/retailer using or providing those items is responsible for remitting use tax on those items.

FYIs provide general information concerning a variety of Colorado tax topics in simple and straightforward language. Although the FYIs represent a good faith effort to provide accurate and complete tax information, the information is not binding on the Colorado Department of Revenue, nor does it replace, alter, or supersede Colorado law and regulations. The Executive Director, who by statute is the only person having the authority to bind the Department, has not formally reviewed and/or approved these FYIs.

Colorado Sales/Use Tax Rates

For most recent version see www.taxcolorado.com

This publication, which is updated on January 1 and July 1 each year, lists Colorado Sales/Use Tax rates throughout the state. All state collected city/county sales taxes or rate changes may become effective only on January 1 or July 1. The total tax rate for any jurisdiction must be computed by adding all taxes applicable to that jurisdiction.

Retail Marijuana Sales Tax

The Retail Marijuana Sales tax rate is 10% with no exemptions. Use tax is not applicable. The Colorado Sales Tax Service Fee (also known as the Vendor's Fee) is 0%. Tax is remitted electronically only. Retail marijuana and retail marijuana products are taxable.

State Sales Tax

The state sales/use tax rate is 2.9% with exemptions A, B, C, D, E, F, G, H, K, L, M, N, O. Additional state sales/use tax exemptions can be found at www.TaxColorado.com. The Colorado sales tax Service Fee rate (also known as the Vendor's Fee) is 0.0333 (3.33%). Tax is remitted on the DR 0100, "Retail Sales Tax Return."

Exemptions

County, Municipality, and Special District Sales/Use Tax Exemptions Options: If an exemption is not listed, state-collected local jurisdictions do not have that exemption option.	
A Food for home consumption	G Food sold through vending machines
B Machinery and machine tools (as defined on form DR 1191)	H Low-emitting vehicles (over 10,000 lbs.)
C Gas, electricity, etc. for residential use	K Renewable energy components
D Occasional sales by charitable organizations	L Beetle wood products
E Farm equipment	M School-related sales
F Pesticides. Effective July 1, 2012 sales of pesticides are considered wholesale sales and are not subject to state or state collected local sales or use taxes. These sales will be reported on the DR0100 Deductions and Exemptions Schedule Line 2b (8).	N Biogas production system components
	O Property used in space flight

Regional Transportation District (RTD)

RTD sales tax is remitted in the special district column on the DR 0100, "Retail Sales Tax Return." RTD use tax is remitted on the DR 0173, "Retailer's Use Tax Return" or on the DR 0252, "Consumer Use Tax Return."

Boundaries	Sales Tax Rate	Service Fee Allowed	Exemptions	Use Tax Rate
Counties of Denver, Boulder, and Jefferson. Generally, Broomfield County (except certain areas immediately adjacent to I-25 and Highway 7 interchange), Adams County (west of Box Elder Creek), Arapahoe County (south of I-70, generally west of Picadilly Rd. to Jewell, then west of Gun Club Rd. to Quincy, then generally west of Monaghan Rd., including Arapahoe Park and Aurora Reservoir), and Douglas County (northern portion consisting of the original city of Lone Tree, the town of Parker, all annexed areas of Lone Tree and the Acres Green area, plus Highlands Ranch), and parts of Weld County that have been annexed by the city of Longmont and the town of Erie since 1994. The area within the boundaries of the town of Castle Rock does not have RTD sales/use tax. For specific address information, contact RTD at www.RTD-Denver.com or 303-299-6000.	1%	3.33% (For timely returns submitted on or after July 1, 2014)	A, B, C, D, E, G, H, K, L, M, N, O	1%

Football Stadium District (FD)

The Football Stadium District (FD) sales/use tax expired on December 31, 2011. The only sales/use tax that should be collected is for leases that are still in effect after December 31, 2011 or late tax filings for periods prior to January 1, 2012. FD is remitted on the DR 0200 "Special District Sales Tax Return Supplement."

Scientific and Cultural Facilities District (CD)

CD sales tax is remitted in the special district column on the DR 0100, "Retail Sales Tax Return." CD use tax is remitted on the DR 0173, "Retailer's Use Tax Return" or on the DR 0252, "Consumer Use Tax Return."

Boundaries	Sales Tax Rate	Service Fee Allowed	Exemptions	Use Tax Rate
All areas within the county boundaries of Adams, Arapahoe, Boulder, Jefferson, Denver and Broomfield. It also includes all of Douglas County except within the boundaries of the town of Castle Rock and Larkspur.	0.1%	3.33% (For timely returns submitted on or after July 1, 2014)	A, B, C, D, E, G, H, K, L, M, N, O	0.1%

Local Improvement District Tax (LID)

P.72

LID sales tax is remitted in the city/LID column on the DR 0100, "Retail Sales Tax Return." Use tax is not applicable. Exemptions are: Telephone and telegraph service, gas and electricity for residential and commercial use.

LID	Boundaries	Sales Tax Rate	Service Fee Allowed
Boulder County	Old Town Niwot and Cottonwood Square	1%	0
Douglas County	Lincoln Station	0.5%	0
Southeast Jefferson County	Within designated areas of Southeast Jefferson County	0.5%	3 1/3%
Southeast Jefferson County within Lakewood City limits	Within designated areas of Southeast Jefferson County within Lakewood City limits	0.43%	3 1/3%
Broomfield City and County	Flatirons Crossing Mall area Collected by Broomfield	0.01%	
Broomfield City and County	Arista Collected by Broomfield	0.2%	
Mesa County Gateway	Within designated areas of unincorporated Mesa County	1%	0
Mesa County Whitewater	Within designated areas of unincorporated Mesa County	1%	0

Mass Transit District Tax (MTS)

MTS sales tax is remitted in the county/MTS column on the DR 0100, "Retail Sales Tax Return."

MTS	Boundaries	Sales Tax Rate	Service Fee Allowed	Exemptions	Use Tax Rate	Use Tax Applies
Eagle County	Eagle County limits	0.5%	3 1/3%	A, B, C, K	None	
Pitkin County	Pitkin County limits	0.5%	0		0.5%	Motor Vehicles, Building Materials
Summit County	Summit County limits	0.75%	3 1/3%		None	

Rural Transportation Authority (RTA)

RTA sales tax is remitted in the special district column on the DR 0100, "Retail Sales Tax Return." RTA use tax is remitted on the DR 0173, "Retailer's Use tax Return."

RTA	Boundaries	Sales Tax Rate	Service Fee Allowed	Exemptions	Use Tax Rate
Baptist Road	A portion of the city of Monument	1.0%	0	A,B,C,D,E,G,H,K,L,M,N,O	1%
Gunnison Valley	Gunnison County limits except the towns of Marble, Ohio, Pitkin and Somerset	0.6%	0	A,B,C,D,E,G,H,K,L,M,N,O	None
	Gunnison city limits	0.35%	0	A,B,C,D,E,G,H,K,L,M,N,O	None
Pikes Peak	El Paso County limits except the municipalities of Calhan, Fountain, Monument, Palmer Lake and the Commercial Aeronautical Zone in the City of Colorado Springs	1.0%	0	A,B,C,D,E,G,H,K,L,M,N,O	1%
Roaring Fork	Basalt and New Castle city limits	0.8%	0	A,B,C,D,E,G,H,K,L,M,N,O	0.8%
	Carbondale and Glenwood Springs limits	1.0%	0	A,B,C,D,E,G,H,K,L,M,N,O	1%
	Aspen and Snowmass Village city limits, unincorporated Pitkin County	0.4%	0	A,B,C,D,E,G,H,K,L,M,N,O	0.4%
	Areas of unincorporated Eagle County in the El Jebel area and outside the city limits of Carbondale	0.6%	0	A,B,C,D,E,G,H,K,L,M,N,O	0.6%
South Platte Valley	Sterling city limits	0.1%	0	A,B,C,D,E,G,H,K,L,M,N,O	0.1%

Multi-Jurisdictional Housing Authority (MHA)

MHA sales tax is remitted in the special district column on the DR 0100, "Retail Sales Tax Return." MHA use tax is collected at the time of titling/registration at the county motor vehicle office.

MHA	Boundaries	Sales Tax Rate	Service Fee Allowed	Exemptions	Use Tax Rate
Summit County	Summit County limits	0.125%	3 1/3%	A,B,C,D,E,G,H,K,L,M,N,O	0.125% (Vehicles Only)

Public Safety Improvements (PSI)

PSI sales tax is remitted in the special district column on the DR 0100, "Retail Sales Tax Return." Use tax is not applicable.

PSI	Boundaries	Sales Tax Rate	Service Fee Allowed (Sales Tax Only)	Exemptions
Montrose County	Montrose County limits	0.75%	3 1/3%	0

Metropolitan District Tax (MDT)

P.73

MDT sales tax is remitted in the city column on the DR 0100, "Retail Sales Tax Return." Service Fee not allowed.

MDT	Boundaries	Sales Tax Rate	Service Fee	Exemptions	Use Tax Rate
Aspen Park	In a portion of Conifer in Jefferson County	0.50%	3.33%	A, B, C, D, E, G, H, K, L, M, N, O	0
Bachelor Gulch	In a portion of Eagle County near Avon	3%	3.33%	A, B, C, D, E, G, H, K, L, M, N, O	0
Two Rivers	In a portion of Eagle County near Gypsum	4%	3.33%	A, B, C, D, E, G, H, K, L, M, N, O	0

Short-term Rental Tax (STR)

The Douglas County Short-Term Rental Tax expired December 31, 2012. The only short-term rental tax that should be remitted after this date is for late tax filing for periods prior to January 1, 2013. STR tax is remitted on the DR 1480, "County Short-Term Rental Tax Return." STR applies to property rented for thirty days or less (excluding motor vehicles).

STR	Boundaries	STR Tax Rate	Service Fee	Exemptions
Douglas County	Douglas County limits	1.0%	0	Excludes Motor Vehicles

Local Marketing District Tax (LMD)

LMD tax is remitted quarterly on the DR 1490, "Local Marketing District Tax Return."

LMD	Boundaries	LMD Tax Rate	Service Fee	Applies to:
Alamosa County	Alamosa County limits	4%	0	Hotel and motel rooms
Estes Park	Estes Park and its surrounding area including Drake and Glen Haven	2%	0	Rooms and accommodations
Gunnison County	Gunnison County limits	4%	0	Rooms and accommodations
Steamboat Springs	Steamboat Springs City located in the mountain community north of Walton Creek Rd and along Hwy 40 corridor inside the city limits. Contact City for location determination at (970) 871-8233.	2%	0	Rooms and accommodations
Vail	Vail town limits	1.4%	0	Rooms and accommodations

County Lodging District Tax (CLD)

CLD tax is remitted quarterly on the DR 1485, "County Lodging Tax Return." County lodging Tax applies to lodging services including hotels, motels, condominiums and camping spaces.

