

City of Boulder

Sales & Use Tax Revenue Report

April 2016

Issued June 22, 2016

This report provides information and analysis related to 2016 Year-to-Date (YTD) sales and use tax collections. Results are for actual sales activity through the month of April, the tax on which is received by the city in the subsequent month. For clarification of any information in this report, please contact Patrick Brown, Revenue & Licensing Officer, at (303) 441-3921 or brownp@bouldercolorado.gov.

REVENUE COMPARISONS TO COMPARABLE PERIOD IN PRIOR YEAR

As reflected in Table 1, Sales and Use Tax has increased from the comparable 2015 base by 5.30%.

**TABLE 1
ACTUAL SALES AND USE TAX REVENUE**

TAX CATEGORY	% CHANGE IN REVENUE Increase/(Decrease)	% OF TOTAL
Sales Tax	0.20%	72.97%
Business/Consumer Use Tax	31.73%	12.13%
Construction Use Tax	17.35%	12.00%
Motor Vehicle Use Tax	7.20%	2.89%
Total Sales & Use Tax	5.30%	100.00%

Any time a new commodity (such as recreational marijuana) becomes taxable, it generates additional revenue and increases the prior year revenue "base," but the percentage increase in revenue may distort perception of the strength of the underlying economy. For that reason, Table 2 is presented to illustrate sales and use tax revenue excluding the incremental revenue of 3.5% from the sale of recreational marijuana.

**TABLE 2
ACTUAL SALES AND USE TAX REVENUE, EXCLUDING THE INCREMENTAL REVENUE OF 3.50% FROM THE SALE OF RECREATIONAL MARIJUANA**

TAX CATEGORY	% CHANGE IN REVENUE Increase/(Decrease)	% OF TOTAL
Sales Tax	(0.09%)	72.75%
Business/Consumer Use Tax	31.38%	12.20%
Construction Use Tax	17.35%	12.12%
Motor Vehicle Use Tax	7.20%	2.92%
Total Sales & Use Tax	5.09%	100.00%

COMMUNITY, CULTURE AND SAFETY FACILITIES TAX

For April 2016 YTD, the Community, Culture and Safety Tax (an additional 0.30%, effective for 3 years beginning January 1, 2015) generated \$2,845,709. This tax is dedicated to fund a variety of projects in the Civic area along the Boulder Creek Path and on University Hill as well as improvements for several culturally oriented projects.

DETAILED ANALYSIS OF MAJOR CATEGORIES

The following monthly information is provided to identify trends in the various retail categories. While this information is useful, it is important to remember that relatively small aberrations (like the timing of remittances by certain vendors) can make relatively large monthly variances.

Retail Sales Tax – April YTD retail sales tax revenue was up 0.20% from that received in 2015. Retail sales tax started trending downward during the last half of 2015 and is being watched closely. Fortunately, the city has adequate reserves that provide time for staff to determine if this trend is short term in nature, or if it is longer term and revenue projections will need to be revised.

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
5.69%	(2.88%)	(2.80%)	1.92%								

Food Stores - YTD retail sales tax revenue for food stores was up by 1.83% from that received in 2015. The fluctuation from January to February is primarily due to companies who file thirteen four-week periods instead of reporting monthly. Companies who file thirteen four-week periods do so for reporting purposes. Each reporting period will then have the same number of days. Since the city reports monthly, there is one month out of the year where our report contains two filing periods for these companies. February 2016 contained two filing periods.

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
(13.86%)	20.32%	0.68%	3.72%								

Sales at **Eating Places** are both an important revenue source (Eating Places comprise approximately 12.26% of sales/use tax) and are often an indicator of the health of the economy in the city. This discretionary category is often correlated with disposable income and consumer confidence. Total April 2016 YTD retail tax at Eating Places is up by 4.63%.

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
5.95%	11.93%	(4.38%)	5.80%								

Apparel Stores - YTD retail sales were up by 1.94%. The fluctuation from January to February is attributed to the timing of receipts received in 2016 as compared to 2015.

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
53.45%	(7.20%)	(0.50%)	(10.96%)								

General Retail sales are down by 0.29% YTD. The fluctuation from January to February is attributed to the timing of receipts received in 2016 as compared to 2015.

Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
9.89%	(14.03%)	6.78%	(3.74%)								

Public Utilities (primarily retail sales tax on natural gas and electricity) are down by 9.70% YTD. Tax on Public Utilities comprises over 4% of total sales and use tax revenue. Even if rates increase, the direction for this category may be uncertain if conservation strategies are successful and businesses significantly cut their energy use. According to a 2006 study by the City of Boulder, commercial and industrial sector energy use makes up 83% of Boulder's energy use.

