

# City of Boulder

## Sales & Use Tax Revenue Report

### March 2016

Issued May 24, 2016

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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 March, 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](mailto: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 2.92%.

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

TAX CATEGORY	% CHANGE IN REVENUE Increase/(Decrease)	% OF TOTAL
Sales Tax	(0.35%)	72.96%
Business/Consumer Use Tax	26.92%	12.79%
Construction Use Tax	1.50%	11.32%
Motor Vehicle Use Tax	7.92%	2.92%
<b>Total Sales &amp; Use Tax</b>	<b>2.92%</b>	<b>100.00%</b>

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	(0.74%)	72.72%
Business/Consumer Use Tax	26.78%	12.89%
Construction Use Tax	1.50%	11.43%
Motor Vehicle Use Tax	7.92%	2.95%
<b>Total Sales &amp; Use Tax</b>	<b>2.64%</b>	<b>100.00%</b>

#### COMMUNITY, CULTURE AND SAFETY FACILITIES TAX

For March 2016 YTD, the Community, Culture and Safety Tax (an additional 0.30%, effective for 3 years beginning January 1, 2015) generated \$2,167,723. 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** – March YTD retail sales tax revenue was down 0.35% 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%)									

**Food Stores** - YTD retail sales tax revenue for food stores was up by 1.23% 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%									

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 March 2016 YTD retail tax at Eating Places is up by 4.20%.

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

**Apparel Stores** - YTD retail sales were up by 7.73%. 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%)									

**General Retail** sales are up by 0.78% 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%									

**Public Utilities** (primarily retail sales tax on natural gas and electricity) are down by 11.22% 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**

<b>2016 YTD RETAIL SALES TAX (% Change in Comparable YTD Collections)</b>	
<b>STRENGTHS:</b> <ul style="list-style-type: none"> <li>▪ Food Stores up by 1.23%</li> <li>▪ Eating Places up by 4.20%</li> <li>▪ Apparel Stores up by 7.73%</li> <li>▪ Home Furnishings up by 3.90%</li> <li>▪ General Retail up by 0.78%</li> <li>▪ Building Material Retail up by 1.98%</li> <li>▪ Recreational Marijuana up by 43.07%</li> <li>▪ All Other up by 3.58%</li> <li>▪ Downtown up by 8.37%</li> <li>▪ N. Broadway Annex up by 8.60%</li> <li>▪ University of Colorado up by 9.08%</li> <li>▪ Basemar up by 7.74%</li> <li>▪ BVRC (excl 29th St) up by 0.20%</li> <li>▪ Twenty-Ninth St up by 0.61%</li> <li>▪ Table Mesa up by 0.41%</li> <li>▪ The Meadows up by 20.01%</li> <li>▪ All Other Boulder up by 6.17%</li> <li>▪ Boulder County up by 11.82%</li> <li>▪ Gunbarrel Commercial up by 9.31%</li> <li>▪ Pearl Street Mall up by 2.21%</li> </ul>	<b>WEAKNESSES:</b> <ul style="list-style-type: none"> <li>▪ Transportation/Utilities down by 7.07%</li> <li>▪ Automotive Trade down by 0.90%</li> <li>▪ Consumer Electronics down by 25.43%</li> <li>▪ Computer Related Business down by 37.09%</li> <li>▪ Medical Marijuana down by 35.67%</li> <li>▪ Downtown Extension down by 18.21%</li> <li>▪ UHGID (the "hill") down by 2.78%</li> <li>▪ N. 28th St Commercial down by 2.84%</li> <li>▪ Metro Denver down by 7.38%</li> <li>▪ Gunbarrel Industrial down by 5.83%</li> <li>▪ Boulder Industrial down by 7.39%</li> </ul>

<b>2015 USE TAX (% Change in YTD Comparable Collections)</b>	
<b>STRENGTHS:</b> <ul style="list-style-type: none"> <li>▪ Construction Use Tax up by 1.50% (when adjusted to exclude dedicated Boulder Junction tax in both years, down by 33.30%)</li> <li>▪ Motor Vehicle Use Tax up by 7.92%</li> <li>▪ Business Use Tax up by 26.92%</li> </ul>	<b>WEAKNESSES:</b> <ul style="list-style-type: none"> <li>▪ Construction Use Tax up by 1.50% (when adjusted to exclude dedicated Boulder Junction tax in both years, down by 33.30%)</li> </ul>

**BUSINESS USE TAX**

March YTD Business Use Tax is up by 26.92%. 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**

March YTD Motor Vehicle Use Tax is up by 7.92%, 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 1.50% 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. February YTD dollars includes significant revenue from permitting related to construction of below-grade parking structures, office buildings and a hotel.

