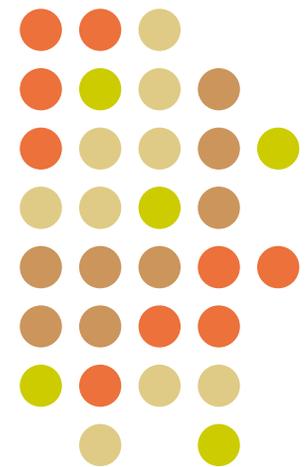
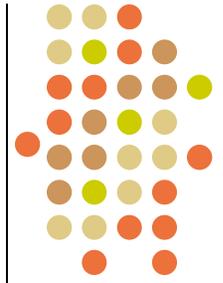


City of Boulder General Fund Forecast

Presented at BRC Meeting
November 8, 2006



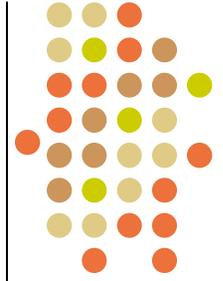
City of Boulder General Fund Description



- Sales & Use Taxes-sales tax, auto use, construction use and business use. Tax rate of 3.41% of which 1.53% and an additional 0.15 % goes to GF
- Property Tax- *Ad valorem* tax on real and personal property. GF includes public safety property tax and excludes earmarks.



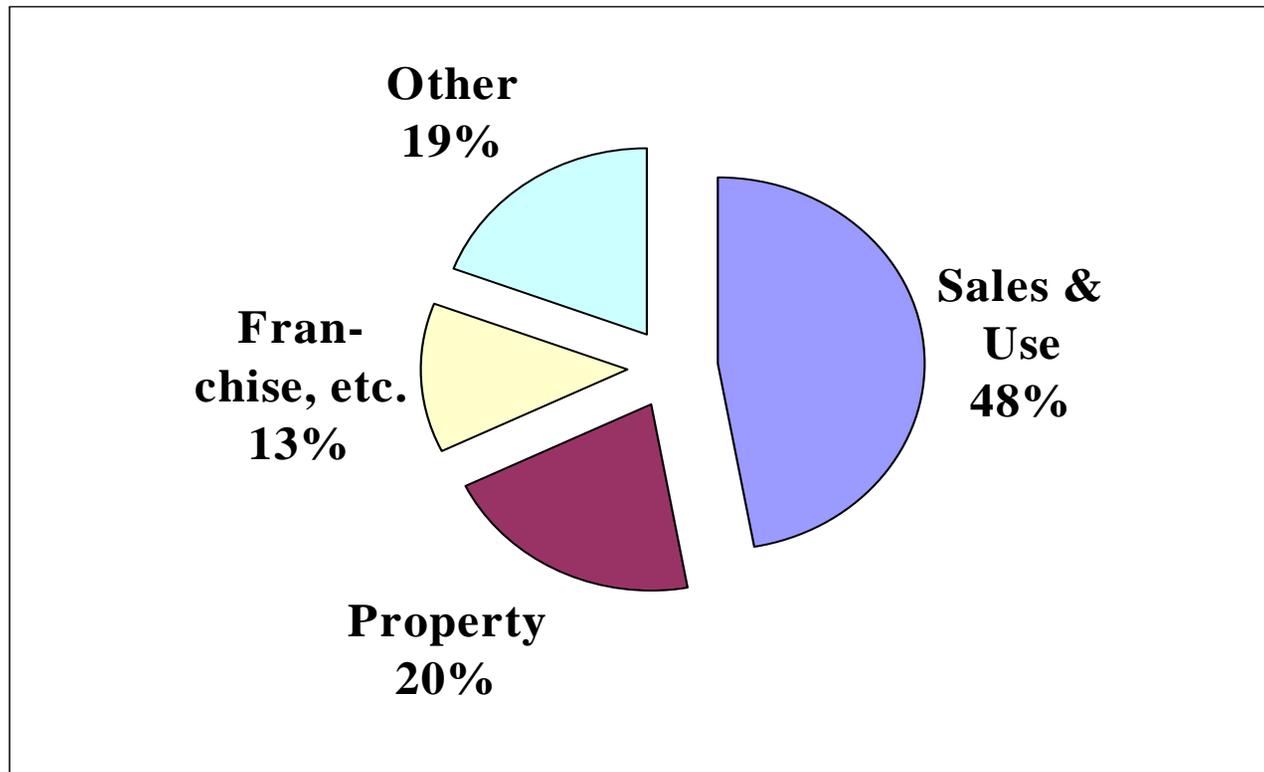
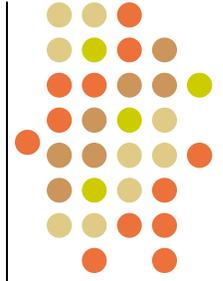
City of Boulder General Fund Description-continued



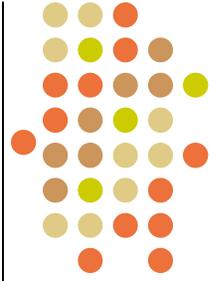
- Franchise and Occupational Taxes-Includes cable TV and Xcel franchise fees, accommodations tax and other taxes on economic activity.
- Other –Includes all other sources of revenue such as specific ownership tax, parking revenue and various fees.



General Fund Receipts by Source-2005 (Total \$79.4 Mil.)



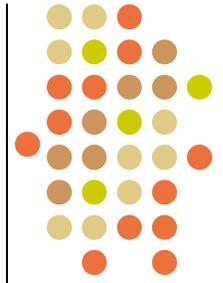
Economic and Demographic Growth Assumptions



- Includes current City boundaries only-Area I
- Boulder population, housing stock and job growth consistent with planning projections
- Household distribution by age and income based on 2000 Census estimates for city and projected changes for metro area
- Inflation based on Moody's economy.com forecast



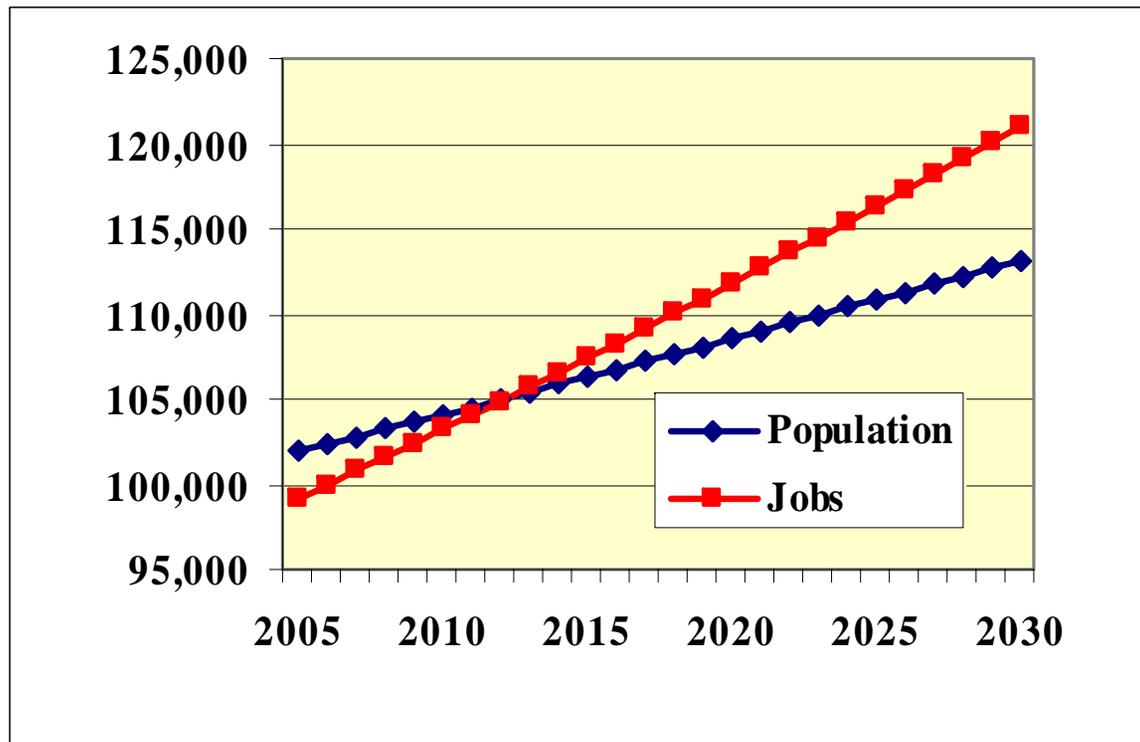
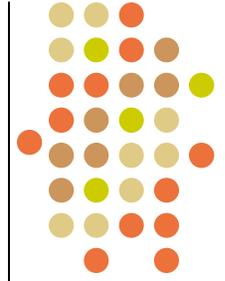
Boulder Economic & Demographic Projections