TOTAL MARIJUANA REVENUE

The latest new revenue categories for the City of Boulder are the sale of both medical and recreational marijuana. These sources represented 0.77% and 1.87% of the total sales/use tax collected respectively in 2015.

The sale of medical marijuana generates:

- 3.86% sales and use tax on product sales paid by the purchaser and/or costs of any construction materials, furniture, fixtures, or equipment paid by the business.

Significant YTD increases / decreases by sales/use tax category are summarized in Table 3.

TABLE 3

2016 YTD RETAIL SALES TAX (% Change in Comparable YTD Collections)	
STRENGTHS: <ul style="list-style-type: none"> ▪ Food Stores up by 1.83% ▪ Eating Places up by 4.63% ▪ Apparel Stores up by 1.94% ▪ Home Furnishings up by 4.95% ▪ Building Material Retail up by 2.92% ▪ Recreational Marijuana up by 29.02% ▪ All Other up by 3.43% ▪ Downtown up by 4.03% ▪ UHGID (the "hill") up by 3.68% ▪ N. Broadway Annex up by 13.54% ▪ University of Colorado up by 7.97% ▪ Basemar up by 7.74% ▪ BVRC (excl 29th St) up by 0.16% ▪ Twenty-Ninth St up by 2.15% ▪ Table Mesa up by 3.82% ▪ The Meadows up by 18.63% ▪ All Other Boulder up by 3.48% ▪ Boulder County up by 15.55% ▪ Gunbarrel Commercial up by 8.71% ▪ Pearl Street Mall up by 2.26% 	WEAKNESSES: <ul style="list-style-type: none"> ▪ General Retail down by 0.29% ▪ Transportation/Utilities down by 4.98% ▪ Automotive Trade down by 2.23% ▪ Consumer Electronics down by 12.34% ▪ Computer Related Business down by 32.69% ▪ Medical Marijuana down by 29.68% ▪ Downtown Extension down by 15.92% ▪ N. 28th St Commercial down by 0.21% ▪ Metro Denver down by 1.71% ▪ Gunbarrel Industrial down by 7.04% ▪ Boulder Industrial down by 9.30%

2015 USE TAX (% Change in YTD Comparable Collections)	
STRENGTHS: <ul style="list-style-type: none"> ▪ Construction Use Tax up by 17.35% (when adjusted to exclude dedicated Boulder Junction tax in both years, down by 11.23%) ▪ Motor Vehicle Use Tax up by 7.20% ▪ Business Use Tax up by 31.73% 	WEAKNESSES: <ul style="list-style-type: none"> ▪ Construction Use Tax up by 17.35% (when adjusted to exclude dedicated Boulder Junction tax in both years, down by 11.23%)

BUSINESS USE TAX

April YTD Business Use Tax is up by 31.73%. This tax category can be very volatile as it is associated primarily with the amount and timing of purchase of capital assets by businesses in the city and the amount and timing of audit revenue. A significant portion of this amount is one time in nature and is not expected to reoccur in future months. Therefore, it is expected that the year-to-date increase will come back to expectations in future months.

MOTOR VEHICLE USE TAX

April YTD Motor Vehicle Use Tax is up by 7.20%, this tax category applies to the purchase of vehicles registered in the city. As individuals and businesses became more confident about jobs and the economy, they have replaced their vehicles and thus reduced the average age of their fleet. Nationally, sales have slowed. If this trend continues we may see revenue in this category flatten or even decrease for the total year.

CONSTRUCTION USE TAX

Construction Use Tax is up by 17.35% YTD. This is another very volatile tax category as it depends upon the number and timing of construction projects in any given period. Revenue in this category assumes "base" number of projects will continue indefinitely, plus revenue from large projects in the "pipeline" (based upon a review of information from the City Planning Department and the CU Capital Improvement Plan). Even when we know projects are pending, the timing of payment of Construction Use Tax is unknown. It can occur in the prior or subsequent year to the planned construction date. While there have been several large construction projects in the City it is known this level of activity cannot continue forever. Therefore, it is important that we not commit to ongoing operating expenses from this revenue source, as it will eventually decline. Year to date dollars includes significant revenue from permitting related to construction of below-grade parking structures, office buildings and several hotels.

ACCOMMODATION TAX

April YTD Accommodation Tax revenue is up by 7.99% from the same period in 2015. This increase is attributed to the timing of receipts received in 2016 as compared to 2015.

ADMISSIONS TAX

Year-to-date 2016 Admission Tax revenue is down by 9.55% from the same period in 2015. Admissions Tax collections are dependent on the number of taxable productions and events held in the City and the level of attendance at such events.