CLD	Boundaries	CLD Tax Rate	Service Fee
Alamosa County	Alamosa County limits	1.9%	0
Archuleta County	Archuleta County limits (Pagosa Springs omitted)	1.9%	0
Bent County	Bent County limits	0.9%	0
Chaffee County	Chaffee County limits	1.9%	0
Clear Creek County	Clear Creek County limits	2%	0
Conejos County	Conejos County limits	1.9%	0
Costilla County	Costilla County limits	1.9%	0
Custer County	Custer County limits	2%	0
Delta County	Delta County limits	1.9%	0
Fremont County	Fremont County limits	2%	0
Grand County	Grand County limits (Winter Park omitted)	1.8%	0
Hinsdale County	Hinsdale County limits	1.9%	0
Huerfano County	Huerfano County limits	2%	0
Jackson County	Jackson County limits	2%	0
La Plata County	La Plata County limits (Durango omitted)	1.9%	0
Lake County	Lake County limits	1.9%	0
Lincoln County	Lincoln County limits	2%	0
Logan County	Logan County limits (Sterling omitted)	1.9%	0
Mineral County	Mineral County limits	1.9%	0

(continued on page 4)

County Lodging District Tax (CLD) Continued

CLD	Boundaries	CLD Tax Rate	Service Fee
Moffat County	Moffat County limits	1.9%	0
Montezuma County	Montezuma County Limits (Cortez omitted)	1.9%	0
Morgan County	Morgan County Limits	1.9%	0
Prowers County	Prowers County Limits	2%	0
Rio Blanco County	Rio Blanco County Limits	1.9%	0
Rio Grande County	Rio Grande County Limits	1.9%	0
Saguache County	Saguache County Limits	1.9%	0
San Juan County	San Juan County Limits	2%	0
San Miguel County	San Miguel County Limits (Mountain Village omitted)	2%	0

State-Collected City Sales Taxes

City	County in which City is Located (see p. 7)	City Sales Tax Rate	Service Fee Allowed	Exemptions	Use Tax Rate	Use Tax (paid to city or county) applies to:
Aguilar	Las Animas	3%	1.5%		3%	Motor Vehicles, Building Materials
Akron	Washington	2.5%	3 1/3%	B,C,K	2.5%	Motor Vehicles, Building Materials
Alma	Park	3%	3 1/3%		None	
Antonito	Conejos	4%	3 1/3%		None	
Ault	Weld	3%	0		3%	Motor Vehicles, Building Materials
Basalt	Eagle, Pitkin	3%	3 1/3%		None	
Bayfield	La Plata	2%	3 1/3%		None	
Bennett	Adams, Arapahoe	3%	3 1/3%		2%	Building Materials
Berthoud	Larimer, Weld	3%	3 1/3%		3%	Motor Vehicles, Building Materials
Blanca	Costilla	3%	3 1/3%	B,C,K	None	
Blue River	Summit	2.5%	2%		None	
Brush	Morgan	4%	3 1/3%		4%	Motor Vehicles, Building Materials
Buena Vista	Chaffee	2.5%	3 1/3%		None	
Burlington	Kit Carson	2%	3 1/3%	A,B,C,K	2%	Motor Vehicles, Building Materials
Calhan	El Paso	3%	3 1/3%	A,B,C,K	3%	Motor Vehicles, Building Materials
Castle Pines	Douglas	2.75% ⁵	3 1/3%	A,C,D	2.75% ⁵	Motor Vehicles, Building Materials
Cedaredge	Delta	2%	3 1/3%	C,D	2%	Motor Vehicles, Building Materials
Center	Rio Grande, Saguache	2%	3 1/3%		None	
Cheyenne Wells	Cheyenne	2%	3 1/3%	A,B,C,D,K	2%	Motor Vehicles, Building Materials
Collbran	Mesa	2%	3 1/3%	A,B,C,K	None	
Columbine Valley	Arapahoe	3%	3 1/3%	A,B,C,K	3%	Motor Vehicles, Building Materials
Craig	Moffat	2.25%	3 1/3%		None	
Crawford	Delta	2%	3 1/3%		None	
Creede	Mineral	2%	3 1/3%		None	
Crestone	Saguache	3%	0		None	
Cripple Creek	Teller	2.3%	0	A	None	
Dacono	Weld	3%	3 1/3%		3%	Motor Vehicles, Building Materials
De Beque	Mesa	2%	3 1/3%	A,B,C,K	2%	Building Materials
Del Norte	Rio Grande	2%	3 1/3%		None	
Dillon	Summit	2.5%	0		None	
Dinosaur	Moffat	2.1%	3 1/3%	C,D	None	
Dolores	Montezuma	3.5%	0		None	
Dove Creek	Dolores	2%	3 1/3%	C	1%	Motor Vehicles
Eads	Kiowa	2%	3 1/3%		2%	Motor Vehicles, Building Materials
Eagle	Eagle	4%	3 1/3%		4%	Building Materials
Eaton	Weld	3%	3 1/3%		3%	Building Materials
Elizabeth	Elbert	4%	3 1/3%		3%	Motor Vehicles, Building Materials
Empire	Clear Creek	3%	0		3%	Motor Vehicles, Building Materials
Erie	Boulder, Weld	3.5%	3 1/3%	B,C,D,K	3.5%	Motor Vehicles, Building Materials
Estes Park	Larimer	5%	3 1/3%		2%	Motor Vehicles
Fairplay	Park	4%	3 1/3%	A	None	
Firestone	Weld	3% ⁵	0	A,B,K	2%	Motor Vehicles, Building Materials
Flagler	Kit Carson	2%	3 1/3%	B,C,K	None	
Fleming	Logan	2%	2.22%	B,C,D,E,G,H,K,L,M	None	

(Continued on page 5)

City	County in which City is Located (see p. 7)	City Sales Tax Rate	Service Fee Allowed	Exemptions	Use Tax Rate	Use Tax (paid to city or county) applies to:
Florence	Fremont	2.5%	3 1/3%		2.5%	Motor Vehicles, Building Materials
Fort Lupton	Weld	4%	3 1/3%		4%	Motor Vehicles, Building Materials
Fort Morgan	Morgan	3%	3 1/3%		3%	Motor Vehicles, Building Materials
Fountain	El Paso	3.75%	0	A,B,C,K	2%	Motor Vehicles, Building Materials
Fowler	Otero	3%	3 1/3%	B,C,K	2%	Motor Vehicles
Foxfield	Arapahoe	3.75%	0	A,B,C,K	3%	Building Materials
Fraser	Grand	4%	0		4%	Motor Vehicles, Building Materials
Frederick	Weld	2.5%	3 1/3%	A,B,C,K	2.5%	Motor Vehicles, Building Materials
Fruita	Mesa	3%	3 1/3%	A,E	3%	Motor Vehicles, Building Materials
Garden City	Weld	3%	3 1/3%		None	
Georgetown	Clear Creek	3%	0		3%	Motor Vehicles
Gilcrest	Weld	4%	3%		4%	Motor Vehicles, Building Materials
Granada	Prowers	2%	3 1/3%		2%	Motor Vehicles, Building Materials
Granby	Grand	4%	3 1/3%	L	4%	Motor Vehicles, Building Materials
Grand Lake	Grand	4%	3 1/3%		4%	Motor Vehicles, Building Materials
Green Mountain Falls	El Paso, Teller	3%	2%		3%	Motor Vehicles, Building Materials
Haxtun	Phillips	2.5%	3 1/3%		2.5%	Motor Vehicles, Building Materials
Hayden	Routt	4%	3 1/3%		2%	Building Materials
Holly	Prowers	3%	3 1/3%		None	
Holyoke	Phillips	1.5%	3 1/3%		1.5%	Motor Vehicles, Building Materials
Hooper	Alamosa	2%	0	C	None	
Hot Sulphur Springs	Grand	4%	3 1/3%	A,B,C,K	None	
Hotchkiss	Delta	2%	3 1/3%		None	
Hudson	Weld	4%	3 1/3%	A	4%	Building Materials
Hugo	Lincoln	2%	3 1/3%	B,K	2%	Motor Vehicles, Building Materials
Idaho Springs	Clear Creek	4%	0		3%	Motor Vehicles, Building Materials
Ignacio	La Plata	2%	3 1/3%		None	
Johnstown	Larimer, Weld	3%	3 1/3%		3%	Motor Vehicles, Building Materials
Julesburg	Sedgwick	1%	3 1/3%		1%	Motor Vehicles, Building Materials
Keenesburg	Weld	3%	3 1/3%	A	3%	Building Materials
Kersey	Weld	3.6%	3 1/3%		3.6%	Building Materials
Kiowa	Elbert	1.5%	3 1/3%		1.5%	Building Materials
Kit Carson	Cheyenne	2%	3 1/3%		2%	Motor Vehicles, Building Materials
Kremmling	Grand	4%	3 1/3%		None	
Lakeside ⁵	Jefferson	2.1%	0		None	
La Jara	Conejos	3%	3 1/3%		3%	Motor Vehicles, Building Materials
La Salle	Weld	3.5%	3 1/3%		2%	Motor Vehicles, Building Materials
La Veta	Huerfano	3.5%	3 1/3%		None	
Las Animas	Bent	3%	3 1/3%		3%	Motor Vehicles, Building Materials
Limon	Lincoln	2%	3 1/3%	D,E,M	2%	Motor Vehicles, Building Materials
Lochbuie	Adams, Weld	4%	0		2%	Motor Vehicles, Building Materials
Log Lane Village	Morgan	3%	0		3%	Motor Vehicles, Building Materials
Lyons	Boulder	3%	3 1/3%		3%	Motor Vehicles, Building Materials
Manassa	Conejos	1%	3 1/3%		None	
Mancos	Montezuma	4%	0		None	
Manitou Springs ¹	El Paso	3.9%	0		3.8%	Motor Vehicles, Building Materials
Manzanola	Otero	2%	3 1/3%	A,B,C,K	2%	Motor Vehicles
Marble	Gunnison	2%	3 1/3%		None	
Mead	Weld	2%	0	A,B,C,K	2%	Motor Vehicles, Building Materials
Milliken	Weld	2.5%	3 1/3%		2.5%	Motor Vehicles, Building Materials
Minturn	Eagle	4%	0		None	
Moffat	Saguache	2%	3 1/3%	C,D,E,G,H	None	
Monte Vista	Rio Grande	2%	3 1/3%		None	
Montezuma	Summit	2%	3		None	
Monument	El Paso	3%	3 1/3%	A,B,C,K	2%	Motor Vehicles, Building Materials
Morrison	Jefferson	3.75%	3 1/3%		3.75%	Motor Vehicles, Building Materials
Mountain View	Jefferson	4%	0		3%	Motor Vehicles, Building Materials
Naturita	Montrose	4%	3 1/3%		3%	Motor Vehicles, Building Materials
Nederland	Boulder	3.75%	0		3%	Motor Vehicles, Building Materials
New Castle	Garfield	3.5%	3 1/3%		2%	Building Materials

(Continued on page 6)