- City adds 12,000 population and 22,000 jobs over next 25 years
- Share of population over 65 doubles
- Boulder remains a high income community
- Share of high-income households increases slightly and share of middle income households falls. (High income HHs over \$70K in today's dollars, low income HHs under \$20K.)



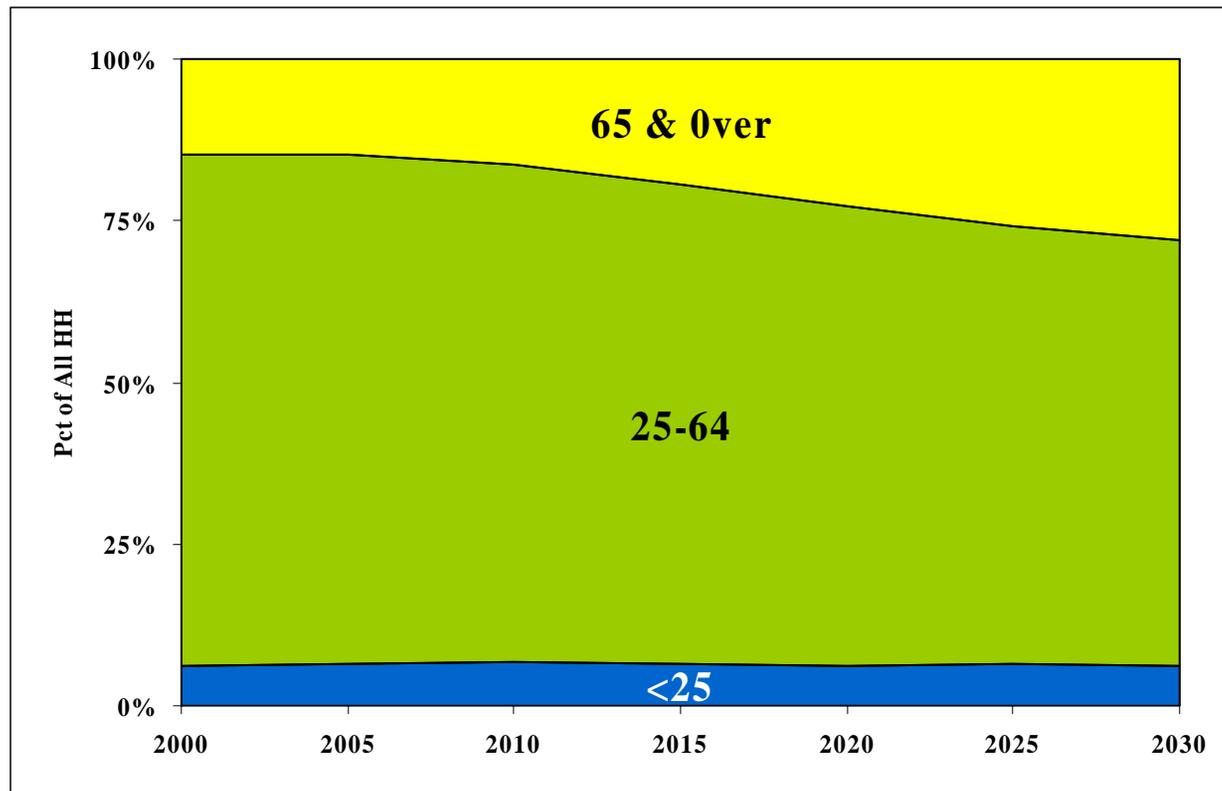
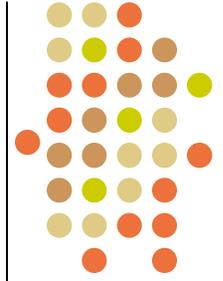
Boulder Population and Job Projections



Source: Boulder Planning Documents



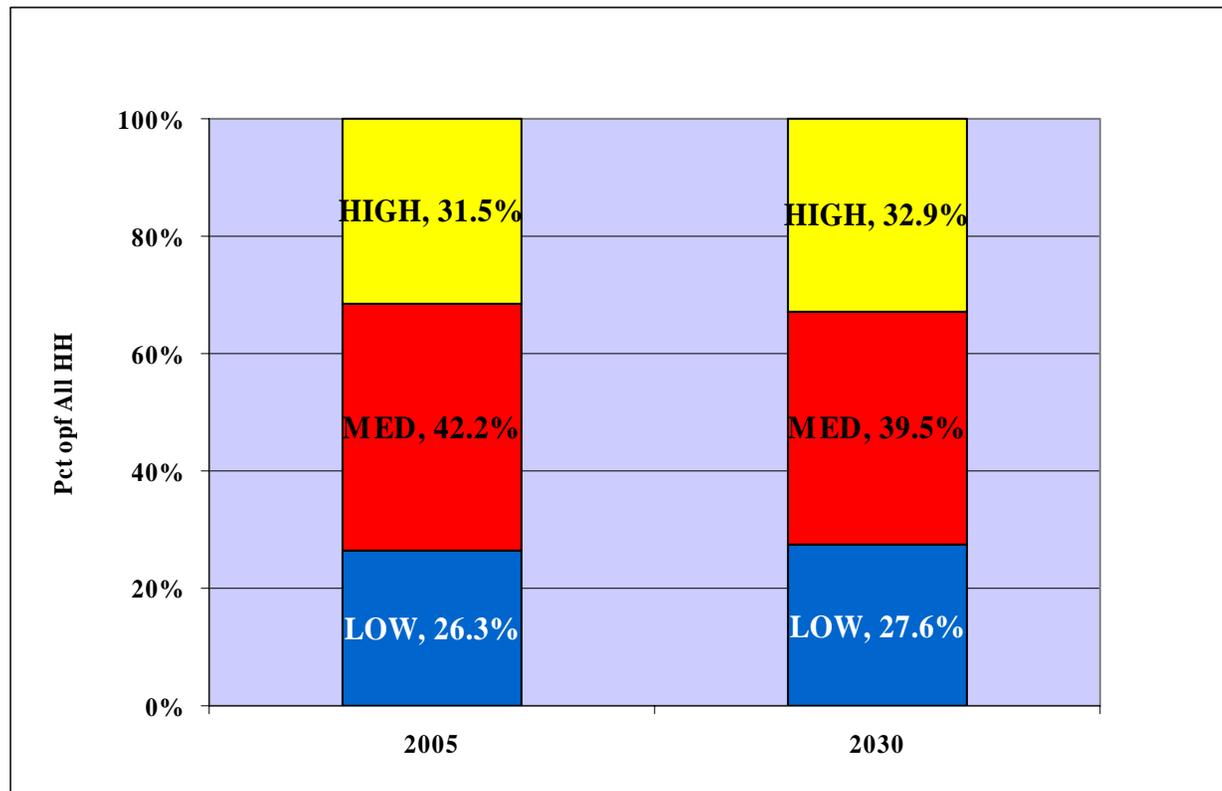
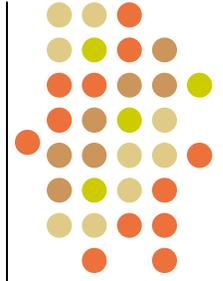
Distribution of Boulder Households by Age



