



Legislation Text

File #: 15-00702, **Version:** 2

Ordinance No. 15-97 Amending Article 7 (Sales and Use Tax) of Chapter 2 (Business Licensing, Liquor Regulation and Taxation) of the Code of the City of Colorado Springs 2001, as amended, Pertaining to a Change to the Sales and Use Tax Rate from Two and Five-Tenths Percent (2.5%) to Three and Twelve One-Hundredths Percent (3.12%)

From:

Kara Skinner, Chief Financial Officer

Summary:

At the November 3, 2015, special municipal election, the voters of the City approved a ballot question authorizing a temporary additional levy of zero point six two percent (0.62%) in City sales and use tax dedicated solely to road repair, maintenance and improvements.

The attached Ordinance modifies the relevant sections of the Code of the City of Colorado Springs to amend the rate of sales and use tax from two and five-tenths percent (2.5%) to three and twelve one hundredth's percent (3.12%).

The tax levy established in this ordinance shall apply to all transactions occurring on or after January 1, 2016.

Previous Council Action:

N/A

Background:

By voter approval, the City of Colorado Springs is authorized to temporarily increase its sales and use tax by 0.62% (6.2 pennies on a \$10 purchase) for five years to fund only road repairs and improvements, and be permitted to retain all such revenues generated and to expend the same only for road repairs and improvements, exempt from spending and revenue limitations. As approved, the existing sales and use tax rate of 2.5% established by the City Code is increased by 0.62% dedicated to road repairs and improvements to make an effective City tax rate of 3.12% as of January 1, 2016. This tax will sunset (expire) exactly five (5) years from the date of its implementation and will not affect or apply to purchases of food for domestic home consumption, prescriptions, residential utility bills or other items exempt from City sales and use tax under the City Code. This temporary increase in sales and use tax revenue will be placed in a dedicated fund to be used only for funding the cost to repair roads and streets throughout all areas of the City, including cost of road reconstruction where severe deterioration does not allow repair. None of the additional sales and use tax revenue will be used to hire additional City employees or purchase additional equipment for City road projects. The repair work will be contracted out to the private sector.

Financial Implications:

The expenditure of these revenues for road repairs and improvements is to be in addition to, and not in lieu of, amounts currently being expended by the City for road maintenance and improvements.

During the period the temporary sales and use tax increase is in effect, the City will maintain spending on repair and maintenance of roads and streets at the average of the City's annual spending amount for such repair and maintenance during fiscal years 2012, 2013 and 2014. The City Auditor will perform an audit to calculate such average spending amount. Subject to City Charter limitations on preparation, submission and approval of the annual budget and annual appropriation ordinance, during such period, the City will annually expend at least the amount so computed on repair and maintenance of roads and streets.

Board/Commission Recommendation:

N/A

Stakeholder Process:

N/A

Alternatives:

N/A

Proposed Motion:

Move approval of the Ordinance Amending Article 7 (Sales and Use Tax) of Chapter 2 (Business Licensing, Liquor Regulation and Taxation) of the Code of the City of Colorado Springs 2001, as amended, Pertaining to a Change to the Sales and Use Tax Rate from Two and Five-Tenths Percent (2.5%) to Three and Twelve One-Hundredths Percent (3.12%)

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