City	County in which City is Located (see p. 7)	City Sales Tax Rate	Service Fee Allowed	Exemptions	Use Tax Rate	Use Tax (paid to city or county) applies to:
Norwood	San Miguel	3%	3 1/3%	C	None	
Nucla	Montrose	4%	3 1/3%		2%	Motor Vehicles
Nunn	Weld	2%	0		2%	Motor Vehicles, Building Materials
Oak Creek	Routt	3%	3 1/3%		None	
Olathe	Montrose	4%	3 1/3%		1%	Motor Vehicles, Building Materials
Ordway	Crowley	2%	3 1/3%		2%	Motor Vehicles, Building Materials
Otis	Washington	2%	3 1/3%		2%	Motor Vehicles, Building Materials
Ouray	Ouray	3%	3 1/3%		None	
Ovid	Sedgwick	1%	3 1/3%		1%	Motor Vehicles, Building Materials
Palisade	Mesa	2%	3 1/3%	A,B,C,K	None	
Palmer Lake	El Paso	3%	3 1/3%	A	3%	Motor Vehicles, Building Materials
Paonia	Delta	2%	3 1/3%		None	
Parachute	Garfield	3.75%	0		3.75%	Building Materials
Pierce	Weld	2%	3 1/3%	B,K	2%	Motor Vehicles, Building Materials
Pitkin	Gunnison	3%	0		None	
Platteville	Weld	3%	3 1/3%		2%	Building Materials
Poncha Springs	Chaffee	2%	3 1/3%		2%	Building Materials
Red Cliff	Eagle	3%	3 1/3%		None	
Rico	Dolores	5%	0		None	
Rocky Ford	Otero	4%	3%	E	3%	Motor Vehicles, Building Materials
Romeo	Conejos	1%	3 1/3%		None	
Saguache	Saguache	3%	3 1/3%		None	
Salida	Chaffee	3%	0		None	
San Luis	Costilla	3%	3 1/3%	A	None	
Sawpit	San Miguel	3%	0		3%	Building Materials
Sedgwick	Sedgwick	1%	0	B,C,K	None	
Seibert	Kit Carson	2%	3 1/3%	B,C,D,K	2%	Motor Vehicles, Building Materials
Severance	Weld	3%	3 1/3%	C	3%	Building Materials
Silt	Garfield	3%	3 1/3%		3%	Motor Vehicles, Building Materials
Silver Cliff	Custer	2%	3 1/3%		2%	Motor Vehicles, Building Materials
Silver Plume	Clear Creek	3%	3 1/3%		None	
Silverton	San Juan	1%	0	A,B,C,D,E,G,H,K,M	None	
Simla	Elbert	4%	3 1/3%	A,B,C,K	None	
South Fork	Mineral, Rio Grande	2%	3 1/3%	C	None	
Springfield	Baca	2%	3 1/3%		None	
Stratton	Kit Carson	2%	3 1/3%	A,B,C,D,K	None	
Superior	Boulder, Jefferson	3.46%	3.33% ⁷		3.3%	Motor Vehicles, Building Materials
Trinidad	Las Animas	4%	3 1/3%		4%	Motor Vehicles, Building Materials
Victor	Teller	3%	0	A,B,C,K	None	
Walden	Jackson	1%	3 1/3%		None	
Walsenburg	Huerfano	3%	3 1/3%		3%	Motor Vehicles, Building Materials
Walsh	Baca	3%	3 1/3%		None	
Ward	Boulder	2%	3 1/3%		None	
Wellington	Larimer	3%	3 1/3%	C	3%	Motor Vehicles, Building Materials
Westcliffe	Custer	2%	3 1/3%		None	
Wiggins	Morgan	2%	3 1/3%		None	
Wray	Yuma	2.5%	3 1/3%		2.5%	Motor Vehicles, Building Materials
Yampa	Routt	2%	3 1/3%	A,D,E,H	2%	Motor Vehicles, Building Materials
Yuma	Yuma	3%	3 1/3%		3%	Motor Vehicles, Building Materials

State-Collected Colorado County Sales Tax

Broomfield and Denver are self-collected counties. If a county is not listed, that county does not have a sales tax.

County	County Sales Tax Rate	Service Fee Allowed	Exemptions	Use Tax Rate	Use Tax (paid to city or county) applies to:
Adams	0.75%	0	A,B,C,D,E,G,H,K	None	
Alamosa	2%	3 1/3%		None	
Arapahoe	0.25%	0.5%	A,B,C,D,E,G,H,K,M	0.25%	Motor Vehicles, Building Materials
Archuleta	4%	3 1/3%		None	
Bent	1%	0		1%	Motor Vehicles, Building Materials
Boulder	0.985%	0	A,B,C,K	0.985%	Motor Vehicles, Building Materials
Chaffee	2%	3%	E	None	
Clear Creek	1%	0		None	
Costilla	1%	0		None	
Crowley	2%	3 1/3%		2%	Motor Vehicles, Building Materials
Custer	2%	3 1/3%	A,B,C,K	2%	Motor Vehicles, Building Materials
Delta	2%	3 1/3%	E,F	None	
Douglas	1%	2 1/3% ⁴	A,B,C,D,E,G,K,L,M	1%	Motor Vehicles, Building Materials
Eagle	1.5% ²	3 1/3%	A,B,C,K	None	
Elbert	1%	3 1/3%	A,B,C,D,E,G,H,K	1%	Motor Vehicles, Building Materials
El Paso	1.23%	0	A,B,C,K	1.23%	Motor Vehicles, Building Materials
Fremont	2.5%	3 1/3%	A,B,C,D,E,G,H,K,M	2.5%	Motor Vehicles, Building Materials
Garfield	1%	3 1/3%	A,B,C,K	None	
Grand	1%	3 1/3%		None	
Gunnison	1%	3 1/3%		None	
Hinsdale	5%	3 1/3%		4%	Motor Vehicles, Building Materials
Huerfano	2%	3 1/3%		None	
Jackson	4%	3 1/3%		None	
Jefferson	0.5%	3 1/3%		None	
Lake	4%	3 1/3%		None	
La Plata	2%	3 1/3%	D,E,H,K,L,M	None	
Larimer	0.65%	2.22%	A,B,C,D,E,G,H,K	0.65%	Motor Vehicles, Building Materials
Lincoln	2%	3 1/3%		2%	Motor Vehicles, Building Materials
Logan	1%	0	E,M	1%	Motor Vehicles, Building Materials
Mesa	2%	3 1/3%	A,B,C,D,E,G,H,K,L,M	2%	Motor Vehicles, Building Materials
Mineral	2.6% ³	3 1/3%		2%	Building Materials
Moffat	2%	3 1/3%	E, K, L, M	None	
Montrose	1%	3 1/3%		1%	Motor Vehicles, Building Materials
Otero	1%	3 1/3%	A,B,C,E,K	1%	Motor Vehicles, Building Materials
Ouray	2%	3 1/3%		None	
Park	1%	3 1/3%	A,B,C,D,K	None	
Phillips	1%	3 1/3%	E	1%	Motor Vehicles, Building Materials
Pitkin	3.6% ²	0		0.5% ⁸	Motor Vehicles, Building Materials
Pitkin (in Basalt)	2.6% ²	0		0.5% ⁸	Motor Vehicles, Building Materials
Prowers	1%	3 1/3%		1%	Motor Vehicles, Building Materials
Pueblo	1%	3 1/3%	A,B,C,K	1%	Motor Vehicles
Rio Blanco	3.6%	3 1/3%	C,D,E,M	3.6%	Motor Vehicles, Building Materials
Rio Grande	2.6% ³	3 1/3%		None	
Routt	1%	3 1/3%	A,B,C,K	1%	Motor Vehicles, Building Materials
Saguache	1%	0	A,B,C,E,K	None	
San Juan	5%	3 1/3%		None	
San Miguel	1%	3%	A,B,C,K	1%	Building Materials
Sedgwick	2%	3 1/3%		2%	Motor Vehicles, Building Materials
Summit	2.75% ²	3 1/3%		None	
Teller	1%	3 1/3%	A,B,C,K	1%	Motor Vehicles
Washington	1.5%	3 1/3%	A,B,D,E,G,H,K	1.5%	Motor Vehicles, Building Materials

Footnotes for State-Collected Cities and Counties

- ¹ Contract city: For information regarding exemptions and use tax, contact the city directly.
- ² Rate includes 0.5% Mass Transit System (MTS) in Eagle and Pitkin Counties and 0.75% in Summit County
- ³ Rate includes 0.6% Health Service District tax.
- ⁴ Cap of \$200 per month on service fee.
- ⁵ Reduced sales tax rate of purchases from certain areas subject to a Public Improvement Fee.
- ⁶ Use tax rate is allocated as Mass Transit Tax (MTS) only.
- ⁷ Cap of \$1,250 per month on service fee

Corrections or changes since January 1, 2015 in bold.

Home Rule Cities For Which The State Does Not Collect Local Sales Tax

City	Address	Phone Number	County in which City is Located (see p. 7)	City Sales Tax Rate	Service Fee Allowed	License Fee
Alamosa	PO Box 419, 300 Hunt Ave. Alamosa, CO 81101	719-589-2593	Alamosa	2% ⁶	2% ⁴	\$15.00
Arvada	8101 Ralston Rd. Arvada, CO 80002	720-898-7100	Adams, Jefferson	3.46%	3% ⁴	0
Aspen	130 S. Galena St. Aspen, CO 81611	970-920-5043	Pitkin	2.4% 2.1% ⁶	3.3% ^{4,6}	W
Aurora	15151 E Alameda Pkwy, 1st Floor Aurora, CO 80012	303-739-7800	Adams, Arapahoe Douglas	3.75%	0.5%	W
Avon	PO Box 975 Avon, CO 81620	970-748-4055	Eagle	4% ⁵	0	0
Black Hawk ³	PO Box 68 Black Hawk CO 80422	303-582-2283	Gilpin	5.5% 4% ⁶	0	W
Boulder	300 Hunt Ave Boulder, CO 80306	303-441-3050	Boulder	3.86%	0	\$25.00
Breckenridge	PO Box 168 Breckenridge, CO 80424	970-453-2251	Summit	2.5%	0	W
Brighton	500 South 4th Ave. Brighton, CO 80601	303-655-2041	Adams, Weld	3.75%	3 1/3% ⁴	\$15.00
Broomfield	One DesCombes Dr. Broomfield, CO 80020	303-464-5811	Broomfield	4.15%	3% ⁴	0
Broomfield Flatiron Improvement District	One DesCombes Dr. Broomfield, CO 80020	303-464-5811	Broomfield	0.01%	0	0
Broomfield Arista Improvement District	One DesCombes Dr. Broomfield, CO 80020	303-464-5811	Broomfield	0.2%	0	0
Canon City	PO Box 1460 Canon City, CO 81215-1460	719-276-5252	Fremont	2%	3 1/3% ⁴	\$20.00
Carbondale	511 Colorado Ave. Carbondale, CO 81623	970-510-1204	Garfield	3.5%	3 1/3% ⁴	\$25.00
Castle Rock	100 North Wilcox Castle Rock, CO 80108	303-660-1397	Douglas	4%	3 1/3% ⁴	\$10.00
Centennial	13133 E Arapahoe Rd. Centennial, CO 80112	303-325-8000	Arapahoe	2.5%	3% ⁴	\$25.00
Central City	Box 249 Central City, CO 80427	303-582-5251	Gilpin	4%	3 1/3%	\$35.00
Cherry Hills Village	2450 E Quincy Cherry Hills Village, CO 80110	303-789-2541	Arapahoe	3% ⁶ 3.5%	0.5%	W
Colorado Springs	PO Box 1575 MC225 Colorado Springs, CO 80901	719-385-5903	El Paso	2.5%	0	W
Commerce City	7887 E 60th Ave. Commerce City, CO 80022-4199	303-289-3628	Adams	4.5% ⁸	2% ⁴	\$20.00
Cortez	210 E Main St. Cortez, CO 81321	970-564-3402	Montezuma	4.05%	1.3%	\$10.00
Crested Butte	PO Box 39, 507 Maroon Ave Crested Butte, CO 81224	970-349-5338	Gunnison	4%	1.5%	0
Delta	PO Box 19, 360 Main St. Delta, CO 81416-0019	970-874-7908	Delta	3%	0	\$10.00
Denver	201 W Colfax Ave. Denver, CO 80202	720-913-9400	Denver	3.65% 4% ¹ 7.25% ³	0	W
Durango	949 2nd Ave. Durango, CO 81301	970-375-5010	La Plata	3% ¹	1/3% ⁴	\$2.50
Edgewater	2401 Sheridan Blvd. Edgewater, CO 80214	303-238-7803	Jefferson	3.5%	2%	\$50.00
Englewood	1000 Englewood Pkwy. Englewood, CO 80110-2373	303-762-2409	Arapahoe	3.5%	0	\$25.00