Source: 2000 Census & DRCOG projections for Metro area



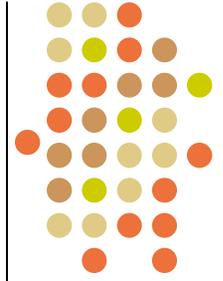
Distribution of Boulder Households by Income



Source: 2000 Census and DRCOG
projections for Metro area



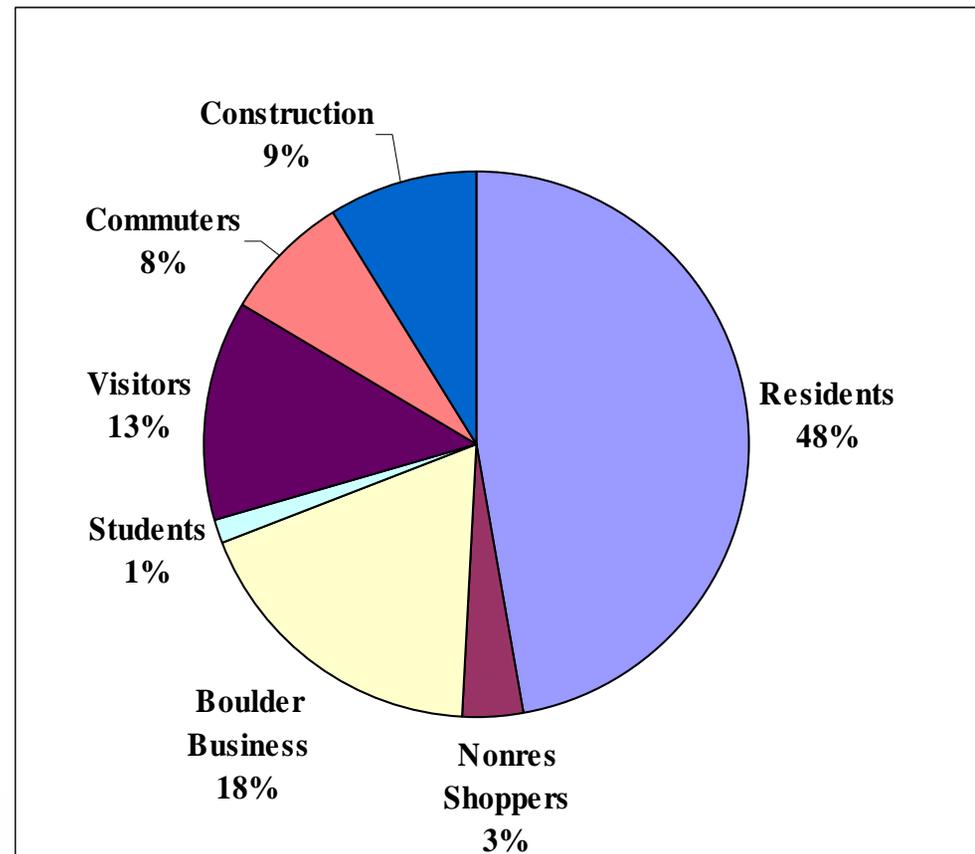
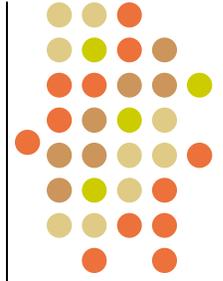
Sales & Use Tax Forecast



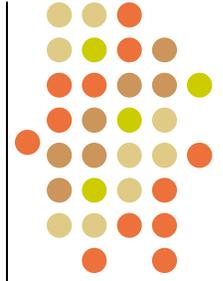
- Estimate current tax by payer (e.g. households, businesses, students, etc.) for each tax category (sales, auto use, etc.)
- Project growth in real expenditures by each group of payers
- Project inflation of tax base



Boulder Sales & Use Tax by Type of Payer-2005



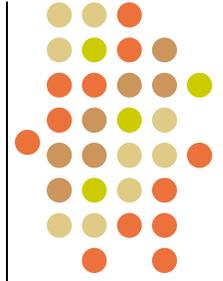
Sales and Use Tax Paid by Resident Households



- Includes portions of sales tax and auto use tax
- Covers all resident households (Includes students living off campus in Boulder.)
- Estimate expenditures on taxable items of households by age and income. (BLS consumer expenditure survey)
- Apply estimates to projected Boulder households.
- Adjust for inflation, real income growth and income elasticity of spending.



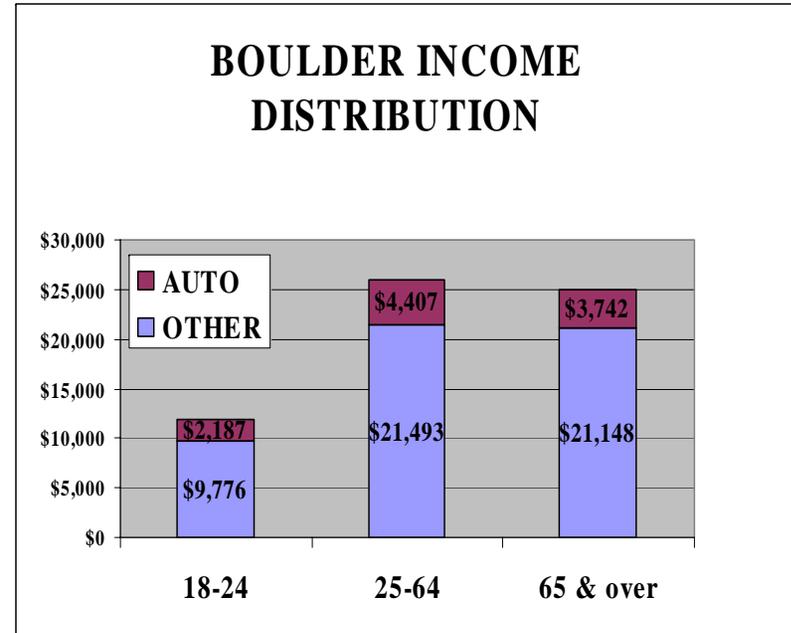
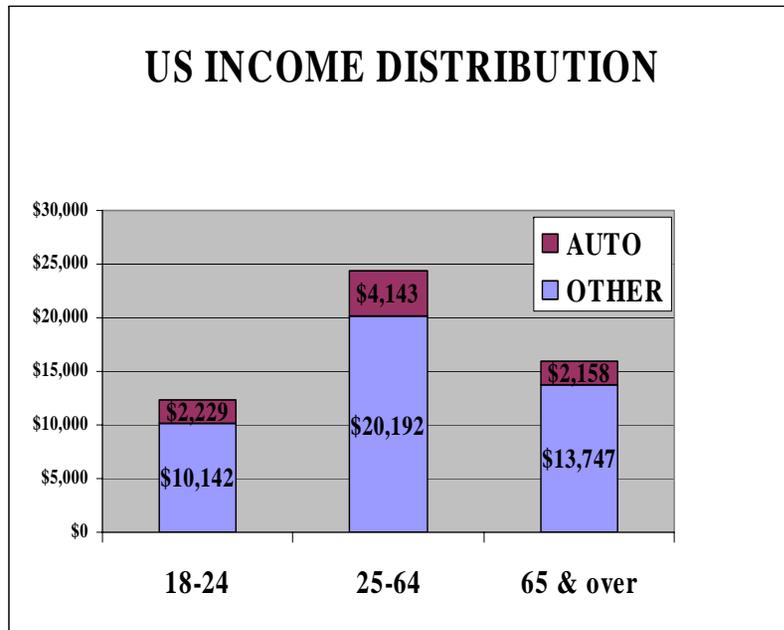
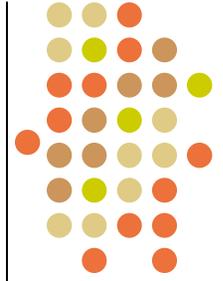
Key trends affecting household sales & use tax payments