TRASH TAX

April YTD Trash Tax receipts are up by 4.70%. On-going Trash Tax remittances are due on a quarterly basis.

SHORT-TERM RENTAL (ACCOMMODATIONS) TAX

Pursuant to a vote in November 2015, for January 2016 YTD, the newly enacted Short-Term Rental Tax (homeowners renting out their property for less than 30 days at a time (7.50% tax rate)) has generated \$21,869. As of the date of this report, 207 Short Term Rental licenses have been issued.

Total Net Sales/Use Tax Receipts by Tax Category	APRIL YTD Actual			
	2015	2016	% Change	% of Total
Sales Tax	31,121,728	31,184,435	0.20%	72.97%
Business Use Tax	3,934,331	5,182,676	31.73%	12.13%
Construction Use Tax	4,371,441	5,129,998	17.35%	12.00%
Motor Vehicle	1,153,355	1,236,437	7.20%	2.89%
Total Sales and Use Tax	40,580,855	42,733,546	5.30%	100.00%

Total Net Sales/Use Tax Receipts by Industry Type	APRIL YTD Actual			
	2015	2016	% Change	% of Total
Food Stores	5,433,878	5,546,003	2.06%	12.98%
Eating Places	5,058,429	5,317,974	5.13%	12.44%
Apparel Stores	1,313,105	1,356,349	3.29%	3.17%
Home Furnishings	925,104	967,363	4.57%	2.26%
General Retail	7,395,584	9,708,393	31.27%	22.72%
Transportation/Utilities	3,043,598	2,835,199	-6.85%	6.63%
Automotive Trade	2,720,675	2,769,017	1.78%	6.48%
Building Material - Retail	1,219,727	1,249,610	2.45%	2.92%
Construction Sales / Use Tax	4,288,610	4,464,001	4.09%	10.45%
Consumer Electronics	811,491	691,029	-14.84%	1.62%
Computer Related Business Sector	2,735,948	2,084,726	-23.80%	4.88%
Rec Marijuana	654,720	873,678	33.44%	2.04%
Medical Marijuana	376,937	265,497	-29.56%	0.62%
All Other	4,603,048	4,604,707	0.04%	10.78%
Total Sales and Use Tax	40,580,855	42,733,546	5.30%	100.00%

Total Net Sales/Use Tax Receipts by Geographic Area	APRIL YTD Actual			
	2015	2016	% Change	% of Total
North Broadway	448,464	506,133	12.86%	1.08%
Downtown	2,749,241	3,900,491	41.88%	7.51%
Downtown Extension	266,595	252,539	-5.27%	0.56%
UHGD (the "hill")	413,881	429,166	3.69%	0.84%
East Downtown	249,786	1,059,961	324.35%	0.47%
N. 28th St Commercial	2,005,192	2,060,703	2.77%	3.61%
N. Broadway Annex	140,711	162,054	15.17%	0.28%
University of Colorado	394,381	429,441	8.89%	2.19%
Basemar	1,272,559	836,870	-34.24%	1.96%
BVRC-Boulder Valley Regional Center	7,902,443	9,043,828	14.44%	28.28%
29th Street	2,714,906	2,882,081	6.16%	7.48%
Table Mesa	888,050	946,273	6.56%	2.28%
The Meadows	383,972	440,255	14.66%	1.23%
All Other Boulder	2,783,715	2,677,530	-3.81%	6.25%
Boulder County	341,440	367,166	7.53%	0.64%
Metro Denver	3,127,706	1,243,795	-60.23%	2.14%
Colorado All Other	235,267	158,391	-32.68%	0.26%
Out of State	3,495,963	3,908,783	11.81%	8.00%
Airport	11,800	61,276	419.29%	0.08%
Gunbarrel Industrial	2,300,629	3,237,158	40.71%	5.27%
Gunbarrel Commercial	456,445	496,943	8.87%	1.06%
Pearl Street Mall	1,067,137	1,133,054	6.18%	2.27%
Boulder Industrial	3,793,475	3,397,921	-10.43%	8.46%
Unlicensed Receipts	144,819	176,521	21.89%	0.00%
County Clerk	1,153,355	1,236,437	7.20%	2.96%
Public Utilities	1,838,923	1,688,776	-8.16%	4.83%
Total Sales and Use Tax	40,580,855	42,733,546	5.30%	100.00%

Miscellaneous Tax Statistics	APRIL YTD Actual		
	2015	2016	% Change
Food Service Tax	200,854	214,364	6.73%
Accommodations Tax	1,648,825	1,780,592	7.99%
Admissions Tax	188,346	170,361	-9.55%
Trash Tax	430,206	450,432	4.70%
Disposable Bag Fee	66,270	68,038	2.67%
Rec Marijuana Excise Tax	319,939	304,654	-4.78%
Short-Term Rental Tax	-	21,869	