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City	Address	Phone Number	County in which City is Located (see p. 7)	City Sales Tax Rate	Service Fee Allowed	License Fee
Evans	1100 37th St. Evans, CO 80620	970-475-1109	Weld	3.5%	3 1/3% ⁴	\$25.00
Federal Heights	2380 W 90th Ave. Federal Heights, CO 80260	303-428-3526	Adams	4%	0	\$15.00
Fort Collins	PO Box 580 Fort Collins, CO 80522-0580	970-221-6780	Larimer	3.85% 2.25% ²	0	0
Frisco	PO Box 4100 Frisco, CO 80443	970-668-9127	Summit	2%	3 1/3% ⁴	\$75.00
Glendale	950 S Birch St. Glendale, CO 80246	303-639-4706	Arapahoe	3.75%	0	W
Glenwood Springs	101 W 8th St. Glenwood Springs, CO 81601	970-384-6420	Garfield	3.7%	0	\$25.00
Golden	911 10th St. Golden, CO 80401	303-384-8000	Jefferson	3%	0	\$20.00
Grand Junction	250 N 5th St. Grand Junction, CO 81501	970-244-1521	Mesa	2.75%	3 1/3%	\$10.00
Greeley	1000 10th St. Greeley, CO 80631	970-350-9733	Weld	3.46%	0	0
Greenwood Village	6060 S Quebec St. Greenwood Village, CO 80111-4591	303-486-8299	Arapahoe	3%	0	\$10.00
Gunnison	PO Box 239 Gunnison, CO 81230	970-641-8162	Gunnison	4%	5%	\$10.50
Gypsum	PO Box 130 Gypsum, CO 81637	970-524-1753	Eagle	3% 3% ⁶	3 1/3%	0
Lafayette	1290 S Public Rd. Lafayette, CO 80026	303-665-5588 X3314	Boulder	3.5%	2.5% ⁴	0
La Junta	PO Box 489 La Junta, CO 81050	719-384-5991	Otero	3%	3%	0
Lakewood	480 S Allison Pkwy. Lakewood, CO 80226-3127	303-987-7630	Jefferson	3% ⁵	0	\$15.00
Lamar	102 E Parmenter St. Lamar, CO 81052	719-336-1370	Prowers	3%	3 1/3% ⁴	\$10.00
Larkspur	PO Box 310 Larkspur, CO 80118	303-681-2324	Douglas	4%	0	\$25.00
Littleton	2255 W Berry Ave. Littleton, CO 80120	303-795-3768	Arapahoe Douglas Jefferson	3%	2.5% ⁴	0
Lone Tree	9220 Kimmel Dr, Ste 100 Lone Tree, CO 80124	303-708-1818	Douglas	1.8125%	0	\$10.00
Longmont	350 Kimbark St. Longmont, CO 80501	303-651-8672	Boulder	3.275%	3% ⁴	\$25.00
Louisville	749 Main Louisville, CO 80027	303-335-4514	Boulder	3.5%	0	\$25.00
Loveland	500 E 3rd St., Ste 320 Loveland, CO 80537	970-962-2698	Larimer	3% ⁵	2% ⁴	\$20.00
Montrose	PO Box 790 Montrose, CO 81402	970-240-1400	Montrose	3.3%	1.33%	\$35.00
Mt. Crested Butte	PO Drawer 5800 Mt. Crested Butte, CO 81225-5800	970-349-6632	Gunnison	5% 3% ⁶	3 1/3%	W
Mountain Village	455 Mountain Village Blvd, Ste A Mountain Village, CO 81435	970-369-6407	San Miguel	4.5%	3 1/3%	W
Northglenn	11701 Community Center Dr. Northglenn, CO 80233	303-450-8729	Adams, Weld	4% 3% ²	1%	\$15.00
Parker	20120 E Mainstreet. Parker, CO 80138-7334	303-805-3228	Douglas	3%	3 1/3% ⁴	\$20.00
Pueblo	PO Box 1427 Pueblo, CO 81002	719-553-2659	Pueblo	3.5%	0	\$50.00

(Continued on page 10)

City	Address	Phone Number	County in which City is Located (see p. 7)	City Sales Tax Rate	Service Fee Allowed	License Fee
Ridgway	PO Box 10 Ridgway, CO 81432-0010	970-626-5308	Ouray	3.6%	2 1/3%	\$25.00
Rifle	PO Box 1908 Rifle CO 81650	970-625-2121	Garfield	4.25%	0	\$12.00
Sheridan	4101 S Federal Sheridan, CO 80110	303-762-2200	Arapahoe	3.5%	0	\$10.00 \$215.00 ⁹ \$65.00 ¹⁰
Silverthorne	PO Box 1309 Silverthorne, CO 80498	970-262-7300	Summit	2%	2 1/3% ⁴	\$75.00
Snowmass Village	PO Box 5010 Snowmass Village, CO 81615	970-923-3796	Pitkin	3.5%	0	\$85.00
Steamboat Springs	PO Box 772869 Steamboat Springs, CO 80477-2869	970-879-2060 X 233	Routt	4.75%	0	\$25.00
Sterling	PO Box 4000 Sterling, CO 80751	970-522-9700	Logan	3%	0	0
Telluride	PO Box 397 Telluride, CO 81435	970-728-2152	San Miguel	4.5%	1.35%	0
Thornton	9500 Civic Center Dr. Thornton, CO 80229	303-538-7400	Adams	3.75%	3% ⁴	0
Timnath	4800 Goodman St. Timnath, CO 80547	970-224-3211	Larimer	3%	3 1/3%	\$25.00
Vail	75 Frontage Rd. Vail, CO 81657	970-479-2125	Eagle	4%	0	0
Westminster	4800 W 92nd Ave. Westminster, CO 80031	303-658-2065	Adams Jefferson	3.85%	0	0
Wheat Ridge	7500 W 29th Ave. Wheat Ridge, CO 80033-8001	303-235-2820	Jefferson	3%	2% ⁴	\$20.00
Windsor	301 Walnut Windsor, CO 80550	970-674-2486	Larimer Weld	3.95% ²	2.33% ⁴	\$10.00 ^{7, 8}
Winter Park	PO Box 3327 Winter Park, CO 80482	970-726-8081	Grand	5%	0	\$60.00
Woodland Park	PO Box 9045 Woodland Park, CO 80866-9045	719-687-9246	Teller	3% 1% ⁶	0	\$50.00

Footnotes for Home Rule Cities

Direct contact with these home rule cities is suggested to receive up-to-date information concerning their tax rates, exemptions, license fees and procedures.

Corrections or changes since January 1, 2015 in bold.

- ¹ Sales tax on food & liquor for immediate consumption.
- ² Food for home consumption.
- ³ Automobile rentals for less than 30 days.
- ⁴ Cap at a certain amount.
- ⁵ Sales tax rate is reduced if purchases are made from certain areas subject to either a Public Improvement Fee (PIF) and/or Retail Sales Fee (RSF). All PIFs/RSFs imposed by home-rule cities are not listed in this publication. Contact the respective home-rule city for more details.
- ⁶ Use tax
- ⁷ Business license for businesses within city limits.
- ⁸ Business license for businesses outside city limits that do business within the city limits.
- ^w Contact the city directly.

Fund Summary Schedule

Gross Budget	General Fund	Internal Service Funds	Enterprise Funds	Special Revenue Funds	Total City Budget	Other Entity Funds	Total All Funds
Beginning Balance	\$25,994,050	\$15,345,030	\$51,964,600	\$39,275,010	\$132,578,690	\$2,259,110	\$134,837,800
Revenues							
Taxes	57,381,280	-	-	911,000	58,292,280	12,030,060	70,322,340
Intergovernmental	453,950	20,210	13,779,450	6,892,490	21,146,100	13,283,860	34,429,960
Impact Fees	-	-	6,600,040	4,840,410	11,440,450	-	11,440,450
Charges for Service/ Permits/Fines	12,486,280	17,582,040	10,628,680	2,653,260	43,350,260	801,330	44,151,590
Interest	347,350	202,810	484,700	625,800	1,660,660	21,710	1,682,370
Payment in Lieu of Taxes	6,297,920	-	-	-	6,297,920	-	6,297,920
Bond Proceeds	-	-	10,000,000	-	10,000,000	-	10,000,000
Other	1,148,990	-	1,592,940	41,680	2,783,610	3,500	2,787,110
Utility Charges	-	-	83,935,840	-	83,935,840	-	83,935,840
Utility Other	-	-	2,165,640	-	2,165,640	-	2,165,640
Transfers	109,410	-	2,181,550	12,954,320	15,245,280	-	15,245,280
Total Revenue	\$78,225,180	\$17,805,060	\$131,368,840	\$28,918,960	\$256,318,040	\$26,140,460	\$282,458,500
Total Resources	\$104,219,230	\$33,150,090	\$183,333,440	\$68,193,970	\$388,896,730	\$28,399,570	\$417,296,300
Expense By Department							
Legislative	153,590	-	-	-	153,590	-	153,590
Executive/Legal	2,067,420	-	-	-	2,067,420	-	2,067,420
Clerk & Court Admin.	1,079,650	-	-	-	1,079,650	-	1,079,650
Cultural Services	2,025,270	-	-	351,040	2,376,310	-	2,376,310
Development Services	4,064,170	-	-	301,780	4,365,950	-	4,365,950
Economic Development	1,191,400	-	-	875,200	2,066,600	-	2,066,600
Finance	4,888,570	-	-	-	4,888,570	11,800,650	16,689,220
Fire & Rescue	-	-	-	606,240	606,240	11,896,420	12,502,660
Human Resources	1,269,810	14,984,330	-	-	16,254,140	-	16,254,140
Info. Technology	4,053,040	-	-	-	4,053,040	-	4,053,040
Library	3,201,750	-	-	190,000	3,391,750	-	3,391,750
Parks & Recreation	10,562,430	-	3,831,820	7,229,190	21,623,880	14,820	21,638,700
Police	19,591,890	-	-	1,136,500	20,728,390	-	20,728,390
Public Works	5,228,480	6,011,870	11,450,670	16,166,330	38,857,350	2,371,410	41,228,760
Water & Power	-	-	92,379,880	-	92,379,880	-	92,379,880
Non-Departmental	10,165,270	-	-	-	10,165,270	-	10,165,270
Admin. Overhead	(6,391,070)	-	-	-	(6,391,070)	-	(6,391,070)
Transfers	10,826,810	-	1,736,470	2,682,000	15,245,280	-	15,245,280
Total Expenses	\$73,978,480	\$20,996,200	\$109,398,840	\$29,538,720	\$233,912,240	\$26,083,300	\$259,995,540
Ending Balance	\$30,240,750	\$12,153,890	\$73,934,600	\$38,655,250	\$154,984,490	\$2,316,270	\$157,300,760