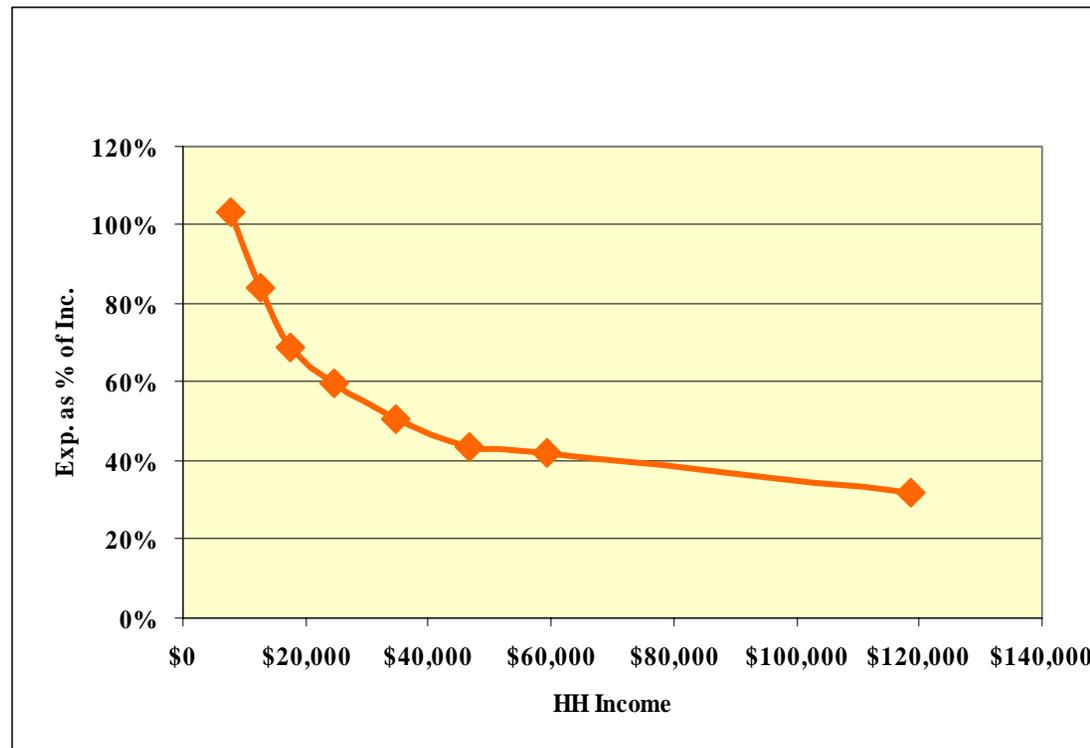
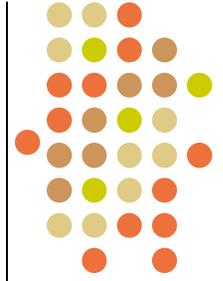
- Aging of baby-boomers; older households spend less on taxable items.
- Income growth-Boulder remains a high income community.
- Spending on taxable items does not keep up with income growth.
- Price increases of items in sales tax base fail to keep pace with overall inflation or cost of government services.



Expenditures on Items in sales tax base by age (US & Boulder Income distribution)



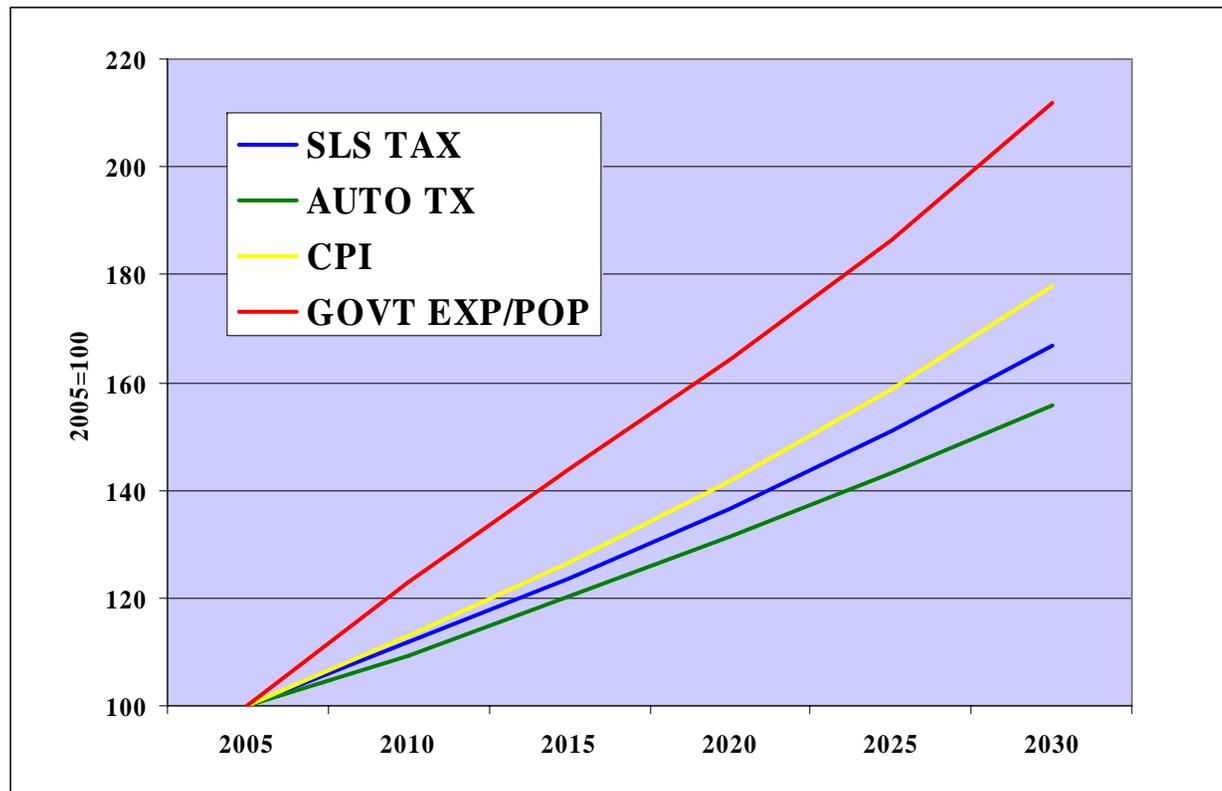
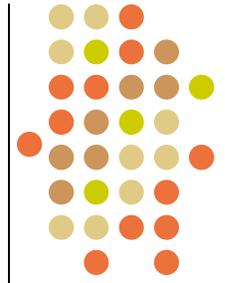
Expenditures on taxable items as percent of HH income



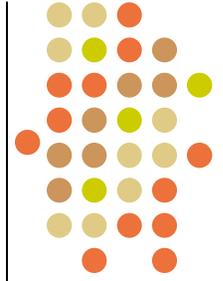
Source: BLS Consumer Expenditure Survey



Inflation trends-selected measures of inflation



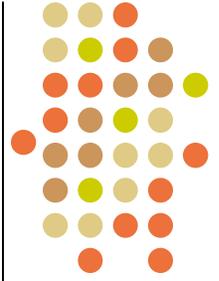
Sales & use tax paid by Boulder businesses



- Includes portions of sales, auto use and business use taxes
- Estimate of current taxes from source based on data in TVA analysis
- Growth projections based on jobs forecast and assumption about capital deepening
- Inflation based on forecasts for business equipment and computers



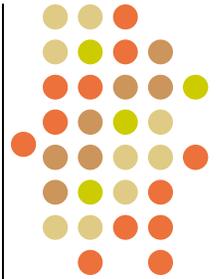
Sales and use tax on construction activity and materials



- Includes portions of sales tax and all construction use tax.
- Forecast based on projected new residential and nonresidential construction and estimated remodeling and repair.
- Inflation based on construction cost forecasts.