## **ACCOMMODATION TAX**

March YTD Accommodation Tax revenue is up by 7.64% 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 11.61% 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**

March YTD Trash Tax receipts are up by 0.20%. 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 \$9,881. As of the date of this report, 194 Short Term Rental licenses have been issued.

Total Net Sales/Use Tax Receipts by Tax Category	MARCH YTD Actual			
	2015	2016	% Change	% of Total
Sales Tax	23,594,451	23,512,611	-0.35%	72.96%
Business Use Tax	3,248,639	4,123,230	26.92%	12.79%
Construction Use Tax	3,594,928	3,648,753	1.50%	11.32%
Motor Vehicle	873,276	942,438	7.92%	2.92%
<b>Total Sales and Use Tax</b>	<b>31,311,293</b>	<b>32,227,032</b>	<b>2.92%</b>	<b>100.00%</b>

Total Net Sales/Use Tax Receipts by Industry Type	MARCH YTD Actual			
	2015	2016	% Change	% of Total
Food Stores	4,125,012	4,169,828	1.09%	12.94%
Eating Places	3,714,660	3,883,527	4.55%	12.05%
Apparel Stores	906,894	994,489	9.66%	3.09%
Home Furnishings	726,323	751,644	3.49%	2.33%
General Retail	5,652,074	7,873,713	39.31%	24.43%
Transportation/Utilities	2,434,549	2,213,355	-9.09%	6.87%
Automotive Trade	2,033,120	2,091,465	2.87%	6.49%
Building Material - Retail	835,551	845,549	1.20%	2.62%
Construction Sales / Use Tax	3,530,822	2,974,744	-15.75%	9.23%
Consumer Electronics	635,022	471,047	-25.82%	1.46%
Computer Related Business Sector	2,442,134	1,528,865	-37.40%	4.74%
Rec Marijuana	449,126	651,354	45.03%	2.02%
Medical Marijuana	302,723	194,125	-35.87%	0.60%
All Other	3,523,283	3,583,328	1.70%	11.12%
<b>Total Sales and Use Tax</b>	<b>31,311,293</b>	<b>32,227,032</b>	<b>2.92%</b>	<b>100.00%</b>

Total Net Sales/Use Tax Receipts by Geographic Area	MARCH YTD Actual			
	2015	2016	% Change	% of Total
North Broadway	329,296	366,804	11.39%	1.08%
Downtown	2,001,112	2,934,236	46.63%	7.51%
Downtown Extension	204,420	183,698	-10.14%	0.56%
UHGD (the "hill")	310,011	301,725	-2.67%	0.84%
East Downtown	179,751	181,679	1.07%	0.47%
N. 28th St Commercial	1,523,842	1,520,998	-0.19%	3.61%
N. Broadway Annex	104,983	114,804	9.35%	0.28%
University of Colorado	326,796	358,297	9.64%	2.19%
Basemar	548,976	596,367	8.63%	1.96%
BVRC-Boulder Valley Regional Center	6,032,163	7,126,720	18.15%	28.28%
29th Street	1,933,647	2,059,670	6.52%	7.48%
Table Mesa	666,704	683,751	2.56%	2.28%
The Meadows	304,336	351,911	15.63%	1.23%
All Other Boulder	2,116,331	1,941,820	-8.25%	6.25%
Boulder County	271,259	278,897	2.82%	0.64%
Metro Denver	2,924,157	945,435	-67.67%	2.14%
Colorado All Other	191,661	125,524	-34.51%	0.26%
Out of State	2,954,853	3,249,295	9.96%	8.00%
Airport	9,430	48,484	414.15%	0.08%
Gunbarrel Industrial	1,958,764	2,805,000	43.20%	5.27%
Gunbarrel Commercial	337,458	369,138	9.39%	1.06%
Pearl Street Mall	774,957	792,169	2.22%	2.27%
Boulder Industrial	2,887,286	2,539,245	-12.05%	8.46%
Unlicensed Receipts	68,668	100,301	46.07%	0.00%
County Clerk	873,276	942,438	7.92%	2.96%
Public Utilities	1,477,158	1,308,627	-11.41%	4.83%
<b>Total Sales and Use Tax</b>	<b>31,311,293</b>	<b>32,227,032</b>	<b>2.92%</b>	<b>100.00%</b>

Miscellaneous Tax Statistics	MARCH YTD Actual		
	2015	2016	% Change
Food Service Tax	148,750	154,875	4.12%
Accommodations Tax	1,160,558	1,249,200	7.64%
Admissions Tax	144,758	127,946	-11.61%
Trash Tax	417,559	418,390	0.20%
Disposable Bag Fee	66,248	66,814	0.85%
Rec Marijuana Excise Tax	223,919	220,847	-1.37%
Short-Term Rental Tax	-	9,881	