CITY OF LOVELAND
FINANCE DEPARTMENT

Civic Center • 500 East Third • Loveland, Colorado 80537
(970) 962-2318 • FAX (970) 962-2994 • TDD (970) 962-2620

To: City Council
From: Brent Worthington, Finance Director
Date: March 24, 2015
Re: ADDENDUM: Staff Report, Sales Tax on Food for Home Consumption

This Addendum provides corrections to the original Staff Report, provides information in response to questions from members of Council, and provides additional information brought forward from staff discussions.

Corrections

Page 3, second sentence: “Eighty two percent” should read “Seventy nine percent”.

Page 6, second paragraph under **EFFECTS ON HOUSEHOLDS, AND EXISTING ASSISTANCE PROGRAMS:** “\$15.75 per month” should read “\$16.67 per month”.

Page 9, fourth paragraph under **Impacts to the General Fund:** reference should be to Table 7, not Table 6.

Questions and Issues

Q: Can we obtain some demographics on the numbers of households currently receiving food assistance from Federal or State agencies?

A: According to the City of Loveland’s Community Partnership office, approximately 3,000 Loveland households receive SNAP assistance. Larimer County reports that the total annual SNAP assistance for Loveland families is \$11,350,000. This equals approximately \$3,700 per year per household.

In 2014, 799 households received a total of \$88,748 in sales tax rebate from the City of Loveland. This is \$111 in rebate per household.

Q: How will these lower income households be benefited by a reduction in food sales tax?

A: According to the City of Loveland’s Community Partnership office, families that receive SNAP assistance end up spending between \$1,200 and \$1,600 per year of their own money on food for home consumption. Eliminating the sales tax on food for home consumption would save these families \$3 to \$4 per month, or \$36 to \$48 per year.

Q: I understand the calculation for the approximately \$16/mo per household. Does this number apply to lower income households that are already receiving assistance from Federal, State or Local programs?

A: No. The average for all households is about \$16. As illustrated above, low income households would benefit from elimination or reduction of the sales tax on food, but their savings would be lower than the overall average because some low income households already receive some form of waiver or rebate.

Q: Explain Table 7 of the staff report: What does the yellow highlighted column represent?

A: Table 7 shows the fiscal year 2015 budget expenses for each department. These amounts are represented in the "General Fund" column. Some departments generate revenue from operations; examples include Parks and Recreation (fees for programs and classes) and Cultural Services (Museum entry fees, Rialto Theater Complex tickets sales and rentals).

To the extent that departments are unable to generate revenue, or are unable to generate sufficient revenue to cover operating costs, the General Fund subsidizes each of the departments. This is represented in the "Potential General Fund Expense Reduction column." It is within this area that we would need to determine the potential reductions to whatever Council decides on the food sales tax for home consumption.

The General Fund subsidy for each department, division or activity is determined as follows:

1. The expenditure budget for each department.
2. Minus the revenues that each department is estimated to generate on its own
3. Equals the subsidy necessary from the General Fund

These General Fund subsidy numbers are taken from the adopted 2015 Budget document. They are shown in each department or division chapter, in the respective summary tables. So these figures tie back to the Budget; they are presented here in one place.

Q: What is the gross dollar amount of annual budget rollovers (aggregate of all rollovers approved by Council) for the past six years?

<u>A: Year</u>	<u>Gross Amount</u>
2009	24,740,000
2010	38,900,000
2011	31,610,000
2012	25,550,000
2013	33,570,000
2014	48,920,000

Please note that “rollovers” are, by and large, specific Council authorizations to continue projects into the next fiscal year. These are often capital projects which take two or more years to complete. The rollovers cannot be added together to any total – the sum would be meaningless. The rollovers are also not the same as the fund balances which are accumulated and carried forward.

Q: What would be the impact on retailers of eliminating, or reducing, sales tax on food for home consumption?

A: The impact would be minimal on large chain grocers and general merchandise retailers that sell food for home consumption. These retailers have dedicated staff that implement such changes routinely.

Single location stores have no such corporate support. If their point of sale terminals are able to handle sales tax rates changes, it would be necessary for them to contract with programmers: it could take 5-10 hours for each change, at a cost of \$75-100 per hour: total cost could be up to \$1,000 for each change.

If a single location store does not have point of sale terminals that are able to handle changes to sales tax rates, and equipment upgrades would be necessary in order to comply, the additional costs would be substantial.

Q: What does the total sales tax on purchases in Loveland include?

A: It includes three elements:

State sales tax	2.90%
Larimer County sales tax	.65%
Loveland sales tax	<u>3.00%</u>
Total	6.55%

“City sales tax” refers to the 3.00% element. “State sales tax” refers to the 2.90% element. (It’s important to note that food for home consumption is exempt from the .65% Larimer County sales tax).

Q: What is the definition of “Food for Home Consumption”?

The Colorado Department of Revenue Publication **FYI Sales 4** (attached to the Staff Report) provides more definition and clarification of Food for Home Consumption:

Food purchased using food stamps [SNAP]

- Food purchased for human consumption at home
- Seeds and plants which produce food for human consumption

When paid with cash rather than food stamps [SNAP], the State does not exempt:

- Carbonated water marketed in containers
- Soft drinks
- Chewing gum
- Candy
- Seeds and plants which produce food for human consumption
- Prepared salads and salad bar items
- Cold sandwiches
- Deli trays

The State taxes all food and drink sold by:

- Restaurants
- Snack shops
- Carryout shops
- Pushcarts

- Other sellers of food and drink per C.R.S. 39-26-104(1)(e)

Q: Can reserves be used to make up for a reduction in food sales tax?

A: Depending upon what decision is made by City Council concerning reduction or elimination of sales tax on food, the City's annual General Fund revenues may be reduced. As stated in the Staff Report to City Council, management will recommend ongoing expense reductions to match any projected ongoing revenue reductions.

The City's accumulated General Fund reserve may also play a role in management's recommendation, depending upon the size and timing of reductions needed. Because the General Fund reserve is a one-time resource, it is not a solution to a continuing revenue reduction. But the General Fund reserve may be valuable in easing the transition to a sustained lower revenue level. This may be a resource to help manage the first two or three years of the reduction process.

Based on the 2015 Budget, the City is projecting an ending unassigned General Fund balance of \$5.9 million. It would be possible to look to this fund balance as a source of funding to mitigate the loss of revenue from the sales tax on food for home consumption, with an important caveat: this unassigned fund balance is also the funding source for various General Fund Supplemental Appropriations through the year.

Although the City has reserves in other funds, they are restricted to particular purposes which would prevent them being used as a source of transitional funding.

Q: Is Loveland food sales tax revenue generated only by Loveland residents?

A: No. In reality, a portion of the sales tax on food received by the City is paid by non-Loveland residents who shop at Loveland stores. We do not have an accurate method of estimating this amount.

Q: Would elimination or reduction of tax result in the entire tax saving being spent on taxable items within the City of Loveland?

A: No, not necessarily. This scenario was illustrated in the Staff Report as an example of the most optimistic outcome for a food sales tax reduction or elimination. However, according to Loveland's Executive Fiscal Advisor, the City's economic models indicate that approximately 30% of spending is on taxable goods and services.

SALES TAX ON FOOD FOR HOME CONSUMPTION



SALES TAX ON FOOD FOR HOME CONSUMPTION

- Legal Basis
- Existing Municipal Practices
- Loveland Sales Tax on food for home consumption
- Effects on Households
- Assistance Programs
- Effects on City Budget
- Analysis and Options

STATE LAW

➤ **CRS 39-26-102**

- Defines Food for Home Consumption
- Sets forth exclusions

➤ **CRS 39-26-707**

- Specifies that all food for home consumption is exempt from State sales tax
- Ties back to Federal Law governing Food Stamps

LOVELAND MUNICIPAL CODE

- General Sales Tax Rate = 3%
 - Has been at that rate since 1985

- General Sales Tax Rate has always included Sales Tax on Food for Home Consumption at the full rate

TAXPAYER BILL OF RIGHTS (TABOR)

- City Council may decrease or eliminate tax rates or tax base contained within Code
- Increases in tax rates or tax base must be approved through a TABOR election
- No TABOR provision regarding temporary reduction
- Tax rebates are allowed by TABOR