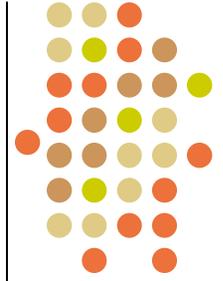
Sales tax paid by students and commuters



- Student expenditures includes only those by students living on campus or outside Boulder
- Current expenditures based on 1999 study
- Forecast based on enrollment growth & inflation
- Commuter expenditures based on TVA analysis
- Forecast based on job growth and inflation



Sales tax paid by visitors and nonresident shoppers

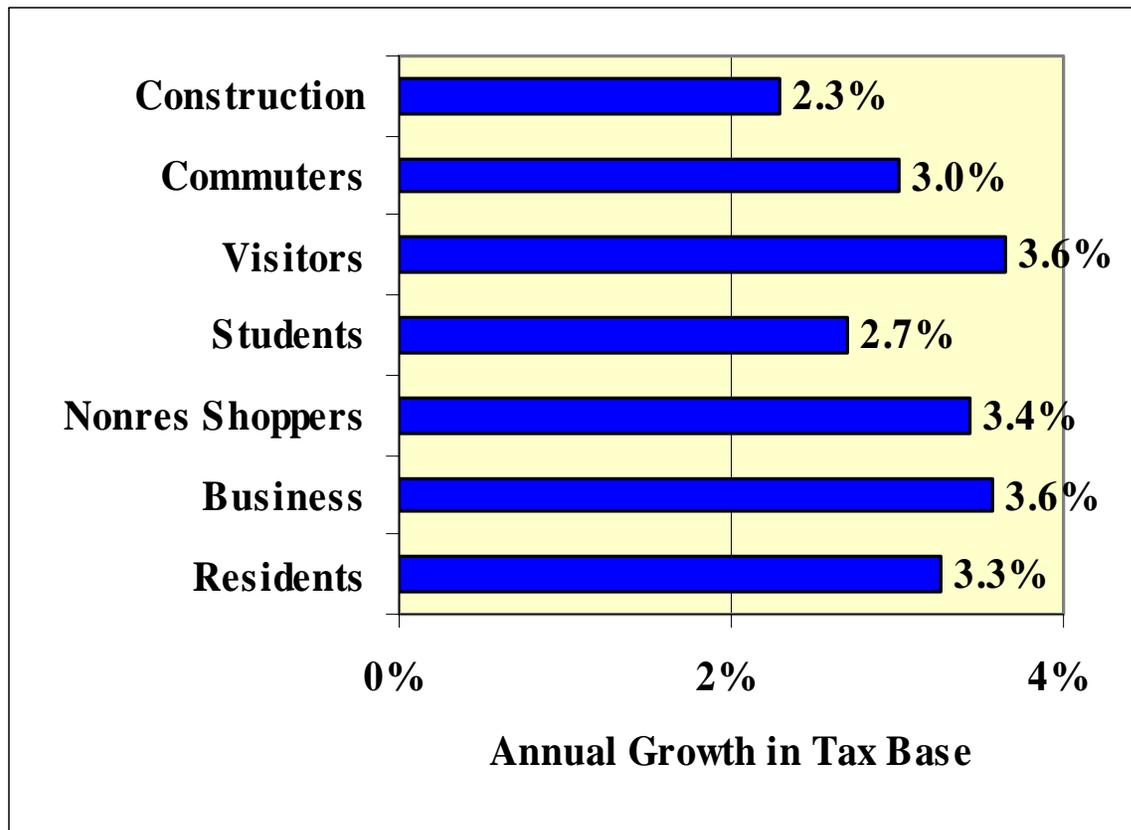
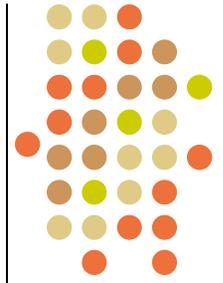


- Visitors tax based on tourism study
- Forecast growth based on Metro Denver population
- Nonresident shoppers similar to Boulder residents but based on Metro Denver households mix
- Growth based on Metro Denver population



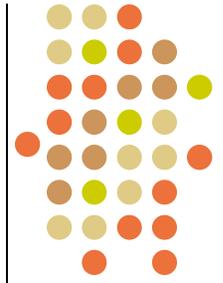
Growth in Sales & Use tax by type of payer 2005-30

(Does not include effects of rate changes)



Source: CBEF forecasts of sales & use tax by type of payer



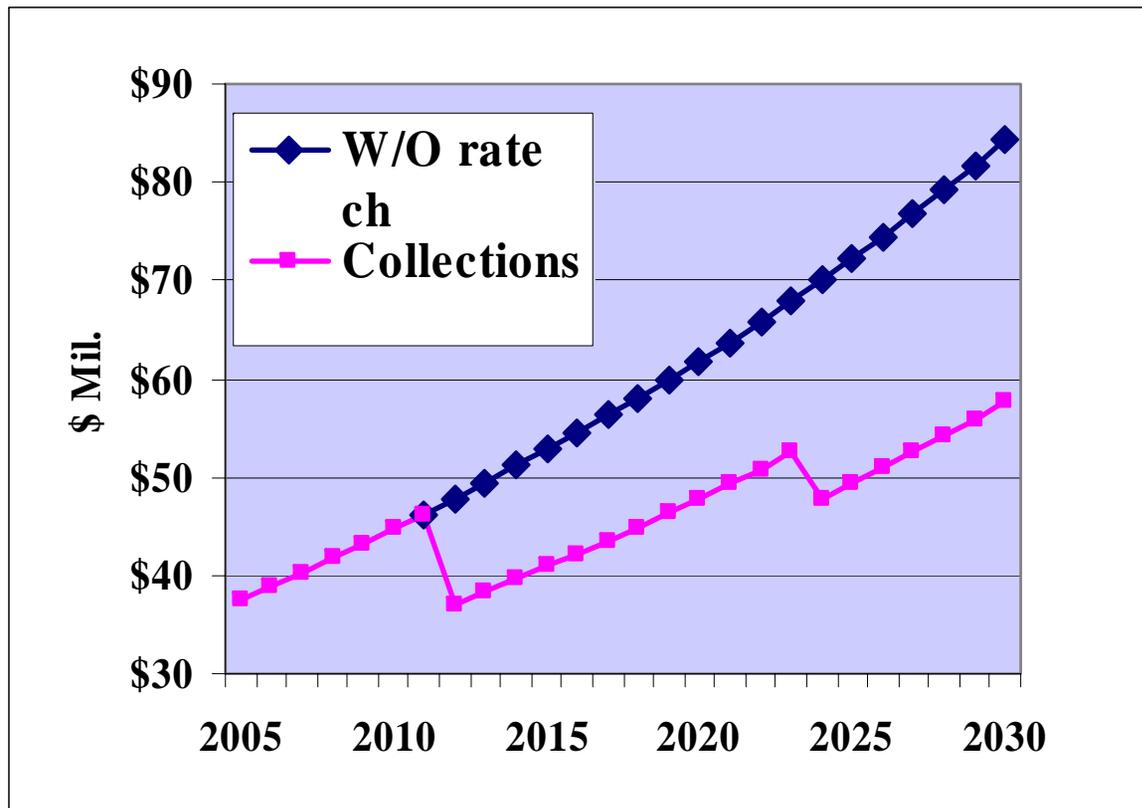
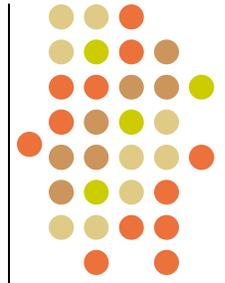


Sales & Use Tax-Summary

- Share of sales tax paid by Boulder businesses and by visitors will increase slightly.
- Rate reductions scheduled under current law will reduce collections by more than 25%.
- Sales tax growth does not keep pace with overall inflation, income growth nor cost of government services (even without rate cuts).

