

Revenue Options

Presented to
Boulder's Blue
Ribbon Commission
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Purpose for Tonight

WILD SPECULATION



Revenue Considerations

- Diversity
- Materiality, sufficiency, and reliability
- Economic efficiency
- Simplicity and ease of administration
- Broad base and low rates
- Equity

Additional Considerations

- There is no perfect tax or fee
- Extensive use of a tax or fee exposes defects
- Incremental change generally creates fewer economic problems
- Existing taxes and fees factored into market decisions
- Business and consumer flight

Final Considerations

- Where should burden lie?
- Necessary to better understand expenditure patterns?
 - Legally even more important with fees

Current Sources – Sales and Use Taxes

- Retail Sales Tax
- Consumer Use Tax
- Motor Vehicle Use Tax
- Construction Use Tax
- Food Service Tax
- Accommodation Tax
- Admission Tax

Current Sources – Other Taxes

- Property Tax
- Trash Hauler/Recycling Tax
- Liquor Occupation Tax
- Telephone Occupation Tax
- Cable Television Franchise Tax
- Utility Franchise Tax
- Specific Ownership Tax

Current Sources- Development Excise Taxes

- Recreation
- Police
- Library
- Fire
- Human Services
- Housing
- Municipal Purposes
- Open Space
- Parking
- Transportation
- Parks
- Administrative Services
- Education

Current Sources- Intergovernmental

- Tobacco - State
- Highway Related - State and County
- Lottery – State
- DUI – County

Current Sources – Major Fees and Fines

- Fees

- Recreation
- Parking
- Development Related
- Utilities
- Licenses and Permits

- Fines

- Court Charges and Fines
- Parking Violations
- Photo Radar

Revenue Options: Sales Tax Related

- Increase sales tax rate *
- Expand sales tax to services
- Increase differential rate for prepared food *
- Differential rate for rental cars
- Public Improvement Fee
- Streamlined Sales Tax Project

Note: Options with * are currently used in Boulder

Revenue Options: Excise Tax Related

- Increase admissions tax *
- Local option gasoline tax
- Real estate transfer tax
- Tax internet access
- Increase accommodations tax *

Note: Options with * are currently used in Boulder

Revenue Options: Excise Tax Related

- Increase cellular phone tax *
- Tax satellite television transmission
- Increase utility taxes *
- Increase occupation tax - telephone suppliers *
- Increase trash tax
- Vehicle miles traveled tax

Note: Options with * are currently used in Boulder

Revenue Options: Income and Privilege Tax Related

- Assess a local income tax
- Assess a local payroll tax
- Assess an occupational privilege tax

Note: Options with * are currently used in Boulder

Revenue Options: Property and State Taxes

- Increase property tax mill levy
- Assess a parcel tax
- Local option gasoline tax
- Local option cigarette/tobacco tax

Note: Options with * are currently used in Boulder

Revenue Options: Fees and Fines

- Utilities for
 - Streetlights
 - Transportation maintenance
 - Parks Maintenance
 - Other?
- Special assessments
- Right of way maintenance assessment fees
- Trash hauling fee

Note: Options with * are currently used in Boulder

Revenue Options: Fees and Fines

- User fee related policies
 - Index fees and charges to inflation
 - Establish broad-based fee policy through study *
 - Examine adequacy of fees to cover costs *
- Cost allocation to other funds *
- Transportation fee assessed on parking
- Fire-Med subscription fee
- Increase fines and surcharges *

Note: Options with * are currently used in Boulder

Revenue Options: Miscellaneous

- Negotiated PILOTs with non-profits
- Market based revenue opportunities
- On-line advertising
- Increase audit revenue
- Offer tax amnesty program
- Public-private partnerships for facilities
- Corporate sponsorships

Note: Options with * are currently used in Boulder

Revenue Options: Miscellaneous

- Sales of surplus property
- Asset sales *
- Grant enterprise management
- Tax increment financing
- Tax revenue anticipation notes
- Tax gap project
- Securitize existing revenue stream

Note: Options with * are currently used in Boulder

Policy Options

- deBruce Property Tax
- Adequate Public Facilities policy
- Selective annexation?
- Eliminate policy of exemptions
- Audit state revenue streams
- Form special districts for services

Note: Options with * are currently used in Boulder

Selected Revenue Options

What are Other
Municipalities Doing
or Considering?



Increase Differential Rate for Food Service

- Boulder's 3.56% lower than Denver's 4%
(although Denver is C/C)
- Increase to 4%? - \$1.2M based on 2005
- Less regressive than other sales tax options
- Portion of burden exported
- Boulder retains regional advantage in food
- Administrative apparatus in place

Implement Differential Rate for Rental Cars

- Boulder – 3.41%, Denver – 7.25%
- Burden?
- Administrative apparatus in place
- Requires an election
- Probably not major revenue source

Increase Differential Rate for Accommodations

- Boulder –5.5% (not a sales tax), Louisville and Ft Collins – 6%, Aurora – 8%
- Burden largely exported
- Less regressive than other sales taxes
- Probably will not result in large behavioral change
- Requires an election
- Administrative apparatus in place

Extend Sales Tax to Services

- Revenue potential depends on services
- Potential for business flight – suggests best services are “place based”
- Requires an election
- Probably better done regionally or state-wide
- Better matches sales tax base to consumer behavior
- May reduce regressivity
- Broader base may be traded for lower rates
- Done statewide in Iowa

Establish Utilities and Fees for Municipal Services

- Options
 - Streetlights – Co Springs implemented in 2002, repealed in 2006
 - Parks Maintenance and Transportation – Ft Collins
- No election necessary
- Low admin. burden – assess on utility bill
- Has withstood legal challenge

ROW Maintenance Fee/PILOTs

- PILOTs take negotiation with agencies
- ROW maintenance fee may be used in carrot and stick approach
- More equitably distributes burden
- Better justified in property tax states?
- Successfully done in Minneapolis, Indianapolis, Pittsburgh, New Haven, and Palo Alto

Market Based Revenue Opportunities

- Variety of concepts - advertising, exclusivity arrangements, rental agreements, and corporate sponsorships
- Revenue potential – 2% of own source GF revenue
- In 2005, revenue potential \$1.4M
- Concerns about appropriateness of partners

deBruce Property Tax

- Requires an election
- At current credit, revenue potential \$3.25M in 2005
- Low administrative burden after election
- Beginning to happen across state - Aspen, Carbondale, Eagle, Federal Heights, Granby, Lafayette, Louisville, Palisade, Saguache, Vail, Wiggins
- Property tax consistently most despised tax of all

Adequate Public Facilities Policy

- Not direct revenue source – means of maintaining LOS in light of new development
- May be used to negotiate with developers
- Used in Fort Collins

Next Steps?

- Additional information/analysis
- Match with expenditure patterns
- Political assessment