SALES TAX RATES- BREAKDOWN

- There are several layers of sales tax in Loveland

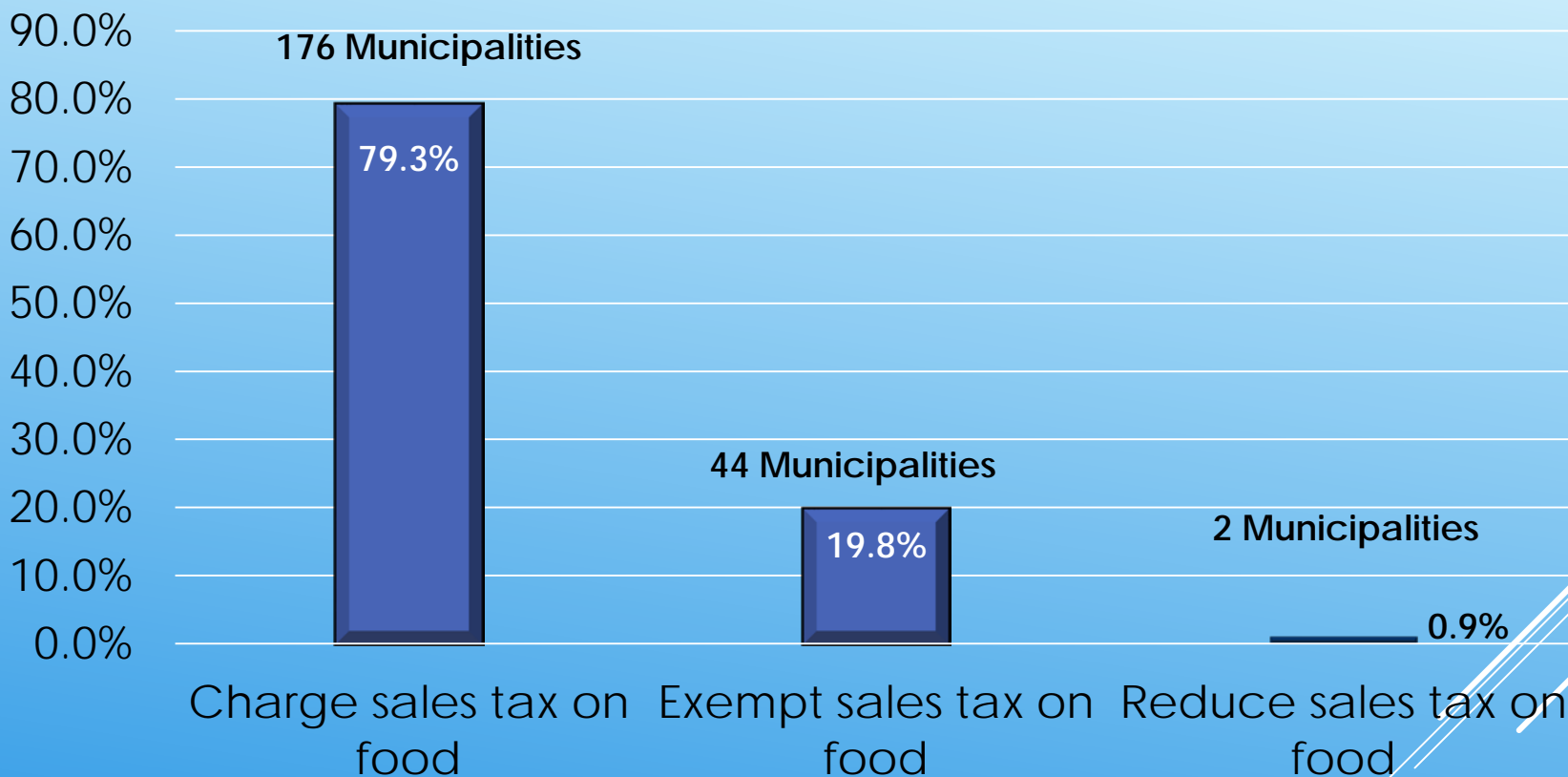
State Sales Tax	2.90%
Larimer County Sales Tax	.65%
Loveland Sales Tax	3.00%
Total	6.55%

EXISTING MUNICIPAL PRACTICES

- All Food for Home Consumption is exempt from State Sales Tax
- State-Collected Municipalities may or may not exempt food
- Self-Collected Municipalities may or may not exempt food
- On average, 80% of Colorado municipalities collect food tax