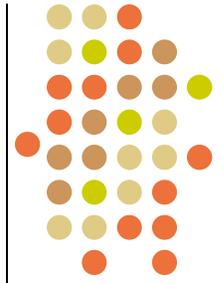


General Fund Sales & Use tax Receipts (current \$)



Source: CBEF forecasts of sales tax receipts

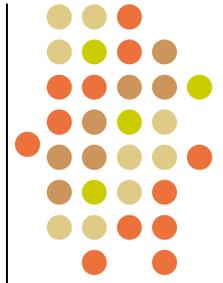




Property Tax Forecast

- Change in residential actual value based on projected change in housing stock and single-family existing home price(NAR series)
- Residential assessment rate projected to continue to decline (Forecast based on assumptions consistent with this Boulder forecast.)
- Change in commercial & industrial value based on change in number of jobs with different weights for 3 industry groups
- Mill levy unchanged (effects of temporary credit not in forecast)

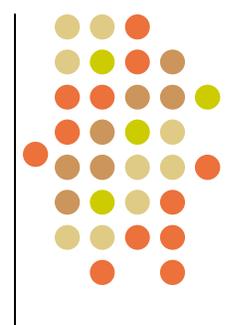




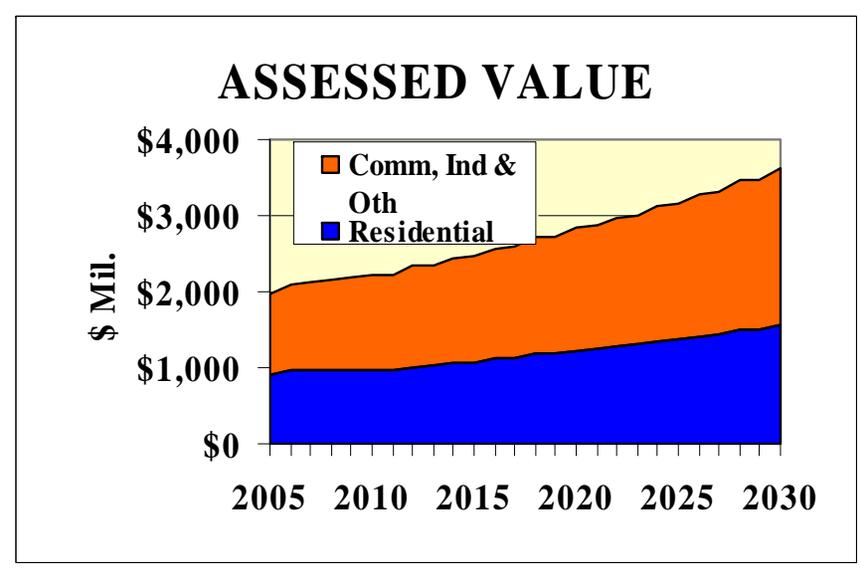
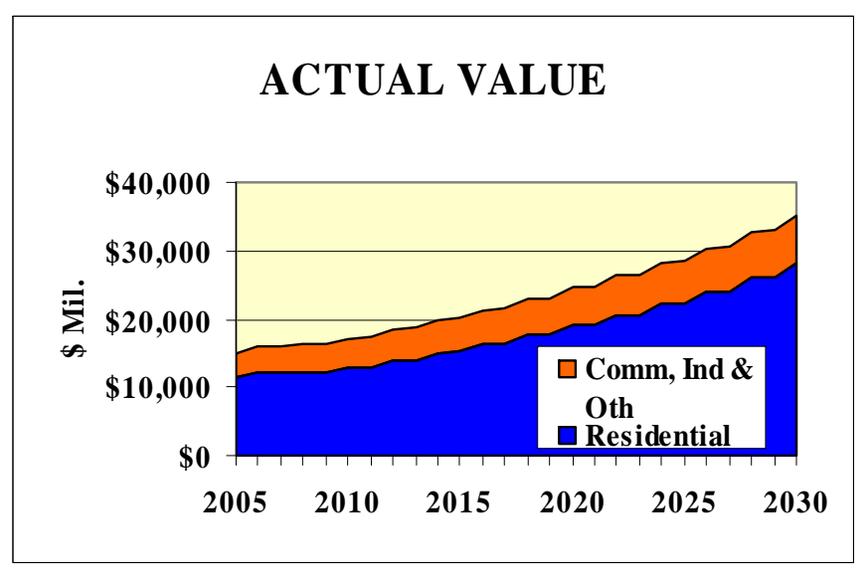
Property tax

- GF property tax receipts increase from \$16 million in 2005 to \$30 million in 2030
- Residential share of actual value is projected to increase slightly over forecast period while its share of assessed value (and tax) declines
- Property tax forecast quite sensitive to assumptions about relative increases in values of residential and nonresidential property



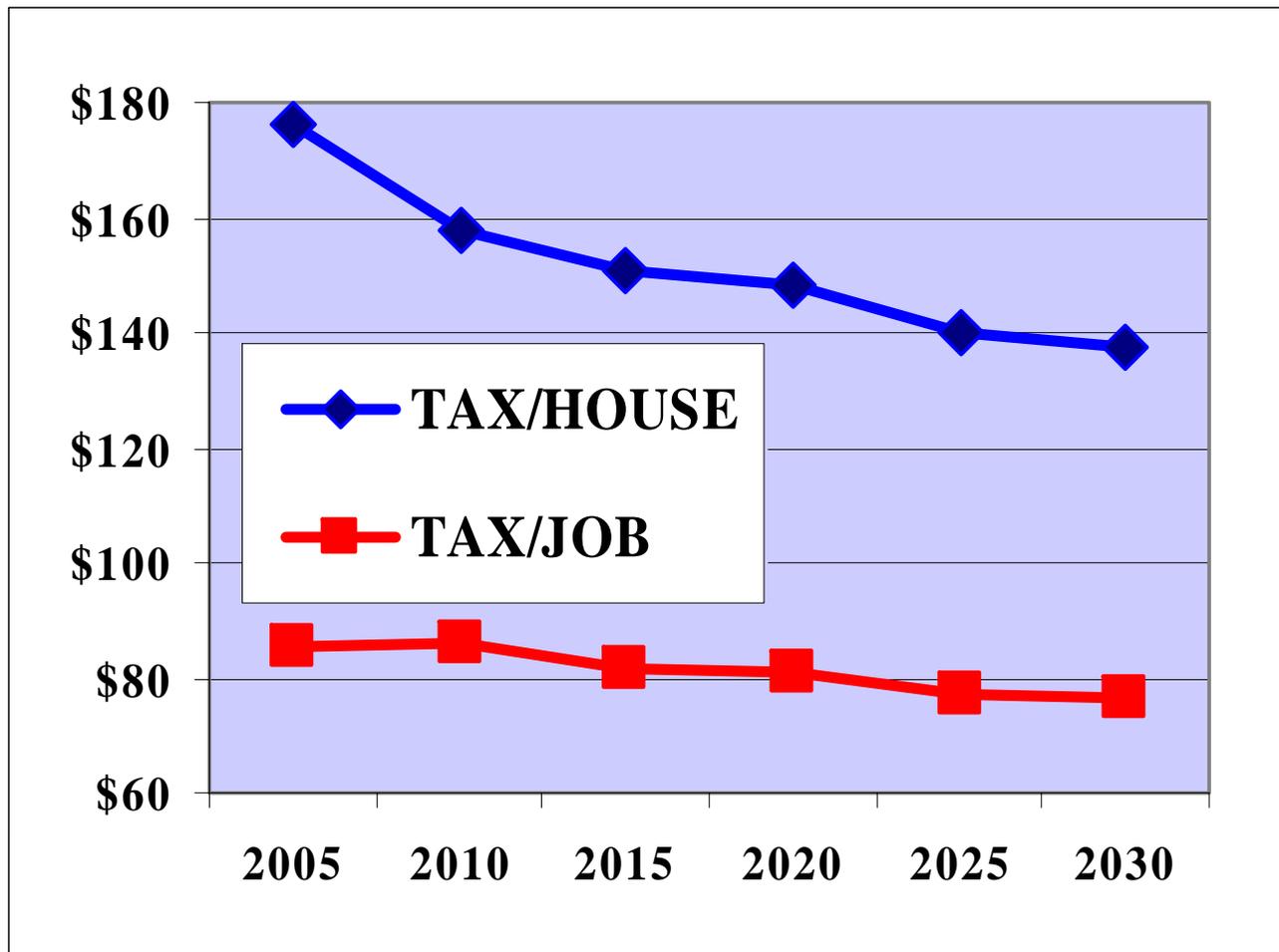
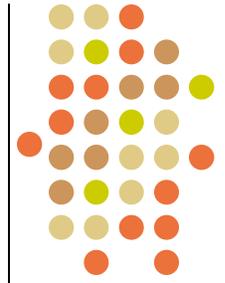


