

DATE: December 21, 2010
STAFF: Mike Freeman

AGENDA ITEM SUMMARY
FORT COLLINS CITY COUNCIL

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SUBJECT

Second Reading of Ordinance No. 126, 2010, Amending Section 25-75(a) of the City Code to Increase the Rate of Tax By Eighty-Five Hundredths Percent (0.85%) Effective January 1, 2011, in Accordance with the Ballot Measure Approved by the Registered Electors on November 2, 2010.

EXECUTIVE SUMMARY

A Special Municipal Election was held in conjunction with the November 2, 2010, Larimer County General Election for a 0.85% increase in the sales and use tax rate with an effective date of January 1, 2011. The qualified electors of the city approved the imposition of such additional tax. This Ordinance, unanimously adopted on First Reading on December 7, 2010, codifies the increase in the rate of sales tax.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on Second Reading.

ATTACHMENTS

1. Copy of First Reading Agenda Item Summary - December 7, 2010
(w/o attachments)

DATE: December 7, 2010
STAFF: Mike Freeman

AGENDA ITEM SUMMARY
FORT COLLINS CITY COUNCIL

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EXECUTIVE SUMMARY

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BACKGROUND / DISCUSSION

In June 2010, the City Manager presented to Council an Ordinance Calling a Special Municipal Election to be held in conjunction with the November 2, 2010, Larimer County General Election.

In July 2010, a Resolution was passed by Council to refer to the qualified electors of the City a proposed 0.85% increase in the City's sales and use tax rate on all non-exempt taxable items, to be used for certain specified purposes, to be levied for a ten (10) year period, beginning January 1, 2011, and ending December 31, 2021.

In August 2010, Council presented an amendment to the Resolution to exclude from the use tax increase, manufacturing equipment as defined in Section 25-63.

The increase will not apply to food for home consumption; therefore, those items will continue to be taxed at the rate of 2.25%. All other taxable items will be taxed at a rate of 3.85%.

FINANCIAL / ECONOMIC IMPACTS

The 0.85% increase in the City's sales and use tax rate, will generate approximately \$18.7 million in fiscal year 2011 (January 1, 2011 – December 31, 2011). In accordance with the voter-approved ballot measure, the additional funding will be allocated as follows:

- 33% for street maintenance and repair;
- 17% for other street and transportation needs;
- 17% for police services;
- 11% for fire protection and other emergency services;
- 11% for parks maintenance and recreation services; and
- 11% for community priorities other than those listed above, as determined by the City Council.

STAFF RECOMMENDATION

Staff recommends adoption of the Ordinance on First Reading.

ORDINANCE NO. 126, 2010
OF THE COUNCIL OF THE CITY OF FORT COLLINS
AMENDING SECTION 25-75(a), OF THE CODE OF THE CITY
OF FORT COLLINS TO INCREASE THE RATE
OF TAX BY EIGHTY-FIVE HUNDREDTHS PERCENT (0.85%)
EFFECTIVE JANUARY 1, 2011, IN ACCORDANCE
WITH THE BALLOT MEASURE APPROVED BY THE REGISTERED
ELECTORS ON NOVEMBER 2, 2010

WHEREAS, the City has heretofore enacted a comprehensive retail sales and use tax, which enactment is codified in Chapter 25, Article III, of the City Code; and

WHEREAS, the amount of such tax imposed by the City Code is contained in Section 25-75(a) thereof; and

WHEREAS, on July 27, 2010, by Resolution 2010-047, the City Council referred to the registered electors of the City a proposed 0.85% increase in the City's sales and use tax rate on all non-exempt taxable items to be levied for a ten year period, beginning January 1, 2011, and ending December 31, 2021, with the revenues from the additional tax to be used as provided in the ballot measure; and

WHEREAS, the ballot measure provides that the 0.85% tax increase will not apply to the use tax on manufacturing equipment; and

WHEREAS, on November 2, 2010, the registered electors of the City approved the ballot measure imposing the additional tax.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF FORT COLLINS as follows:

Section 1. That Section 25-75(a) of the Code of the City of Fort Collins is hereby amended to read as follows:

Sec. 25-75. Rate of tax.

(a) The amount of tax hereby levied is three and eighty-five hundredths (3.85) percent of the purchase price of tangible personal property or taxable services except that the amount of use tax levied on Manufacturing Equipment is three (3) percent of the purchase price. Twenty-five one-hundredths (0.25) percent of such amount is a tax which shall expire at midnight on December 31, 2030, the proceeds of which shall be used for the purposes of acquiring, operating and maintaining open spaces, community separators, natural areas, wildlife habitat, riparian areas, wetlands and valued agricultural lands, and to provide for the appropriate use and enjoyment of these areas by the citizenry, pursuant to the provisions of the Citizen-Initiated

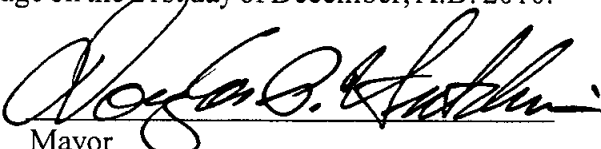
Ordinance No. 1, 2002. Another twenty-five one-hundredths (0.25) percent is a tax which shall expire at midnight on December 31, 2015, the proceeds of which shall be used for the purpose of paying the costs of planning, design, right-of-way acquisition, incidental upgrades and other costs associated with the repair and renovation of City streets, including but not limited to curbs, gutters, bridges, sidewalks, parkway shoulders and medians. Another twenty-five one-hundredths (0.25) percent is a tax which shall expire at midnight on December 31, 2015, the proceeds of which shall be used for the purpose of paying the costs of planning, design, right-of-way acquisition, construction and at least seven (7) years of operation and maintenance of certain capital projects specified in the "Building on Basics" capital project program, subject to the terms and conditions of Ordinance No. 92, 2005. Another eighty-five one-hundredths (0.85) percent is a tax which shall expire at midnight on December 31, 2021, the proceeds of which shall be used in accordance with the terms and conditions of Ordinance No. 126, 2010.

Section 2. That the revenue generated by the eighty-five one-hundredths (0.85) percent sales and use tax imposed pursuant to this Ordinance (the "Resourcing Our Future Tax") shall be used as follows:

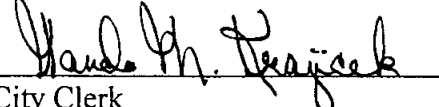
- 33% for street maintenance and repair;
- 17% for other street and transportation needs;
- 17% for police services;
- 11% for fire protection and other emergency services;
- 11% for parks maintenance and recreation services; and
- 11% for community priorities other than those listed above, as determined by the City Council.

Section 3. That the City Manager shall annually report to the City Council on the purposes for which the revenues from the Resourcing Our Future Tax have been designated or used in the preceding calendar year and the cost saving measures that were undertaken by the City in such year.

Introduced, considered favorably on first reading, and ordered published this 7th day of December, A.D. 2010, and to be presented for final passage on the 21st day of December, A.D. 2010.


Mayor

ATTEST:


City Clerk

Passed and adopted on final reading on the 21st day of December, A.D. 2010.

Mayor

ATTEST:

City Clerk