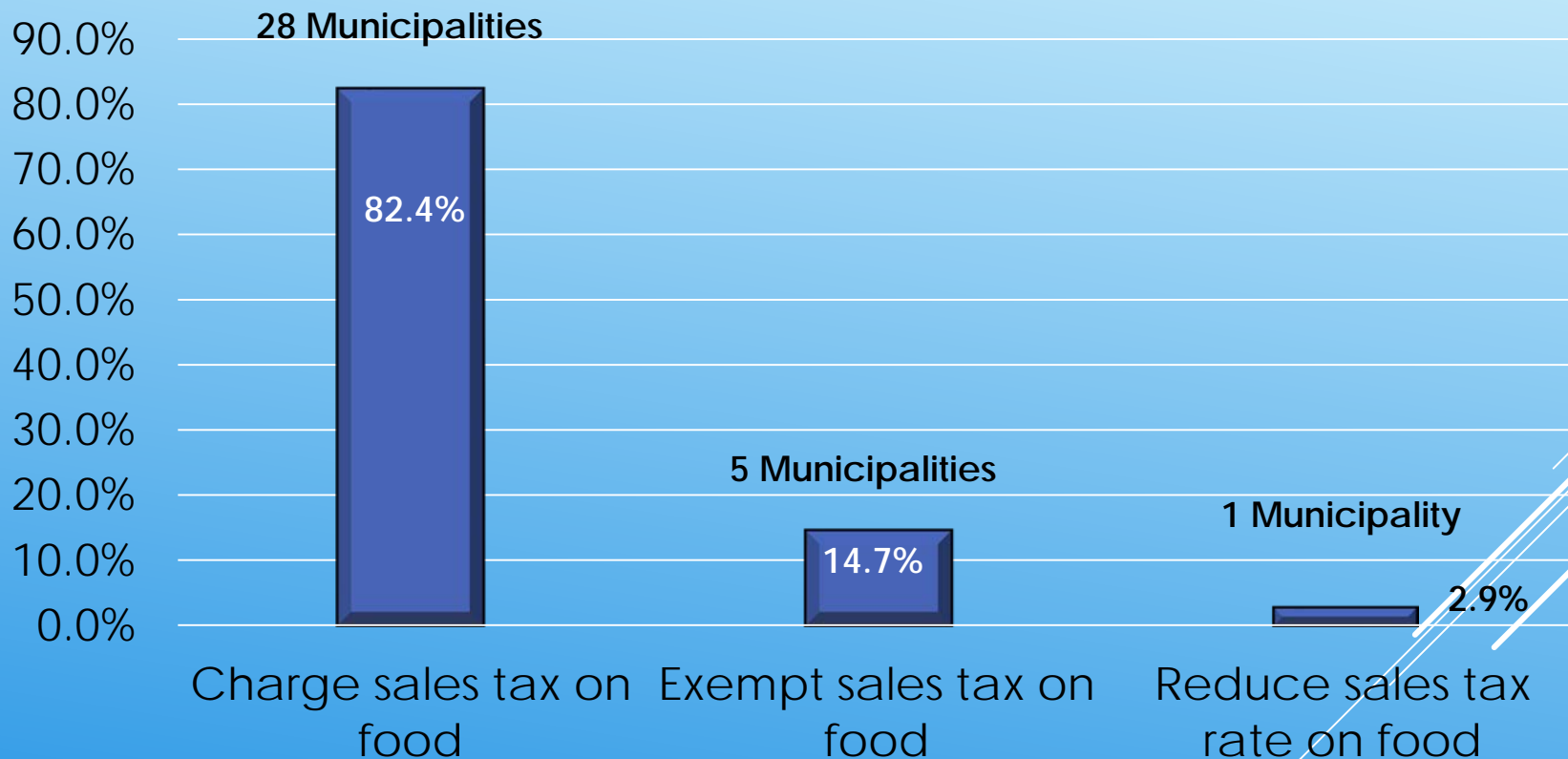
STATEWIDE

222 Colorado Municipalities



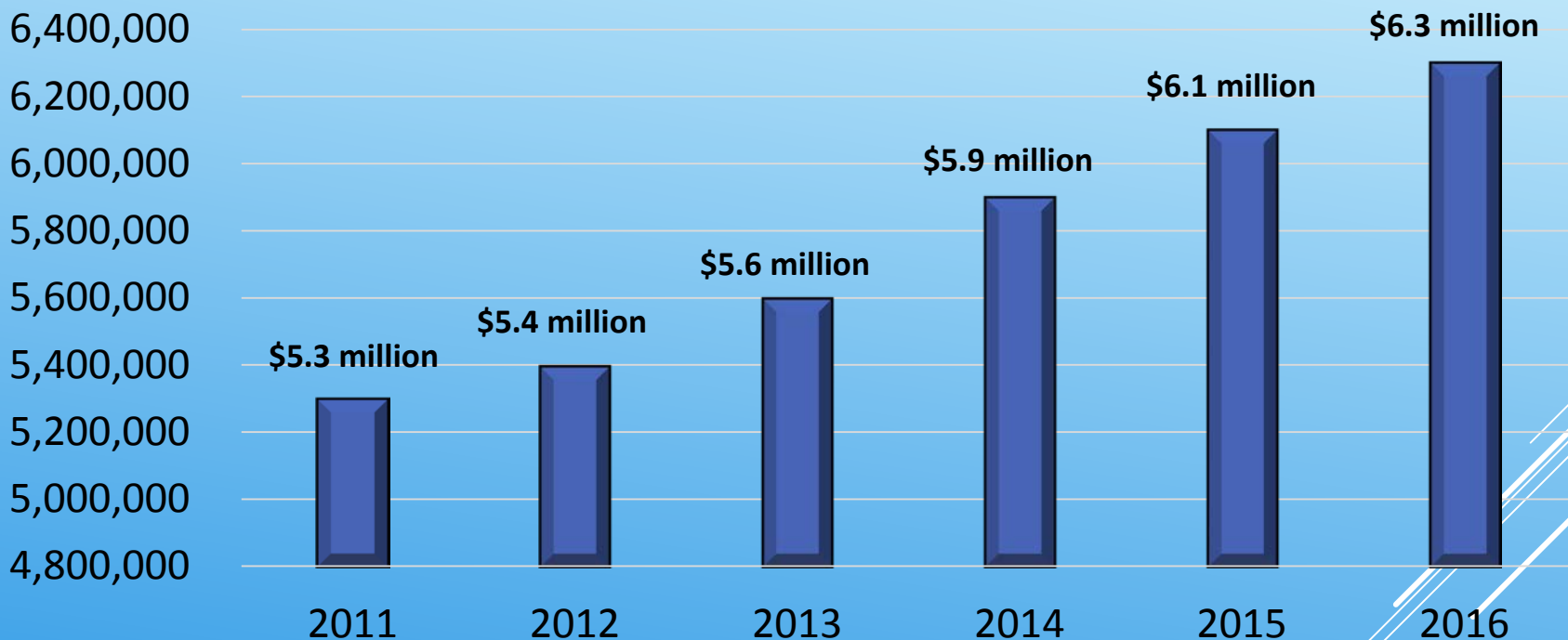
NORTHERN COLORADO

34 Municipalities

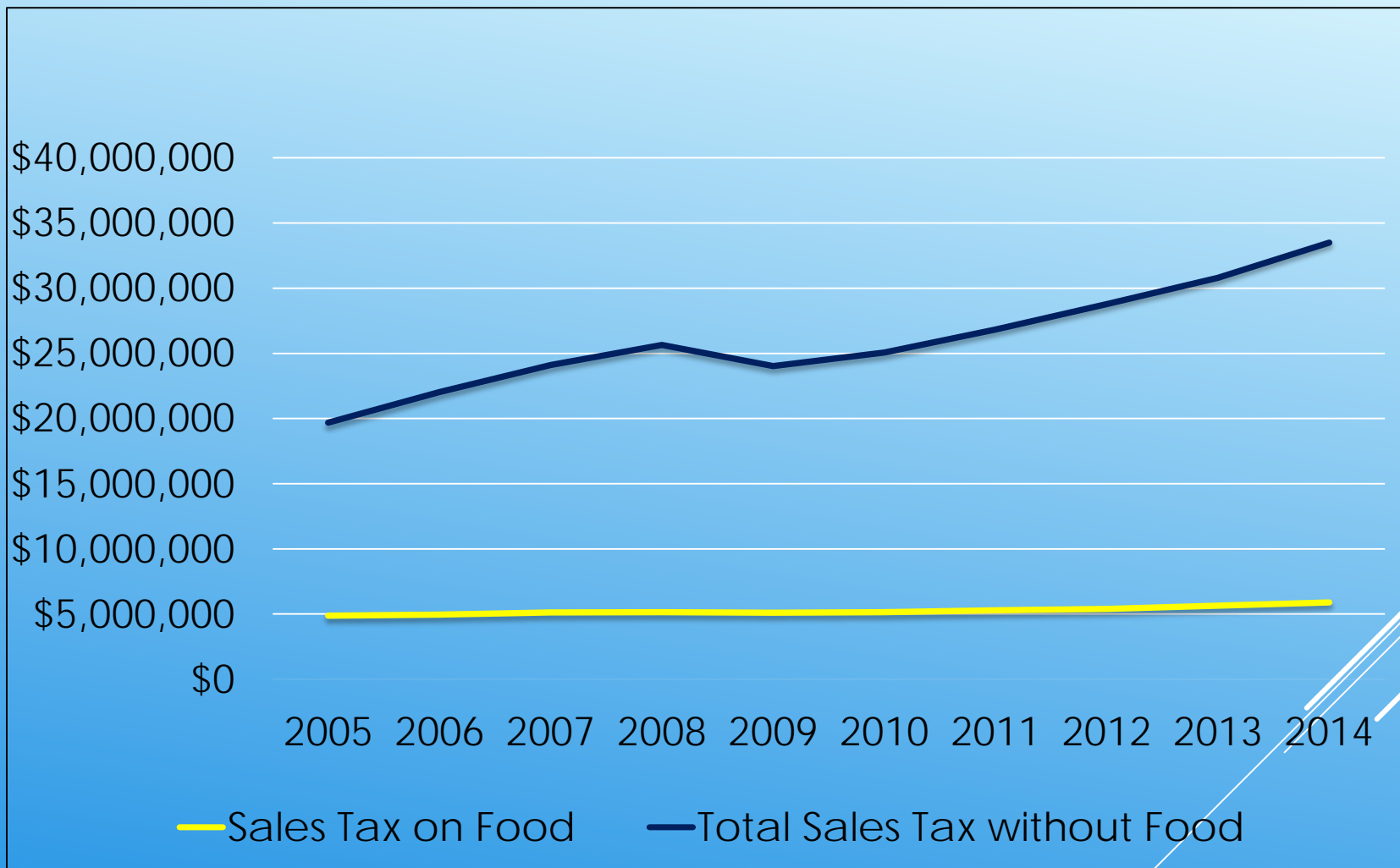


LOVELAND SALES TAX ON FOOD FOR HOME CONSUMPTION

Sales Tax Revenue



STABILITY OF SALES TAX ON FOOD FOR HOME CONSUMPTION



EFFECT ON LOVELAND HOUSEHOLDS

- 29,500 households in City of Loveland (based on residential utility billing information)
- \$5,900,000 total food tax collected (2014)
- \$16.67 per month per household, \$200 per year
- If total household savings were spent in Loveland on taxable items
 - Additional revenue would be \$177,000
 - Net decrease in General Fund revenue would be \$5,723,000

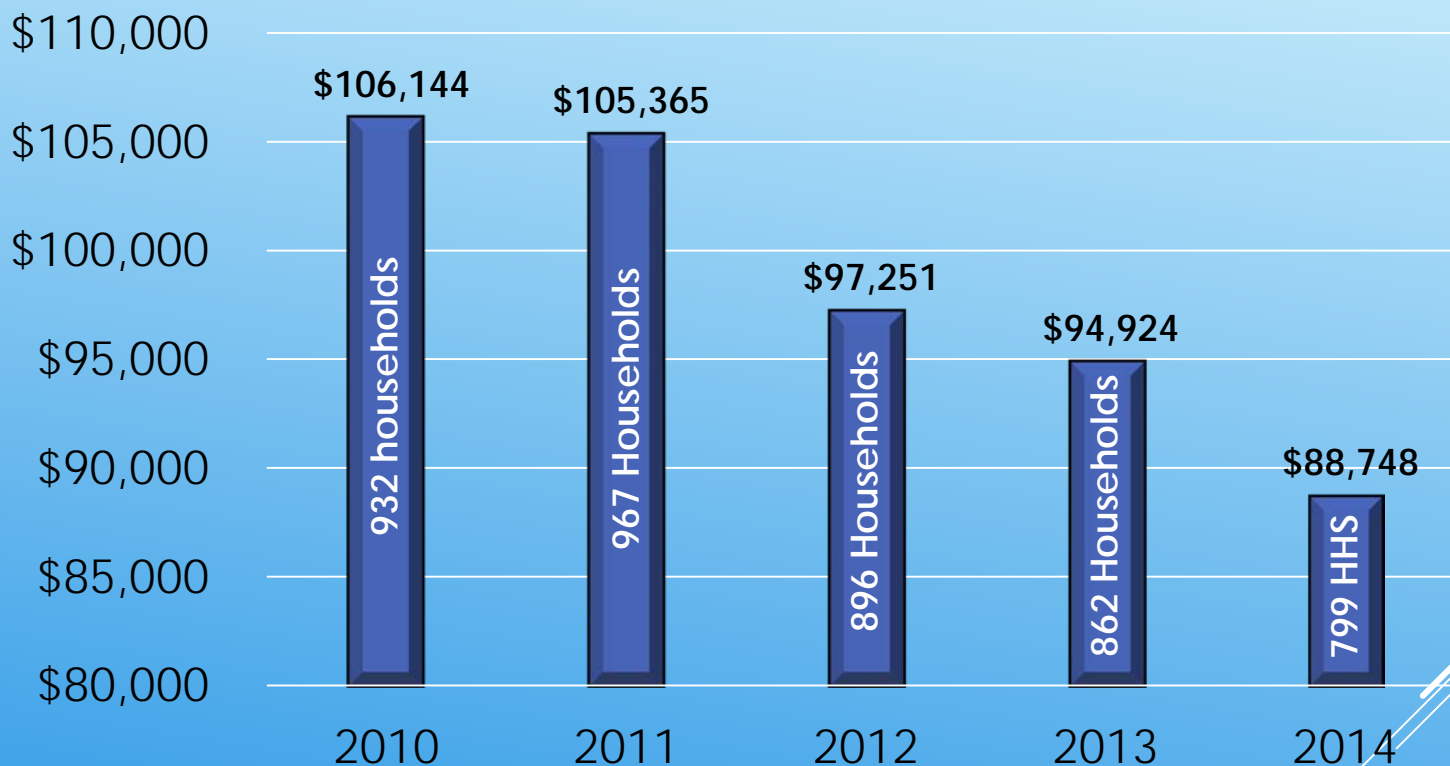
ASSISTANCE PROGRAMS

Supplemental Nutrition Assistance Program (SNAP)

- Current version of Food Stamps
- Food purchased through SNAP program is, by Federal law, exempt from Sales Tax
- Federal Legislation defines exempt items
- Loveland families receive approximately \$11,350,000 in SNAP assistance annually (2015)
 - If taxed, it would represent \$340,500 in revenue

ASSISTANCE PROGRAMS

City of Loveland Food Sales Tax Rebate



ASSISTANCE PROGRAMS

➤ SNAP

- 3,000 Loveland households receive SNAP
- \$3,700 per household per year
- SNAP Households spend \$1,200 - \$1,600 out of pocket
- Eliminating sales tax on food will save them \$3-\$4 per month, \$36 - \$48 per year

➤ Food Tax Rebate

- 799 households received \$88,748
- \$111 per household

POLICY CHOICES

- Eliminate the Sales Tax on Food for Home Consumption
- Eliminate or reduce sales tax on certain food items (milk, bread, meat, produce, etc.)
 - Department of Revenue mandates uniformity
 - Possible legal challenge
- Reduce sales tax rate on food for home consumption
- Keep sales tax on food for home consumption in place, unchanged

EFFECT ON CITY BUDGET

➤ **Effects primarily on General Fund**

- 2015 Budget: General Fund revenue = \$78.2 million
- 2015 Budget: Full elimination of sales tax = \$6,100,000
- Reduction = 7.8%

➤ **Mix of solutions**

- General Fund expense reductions
- Increase in other General Fund revenues (fees and charges)

➤ **Expense reductions bring greater predictability**

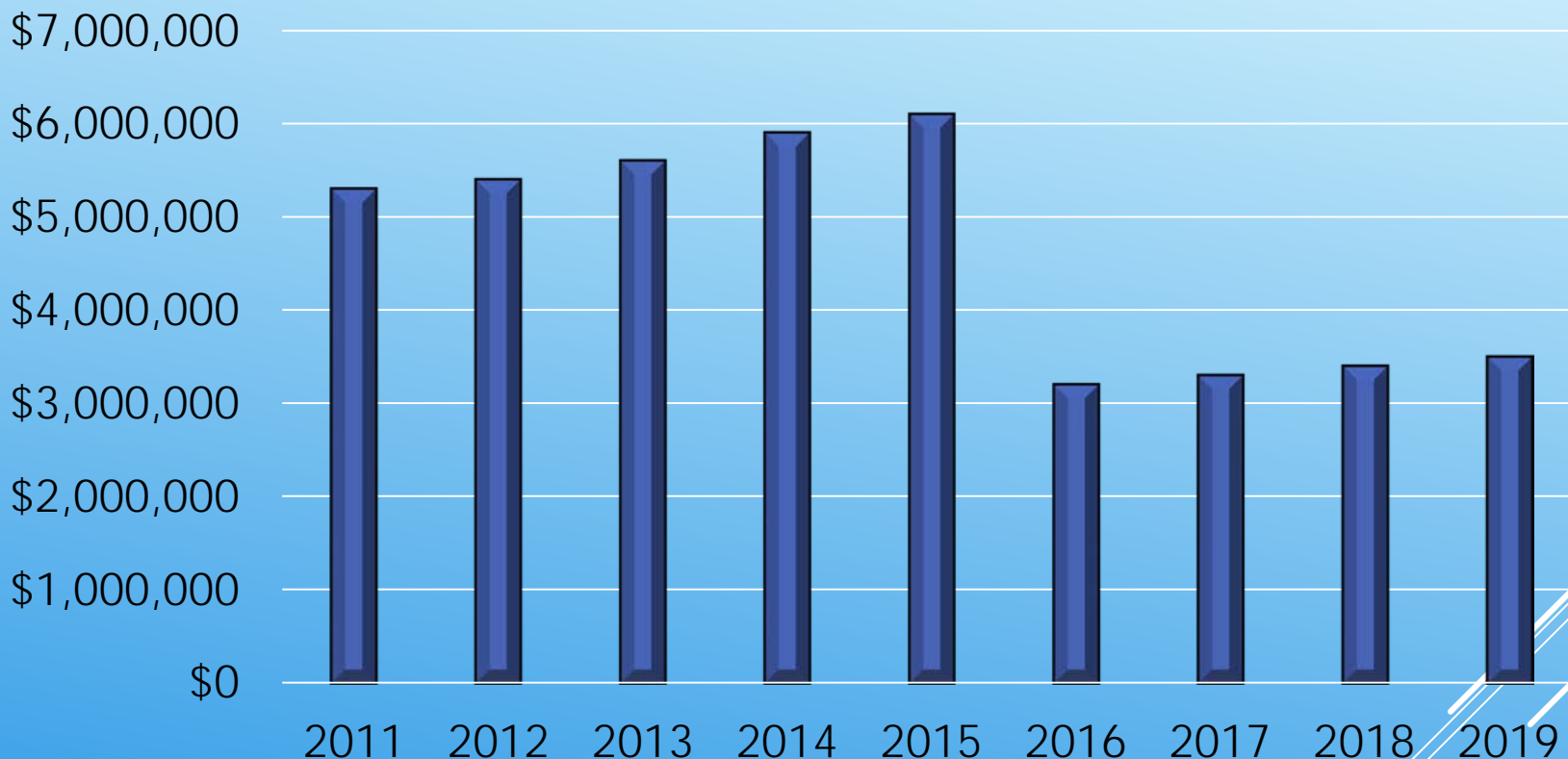
REDUCTION SCENARIOS

BASED ON 2016 ESTIMATES

Reduction	Revenue Decrease	New Rate
25% Decrease	(1,525,000)	2.25%
50% Decrease	(3,050,000)	1.50%
75% Decrease	(4,575,000)	0.75%
100% Decrease	(6,300,000)	0.00%