Actual and assessed values



Source: CBEF forecasts of valuation and residential assessment rate

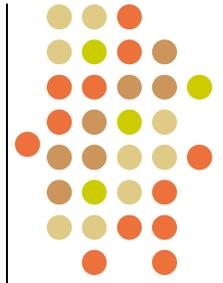
Boulder City real city property taxes per housing unit & per job



Source: CBEF projections, deflated by CPIU



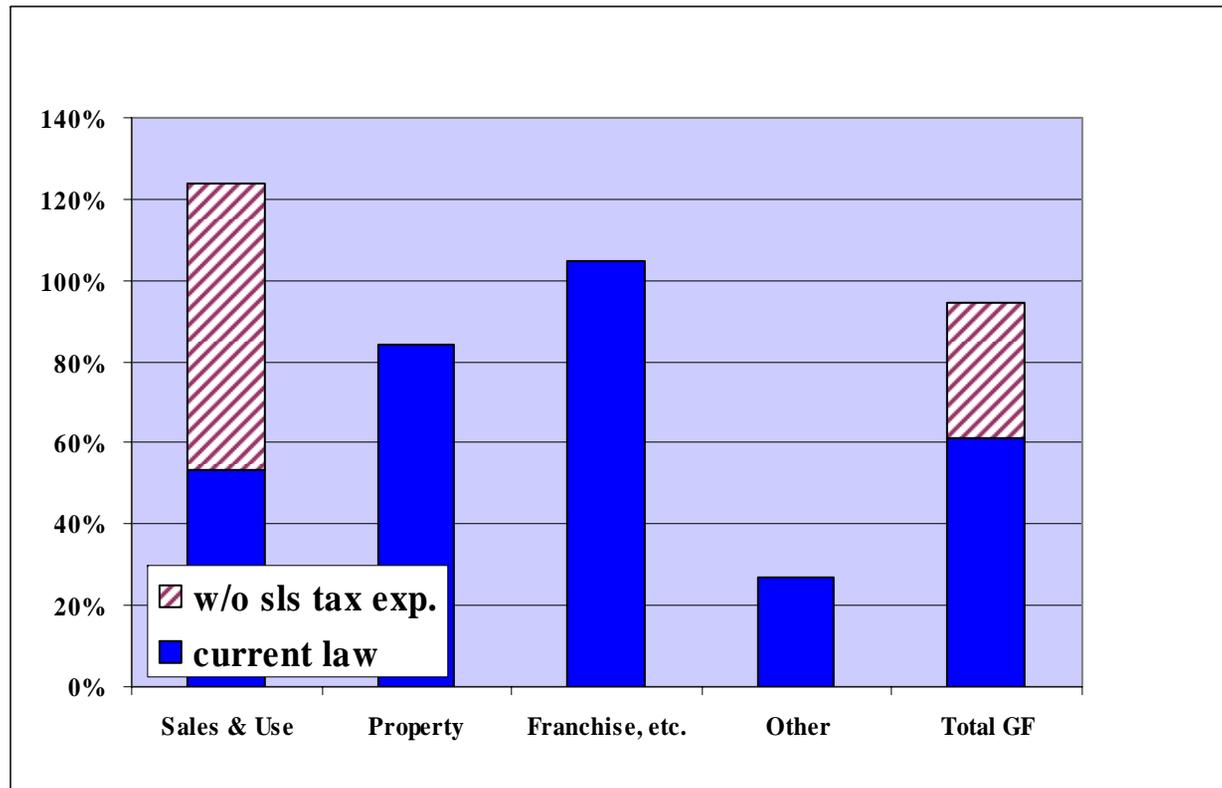
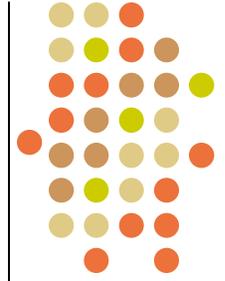
Franchise taxes & Other Revenues

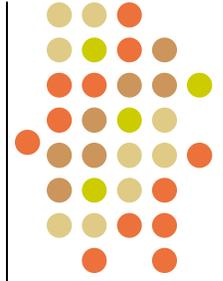


- Projected receipts based on 2006-12 forecast growth in Boulder budget document
- Includes effects of changes etc. in that document, e.g. a discontinued tax is projected at no revenue.
- Franchise fees etc. grow from \$ 10 mil. in 2005 to \$ 21 mil. in 2030.
- Other revenues grow from \$15 mil. to \$19 mil. over same period.



Growth in Boulder General Fund Receipts 2005-30 (current \$)



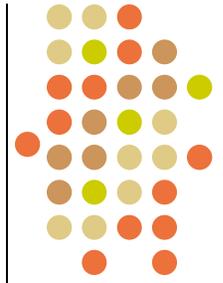


Boulder General Fund

- Boulder General Fund to grow from \$79 mil. today to \$128 mil. by 2030
- Scheduled expiration of sales taxes will mean a loss of \$27 mil./yr. by end of forecast
- Receipts do not keep pace with population growth and inflation
- Even if scheduled sales tax cuts don't happen, receipt won't match likely growth in city government expenditures