**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		
MARCH YTD Actual				MARCH YTD Actual		
2015	2016	% Change		2015	2016	% Change
27,290	21,582	-20.92%	Food Stores	4,097,722	4,148,246	1.23%
62,840	78,492	24.91%	Eating Places	3,651,820	3,805,035	4.20%
3,872	21,672	459.71%	Apparel Stores	903,021	972,817	7.73%
6,013	3,248	-45.98%	Home Furnishings	720,310	748,396	3.90%
643,138	2,825,750	339.37%	General Retail	5,008,936	5,047,963	0.78%
134,391	75,737	-43.64%	Transportation/Utilities	2,300,158	2,137,618	-7.07%
891,668	960,274	7.69%	Automotive Trade	1,141,453	1,131,190	-0.90%
9,995	3,687	-63.11%	Building Material - Retail	825,555	841,862	1.98%
3,421,751	2,820,060	-17.58%	Construction Sales / Use Tax	109,071	154,684	41.82%
19,704	12,225	-37.96%	Consumer Electronics	615,318	458,823	-25.43%
1,545,580	964,811	-37.58%	Computer Related Business Sector	896,554	564,054	-37.09%
5,284	16,355	209.52%	Rec Marijuana	443,842	634,998	43.07%
4,839	2,509	-48.15%	Medical Marijuana	297,884	191,616	-35.67%
940,477	908,020	-3.45%	All Other	2,582,807	2,675,308	3.58%
<b>7,716,842</b>	<b>8,714,421</b>	<b>12.93%</b>	<b>Total Sales and Use Tax</b>	<b>23,594,451</b>	<b>23,512,611</b>	<b>-0.35%</b>

USE TAX BY CATEGORY			Geographic Code	SALES TAX BY CATEGORY		
MARCH YTD Actual				MARCH YTD Actual		
2015	2016	% Change		2015	2016	% Change
5,745	23,332	306.13%	North Broadway	323,551	343,471	6.16%
331,053	1,124,401	239.64%	Downtown	1,670,059	1,809,835	8.37%
-6,853	10,901	-259.07%	Downtown Extension	211,273	172,797	-18.21%
1,504	1,788	18.88%	UHGD (the "hill")	308,507	299,937	-2.78%
17,434	12,438	-28.66%	East Downtown	162,317	169,241	4.27%
43,529	82,701	89.99%	N. 28th St Commercial	1,480,313	1,438,297	-2.84%
3,009	4,060	34.93%	N. Broadway Annex	101,975	110,744	8.60%
0	1,845	#DIV/0!	University of Colorado	326,796	356,453	9.08%
17,245	23,455	36.01%	Basemar	531,730	572,912	7.74%
237,657	1,320,773	455.75%	BVRC-Boulder Valley Regional Center	5,794,506	5,805,947	0.20%
11,179	125,434	1022.05%	29th Street	1,922,467	1,934,236	0.61%
9,455	23,801	151.73%	Table Mesa	657,249	659,951	0.41%
13,403	2,773	-79.31%	The Meadows	290,933	349,138	20.01%
1,192,301	960,792	-19.42%	All Other Boulder	924,030	981,028	6.17%
60,866	43,630	-28.32%	Boulder County	210,393	235,267	11.82%
2,032,185	119,252	-94.13%	Metro Denver	891,972	826,184	-7.38%
11,333	26,591	134.63%	Colorado All Other	180,329	98,933	-45.14%
115,776	380,402	228.57%	Out of State	2,839,077	2,868,893	1.05%
359	38,548	10637.60%	Airport	9,071	9,936	9.54%
1,696,884	2,558,383	50.77%	Gunbarrel Industrial	261,879	246,617	-5.83%
1,653	2,056	24.38%	Gunbarrel Commercial	335,805	367,081	9.31%
8,185	8,420	2.87%	Pearl Street Mall	766,772	783,749	2.21%
1,017,526	807,627	-20.63%	Boulder Industrial	1,869,760	1,731,618	-7.39%
123	41,755	33847.15%	Unlicensed Receipts	68,545	58,546	-14.59%
873,276	942,438	7.92%	County Clerk	0	0	
22,016	26,826	21.85%	Public Utilities	1,455,143	1,281,801	-11.91%
<b>7,716,842</b>	<b>8,714,421</b>	<b>12.93%</b>	<b>Total Sales and Use Tax</b>	<b>23,594,451</b>	<b>23,512,611</b>	<b>-0.35%</b>