OPTION: 50% REDUCTION

Revenue Projection- 1.5% Tax Rate



GENERAL FUND SUBSIDIES AND TRANSFERS (PARTIAL LIST)

Major Subsidies go to:

- Police Department \$18,413,920
- LFRA \$ 9,568,750
- Parks & Recreation \$ 6,999,110
- Library \$ 3,061,970

Major Transfers go to:

- Council Reserve \$ 1,217,267
- Transportation \$ 5,672,900
- Capital \$ 1,777,580
- Interfund Loan Payments \$ 1,708,950 (Recreation, LFRA, Water)
- Transit \$ 1,152,380

OPTIONS FOR COUNCIL ACTION

1. Direct staff to prepare analysis, ordinance, and return to Council
2. Move to adopt an ordinance on first reading to eliminate sales tax on food for home consumption
3. Move to adopt an ordinance on first reading to reduce sales tax on food for home consumption (specify percentage)
4. Keep sales tax on food for home consumption in place, unchanged

QUESTIONS?



City of Loveland / Finance Department
3/24/2015

FIRST READING March 24, 2015

SECOND READING _____, 2015

ORDINANCE NO. _____

**AN ORDINANCE ELIMINATING THE SALES TAX ON FOOD FOR
HOME CONSUMPTION**

WHEREAS, on August 7, 1984 the Loveland City Council adopted Ordinance No. 3094 that established a tax policy regarding sales and use tax and repealed and re-enacted Chapter 3.16 of the Loveland Municipal Code that, among other sales and use tax changes, set a tax rate of three percent (3%) on food for home consumption as defined in state statute, subject to approval by the City's registered electors on November 6, 1984; and

WHEREAS, City Council desires to eliminate the sales tax on food for home consumption.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO:

Section 1. That sub-section 3.16.020 A. of the Loveland Municipal Code be amended as follows:

3.16.020 General provisions.

- A. There is imposed on the sale of tangible personal property at retail or the furnishing of services as provided in § 29-2-105(1)(d), Colorado Revised Statutes, a sales tax equal to three percent of the gross receipts (the "sales tax"). The tangible personal property and services taxable under this chapter shall be the same as the tangible personal property and services taxable pursuant to § 39-26-104, Colorado Revised Statutes, and subject to the same exemptions as those specified in § 39-26-114, Colorado Revised Statutes; provided that the exemption for sales of electricity, coal, wood, gas, fuel oil or coke sold to occupants of residences pursuant to § 39-26-114(1)(a)(XXI), Colorado Revised Statutes, and the exemption for sales of machinery or machine tools pursuant to § 39-26-114(11), Colorado Revised Statutes, shall not apply to the sales tax, and the sale of such items is expressly made taxable under this chapter. The imposition of the sales tax on individual sales shall be in accordance with schedules set forth in the rules and regulations promulgated by the city manager.

Section 2. That as provided in City Charter Section 4-9(a)(7), this Ordinance shall be published by title only by the City Clerk after adoption on second reading unless the Ordinance has been amended since first reading in which case the Ordinance shall be published in full or the amendments shall be published in full. This Ordinance shall be in full force and effect upon final adoption, as provided in City Charter Section 11-5(d).

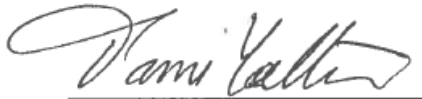
ADOPTED this ____ day of _____, 2015.

Cecil A. Gutierrez, Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:



City Attorney

FIRST READING March 24, 2015

SECOND READING _____, 2015

ORDINANCE NO. _____

**AN ORDINANCE REDUCING THE SALES TAX ON FOOD FOR HOME
CONSUMPTION**

WHEREAS, on August 7, 1984 the Loveland City Council adopted Ordinance No. 3094 that established a tax policy regarding sales and use tax and repealed and re-enacted Chapter 3.16 of the Loveland Municipal Code that, among other sales and use tax changes, set a tax rate of three percent (3%) on food for home consumption as defined in state statute, subject to approval by the City's registered electors on November 6, 1984; and

WHEREAS, City Council desires to reduce the sales tax on food for home consumption.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO:

Section 1. That sub-section 3.16.020 A. of the Loveland Municipal Code be amended as follows:

3.16.020 General provisions.

- A. There is imposed on the sale of tangible personal property at retail or the furnishing of services as provided in § 29-2-105(1)(d), Colorado Revised Statutes, a sales tax equal to three percent of the gross receipts (the "sales tax"). The tangible personal property and services taxable under this chapter shall be the same as the tangible personal property and services taxable pursuant to § 39-26-104, Colorado Revised Statutes, and subject to the same exemptions as those specified in § 39-26-114, Colorado Revised Statutes; provided that the exemption for the sales of food pursuant to § 39-26-707, Colorado Revised Statutes, exemption for sales of electricity, coal, wood, gas, fuel oil or coke sold to occupants of residences pursuant to § 39-26-114(1)(a)(XXI), Colorado Revised Statutes, and the exemption for sales of machinery or machine tools pursuant to § 39-26-114(11), Colorado Revised Statutes, shall not apply to the sales tax, and the sale of such items is expressly made taxable under this chapter. The imposition of the sales tax on individual sales shall be in accordance with schedules set forth in the rules and regulations promulgated by the city manager. Notwithstanding anything in this subsection A to the contrary, the sales tax on the sale of food for home consumption as defined in § 39-26-102(4.5)(a), Colorado Revised Statutes, except candy and soda as defined in § 39-26-707(1.5), Colorado Revised Statutes, is hereby reduced to _____ percent of the gross receipts.

Section 2. That as provided in City Charter Section 4-9(a)(7), this Ordinance shall be published by title only by the City Clerk after adoption on second reading unless the Ordinance has been amended since first reading in which case the Ordinance shall be published in full or the amendments shall be published in full. This Ordinance shall be in full force and effect upon final adoption, as provided in City Charter Section 11-5(d).

ADOPTED this ___ day of _____, 2015.

Cecil A. Gutierrez, Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:



City Attorney

FIRST READING March 24, 2015

SECOND READING _____, 2015

ORDINANCE NO. _____

**AN ORDINANCE ENACTING A TEMPORARY SALES TAX
EXEMPTION FOR FOOD FOR HOME CONSUMPTION**

WHEREAS, on August 7, 1984 the Loveland City Council adopted Ordinance No. 3094 that established a tax policy regarding sales and use tax and repealed and re-enacted Chapter 3.16 of the Loveland Municipal Code that, among other sales and use tax changes, set a tax rate of three percent (3%) on food for home consumption as defined in state statute, subject to approval by the City's registered electors on November 6, 1984; and

WHEREAS, on November 6, 1984 the City's registered electors approved Ordinance No. 3094, including the provisions setting the tax rate at three percent (3%) on food for home consumption as defined in state statute; and

WHEREAS, City Council desires to enact a temporary sales tax exemption for food for home consumption; and

WHEREAS, said temporary sales tax exemption for food for home consumption is not intended to be alter the tax policy established in 1984 or to permanently alter the tax rate set in 1984 at three percent (3%); and

WHEREAS, the taxation of food for home consumption at three percent (3%) upon expiration of said temporary sales tax exemption is not intended to be construed as the adoption or imposition of new taxes, a tax rate increase, or a tax policy change.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LOVELAND, COLORADO:

Section 1. That sub-section 3.16.020 A. of the Loveland Municipal Code be amended as follows:

3.16.020 General provisions.

- A. There is imposed on the sale of tangible personal property at retail or the furnishing of services as provided in § 29-2-105(1)(d), Colorado Revised Statutes, a sales tax equal to three percent of the gross receipts (the "sales tax"). The tangible personal property and services taxable under this chapter shall be the same as the tangible personal property and services taxable pursuant to § 39-26-104, Colorado Revised Statutes, and subject to the same exemptions as those specified in § 39 -26 -114, Colorado Revised Statutes; provided that the exemption for the sales of food pursuant to § 39-26-707, Colorado

Revised Statutes, exemption for sales of electricity, coal, wood, gas, fuel oil or coke sold to occupants of residences pursuant to § 39-26-114(1)(a)(XXI), Colorado Revised Statutes, and the exemption for sales of machinery or machine tools pursuant to § 39-26-114(11), Colorado Revised Statutes, shall not apply to the sales tax, and the sale of such items is expressly made taxable under this chapter. The imposition of the sales tax on individual sales shall be in accordance with schedules set forth in the rules and regulations promulgated by the city manager. Notwithstanding anything in this sub-section A to the contrary, food for home consumption, as defined in § 39-26-102(4.5), Colorado Revised Statutes, except candy and soda as defined in § 39-26-707(1.5), Colorado Revised Statutes, shall be temporarily exempt from the sales tax imposed under this sub-section A for the period beginning January 1, 2016 and ending December 31, _____, at which ending date such temporary tax exemption shall automatically terminate.

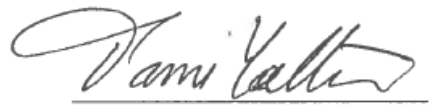
Section 2. That as provided in City Charter Section 4-9(a)(7), this Ordinance shall be published by title only by the City Clerk after adoption on second reading unless the Ordinance has been amended since first reading in which case the Ordinance shall be published in full or the amendments shall be published in full. This Ordinance shall be in full force and effect upon final adoption, as provided in City Charter Section 11-5(d).

ADOPTED this ____ day of _____, 2015.

Cecil A. Gutierrez, Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:


City Attorney