COMPARISON OF YEAR-TO-DATE ACTUAL REVENUE FOR THE YEAR 2016 TO COMPARABLE PERIOD IN 2015

USE TAX BY CATEGORY			Standard Industrial Code	SALES TAX BY CATEGORY		
APRIL YTD Actual				APRIL YTD Actual		
2015	2016	% Change		2015	2016	% Change
33,110	46,173	39.45%	Food Stores	5,400,768	5,499,830	1.83%
73,303	102,256	39.50%	Eating Places	4,985,126	5,215,718	4.63%
4,491	22,380	398.33%	Apparel Stores	1,308,615	1,333,969	1.94%
6,892	3,704	-46.26%	Home Furnishings	918,212	963,659	4.95%
829,356	3,161,371	281.18%	General Retail	6,566,229	6,547,022	-0.29%
149,982	85,723	-42.84%	Transportation/Utilities	2,893,616	2,749,476	-4.98%
1,177,453	1,260,198	7.03%	Automotive Trade	1,543,222	1,508,819	-2.23%
11,106	5,640	-49.22%	Building Material - Retail	1,208,621	1,243,971	2.92%
4,157,224	4,278,162	2.91%	Construction Sales / Use Tax	131,386	185,839	41.45%
39,533	14,349	-63.70%	Consumer Electronics	771,958	676,680	-12.34%
1,733,742	1,410,188	-18.66%	Computer Related Business Sector	1,002,207	674,539	-32.69%
7,478	38,606	416.26%	Rec Marijuana	647,241	835,072	29.02%
5,012	3,953	-21.13%	Medical Marijuana	371,925	261,544	-29.68%
1,230,444	1,116,408	-9.27%	All Other	3,372,604	3,488,299	3.43%
9,459,127	11,549,111	22.09%	Total Sales and Use Tax	31,121,728	31,184,435	0.20%

USE TAX BY CATEGORY			Geographic Code	SALES TAX BY CATEGORY		
APRIL YTD Actual				APRIL YTD Actual		
2015	2016	% Change		2015	2016	% Change
8,238	50,591	514.12%	North Broadway	440,226	455,543	3.48%
413,579	1,470,705	255.60%	Downtown	2,335,661	2,429,786	4.03%
-5,252	23,960	-556.21%	Downtown Extension	271,848	228,579	-15.92%
2,026	2,137	5.48%	UHGD (the "hill")	411,855	427,029	3.68%
18,958	824,752	4250.42%	East Downtown	230,827	235,209	1.90%
47,717	107,368	125.01%	N. 28th St Commercial	1,957,475	1,953,335	-0.21%
3,239	5,964	84.13%	N. Broadway Annex	137,472	156,091	13.54%
3	3,620	120566.67%	University of Colorado	394,378	425,821	7.97%
549,892	58,238	-89.41%	Basemar	722,667	778,631	7.74%
247,636	1,376,447	455.83%	BVRC-Boulder Valley Regional Center	7,654,807	7,667,381	0.16%
20,229	129,573	540.53%	29th Street	2,694,677	2,752,508	2.15%
10,797	35,465	228.47%	Table Mesa	877,253	910,807	3.82%
15,884	3,586	-77.42%	The Meadows	368,088	436,668	18.63%
1,509,612	1,359,041	-9.97%	All Other Boulder	1,274,104	1,318,489	3.48%
65,703	48,547	-26.11%	Boulder County	275,736	318,619	15.55%
2,055,327	189,793	-90.77%	Metro Denver	1,072,379	1,054,002	-1.71%
29,432	30,695	4.29%	Colorado All Other	205,835	127,696	-37.96%
18,783	386,639	1958.45%	Out of State	3,477,179	3,522,143	1.29%
497	47,277	9412.47%	Airport	11,303	13,999	23.85%
1,965,848	2,925,948	48.84%	Gunbarrel Industrial	334,781	311,210	-7.04%
1,880	2,786	48.19%	Gunbarrel Commercial	454,564	494,157	8.71%
10,838	52,918	388.26%	Pearl Street Mall	1,056,299	1,080,136	2.26%
1,259,890	1,099,921	-12.70%	Boulder Industrial	2,533,585	2,297,999	-9.30%
26,288	42,919	63.26%	Unlicensed Receipts	118,531	133,603	12.72%
1,153,355	1,236,437	7.20%	County Clerk	0	0	
28,726	33,783	17.60%	Public Utilities	1,810,197	1,654,993	-8.57%
9,459,127	11,549,111	22.09%	Total Sales and Use Tax	31,121,728	31,184,435	0.20%