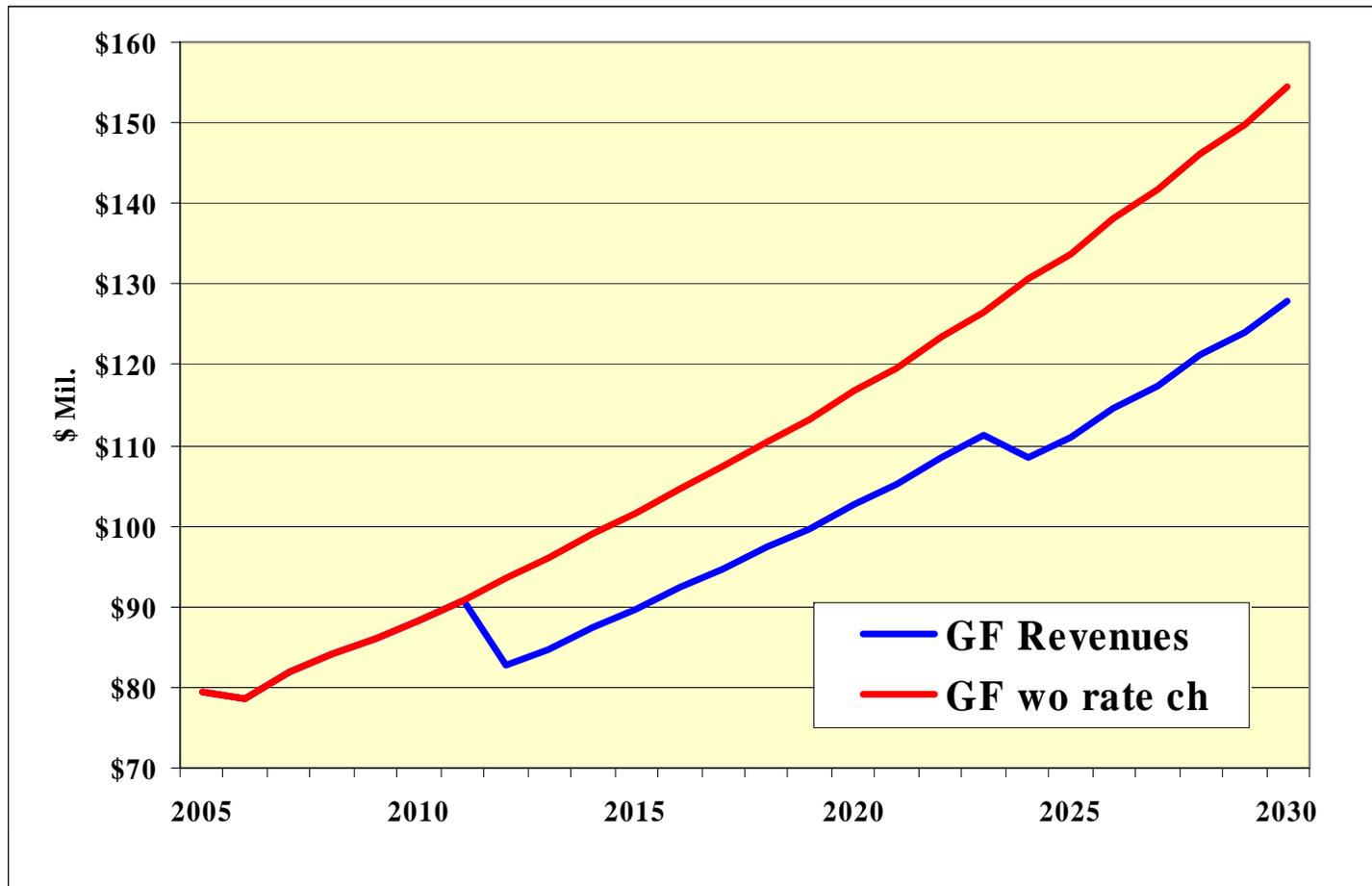
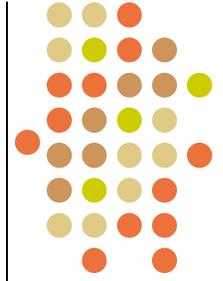
Boulder General Fund Receipts (\$ current Mil.)



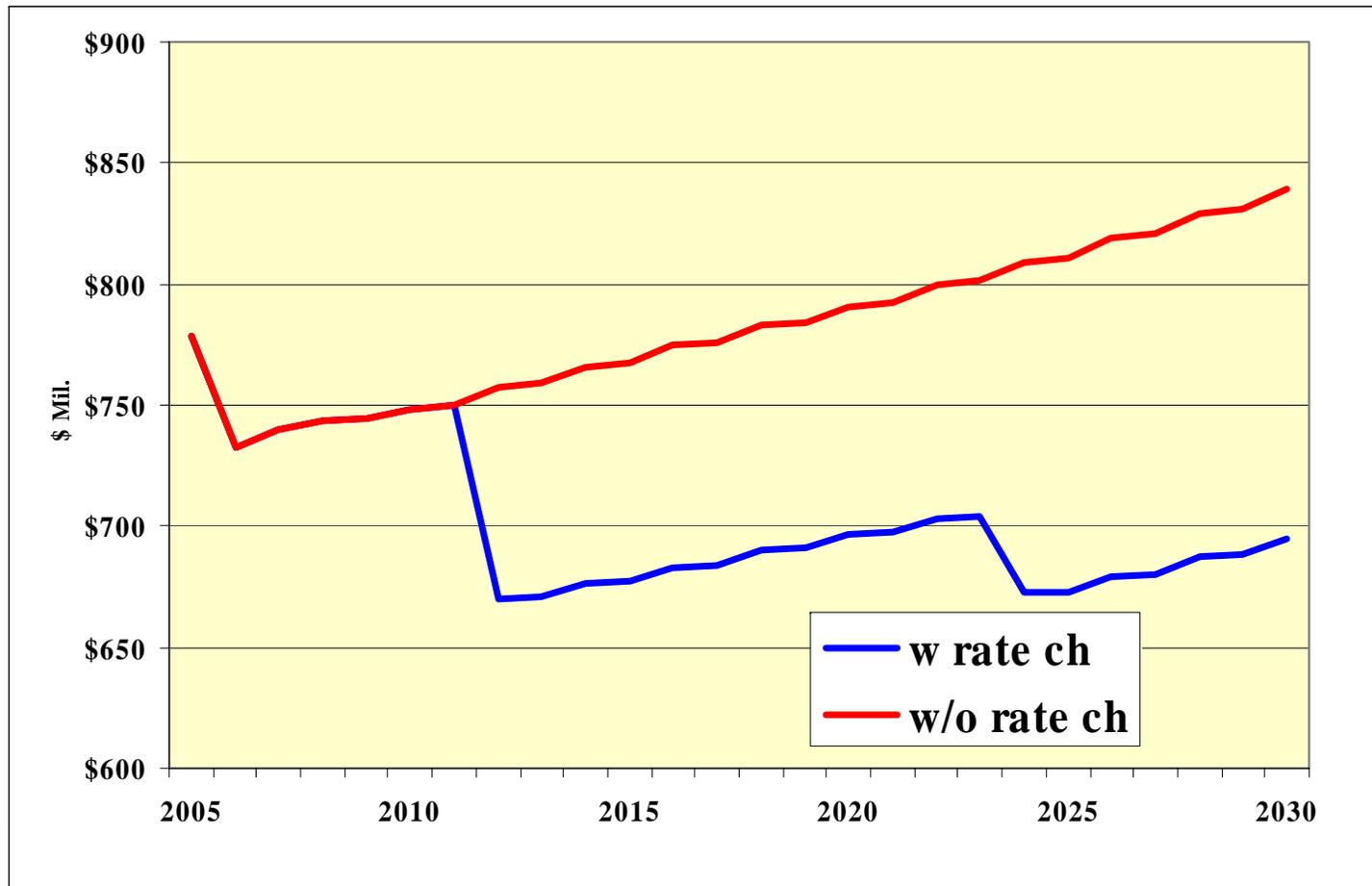
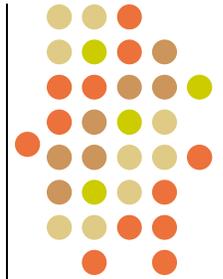
	<u>2005</u>	<u>2010</u>	<u>2015</u>	<u>2020</u>	<u>2025</u>	<u>2030</u>
SALES & USE	\$37.5	\$44.6	\$40.8	\$47.5	\$49.2	\$57.5
PROPERTY	\$16.2	\$18.2	\$20.4	\$23.4	\$26.0	\$29.9
FRANCHISE ETC	\$10.3	\$11.7	\$13.4	\$15.5	\$18.0	\$21.1
OTHER	\$15.3	\$13.9	\$15.1	\$16.3	\$17.8	\$19.5
TOTAL	\$79.4	\$88.4	\$89.6	\$102.8	\$111.1	\$128.0
Ann. Pct Ch.		2.2%	0.3%	2.8%	1.6%	2.9%



Boulder General Fund Revenues (\$ current)



Real per capita Boulder General Fund receipts



Indices of per capita Boulder GF receipts and S&L govt. exp.

