

Briefing Memorandum

DATE: Monday, April 16, 2018
TO: Councilman Clark
FROM: Zach Rothmier, Legislative Analyst
SUBJECT: Parks and Recreation dedicated sales and use tax

BACKGROUND: The majority of municipalities in the front range have a dedicated sales and use tax to fund parks and recreation capital improvements, parkland and open space acquisition, and certain operations and maintenance expenses (see Appendix A). An increase in sales and use tax can only be approved by voters in the next general election. The deadline for Council to refer a measure to the voters is Monday, August 27th, 2018.

2018 Parks and Recreation funding¹: The total request for Parks and Recreation (P&R) in the 2018 budget is \$72.75 million, inclusive of administration (\$4.47 mil), parks and planning (\$40.63 mil), mountain parks (.95 mil), CSU cooperative extension (.19 mil), Buffalo Bill museum (.39 mil), and recreation (26.12 mil). P&R is anticipated to offset \$10.07 million through general fund revenue derived from permits, use fees, etc. The 2018 budget request and revenue forecast does not include the golf enterprise fund.

PROPOSAL: Council will refer a measure to put to the voters the request to expand the sales and use tax by .25% (two and a half cents for every ten dollars spent) for dedicated funding for Denver's parks. All money derived from the increased sales and use tax must be expended solely for the acquisition of additional parkland and open space, capital improvements, mountain parks, waterway restoration and reclamation, forestry, and certain operation and maintenance expenses. The ballot measure will create a special Parks fund; and specifically excludes expending derived revenues from that fund towards offsetting any current or future expenditures from the general fund towards P&R.

IMPACT: Denver's current sales and use tax rate is 3.65% resulting in total projected 2018 sales tax revenue of \$670.77 million.¹ The additional tax would result in a total Denver tax of 3.9%, allowing Denver to remain competitive. The 25 nearest jurisdictions that maintain an average sales tax rate of 4.02%² (city and county tax, combined). The total effective total sales and use tax would be 7.9% if the increase is approved by the voters. (including RTD, SCFD, and state tax).

SUMMARY: The additional .25% tax will result in an additional \$45.94 million for the dedicated parks fund in 2019³. The total projected funds (in 2018 dollars) for P&R (general fund and Parks fund) would total 118.69 million, with \$87.52 million being dedicated for parks.

¹ City and County of Denver. Mayor's 2018 budget.

² Budget and Management Office – City and County Tax Rates, 2017.

³ Using projections from 2018 revenue

Appendix A

Dedicated Funding Parks and Recreation Funding in Colorado

Metro Area Counties

County	Dedicated Parks or Open Space Tax	Notes
Adams	0.25%	Program includes a citizen oversight board, appointed by the Adams County Board of Commissioners. 68% of tax revenue is award through grants and 30% returns to the generating municipality.
Arapahoe	0.25%	50% of tax is given to cities and towns as grants.
Boulder	0.60%	Tax is split, 80% for open space and 20% for park land and recreation.
Broomfield	0.25%	.25% through 2019, .1% through 2029, .05% through 2025, .05% perpetuity, .15% through 2030.
Denver	0.00%	
Douglas	0.17%	Sunsets 2023
Jefferson	0.50%	No sunset

Additional dedicated funding sources by municipality

Denver Metro Area (over 100k people)

Dedicated Funding Source(s)

Arvada	2009-2018 Parks Fund Capital Maintenance and Replacement Plan uses seeded money from various sources (water fund, general fund, GOCO Trust) for capital improvements. Lands Dedicated Fund was eliminated in 2017
Aurora	Parks Development Fund (Direct developer impact fee and interest derived from other funds). Recreation Fund (user fees and general fund transfer).
Centennial	No - Centennial parks and recreation services are provided by the Arapahoe Park and Recreation District and South Suburban Parks and Recreation District.
Lakewood	No

Thornton	.25% Sales and Use tax (split in thirds, open space, parks, and tbd by City Council) – sunsets in 2018
Westminster	.25% Parks, Open Space and Trails (POST) Sales and Use Tax– sunsets in 2032

Other Colorado Municipalities

Dedicated Funding Source

Fort Collins	.85% Sales and Use tax (Keep Fort Collins Great initiative) benefits Police, Fire, P&R, community priorities, street maintenance, and other transport. Parks and Recreation accounted for 11% of expenditures in 2015.
Colorado Springs	Trail and Open Space tax - .1% to acquire parkland. Up to 20% may be used for park capital improvements, renovations, and maintenance.