

BY AUTHORITY

ORDINANCE NO. _____
SERIES OF 2018

COUNCIL BILL NO. CB18-0641
COMMITTEE OF REFERENCE:
Finance

A BILL

For an ordinance increasing the sales and use tax by a rate of 0.25 percent and dedicating the revenue derived from the tax rate increase to fund Denver parks, trails, and open space, subject to the approval of the voters at a special municipal election to be conducted in coordination with the state general election on November 6, 2018.

BE IT ENACTED BY THE COUNCIL OF THE CITY AND COUNTY OF DENVER:

Section 1. Subject to voter approval as specified in Section 7 of this ordinance, Account Number 97000-282110 of the Fund Plan, Section 20-18, D.R.M.C., concerning apportionment of the sales, use and lodger's tax, is amended by the addition of a new subsection (i), to read as follows (with existing subsection (i) being re-designated as subsection (j)):

§. 20-18. Fund Plan

Account No. 97000-282110

Name of account: Unapportioned sales, use and lodger's tax

Source of funds: City retail sales taxes, city use taxes and city lodger's taxes that have been collected, returned, and await apportionment.

Disposition of funds:

- i. Monthly, (1) allocation apportionment and transfer of only those revenues raised at the rate of 0.25 percent of gross taxable sales from sales and use taxes levied to the Parks, Trails, and Open Space Fund.

Section 2. Subject to the approval of the voters as specified in Section 7 of this ordinance, Section 53-27, D.R.M.C., concerning sales taxes is amended by the addition of a new subsection (h) to read as follows:

1 (h) *Sales tax increment to fund the Parks, Trails, and Open Space Program.* In addition to the
2 sales tax otherwise imposed by this section, a tax of twenty-five one-hundredths of one percent
3 (.25%) must be paid on all taxable sales of commodities or services, except on commodities or
4 services specified in subsection (b) of this section, beginning January 1, 2019. The revenue
5 from such additional tax must be used for the sole purpose of funding the Parks, Trails, and
6 Open Space Program created in article XII of chapter 39.

7
8 **Section 3.** Subject to the approval of the voters as provided in Section 7 of this
9 Ordinance, subsection (a) of section 53-28, D.R.M.C., concerning collection of sales is
10 amended by adding the language underlined and deleting the language stricken, to read as
11 follows:

12
13 **Sec. 53-28. Retailer responsible for payment of tax.**

14 (a) *Amount.* Every retailer shall, irrespective of other provisions of this article, be
15 liable and responsible for the payment of an amount equivalent to ~~three and sixty-five~~
16 ~~one hundredths (3.65) percent~~ three and 90 one-hundredths (3.90) percent of the
17 retailer's taxable sales of tangible personal property, products, or services specified in
18 this article, except: (1) Aviation and railway fuel, as to which the rate of four cents
19 (\$0.04) for each gallon purchased shall apply; (2) Automotive vehicles when they are for
20 any term of thirty (30) days or less hired for use, rented, leased or transferred under a
21 grant of a license to use, as to which a rate of taxation as set forth in subsection 53-
22 27(b)(2) shall apply; (3) Food and beverages not exempted from taxation under
23 subsection 53-26(8) of this article, as to which the rate of four (4) percent shall apply; (4)
24 For each of which respective rates aforesaid the retailer shall be liable for an equivalent
25 amount; (5) Every retailer shall, on its return, round each calculation, as directed on such
26 form as the manager may require, to the nearest whole dollar and remit the rounded
27 amount. In rounding under this section, any amount of forty-nine cents (\$0.49) or less
28 shall be rounded down, and any amount of fifty cents (\$0.50) or higher shall be rounded
29 up.

30
31 **Section 4.** Subject to the approval of the voters as provided in Section 7 of this
32 ordinance, Section 53-98, D.R.M.C., concerning use taxes is amended by the addition of a new
33 subsection (l) to read as follows:
34

1 (l) *Use tax increment to fund the Parks, Trails, and Open Space Program.* In
2 addition to the use tax otherwise imposed by this section, a tax of twenty-five one-
3 hundredths of one percent (.25%) must be paid on all taxable uses, consumptions,
4 distributions, and storages of commodities and services, except on commodities and
5 services specified in subsection (b) of this section, beginning January 1, 2019. The
6 revenue from such additional tax must be used for the sole purpose of funding the
7 Parks, Trails, and Open Space Program created in article XII of chapter 39.

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9 **Section 5.** Subject to the approval of the voters as provided in Section 7 of this
10 ordinance, subsection (a) of section 53-99, D.R.M.C., concerning collection of use taxes, is
11 amended by the addition of the language underlined and the deletion of the language stricken,
12 to read as follows:

13
14 **Sec.53-99. Retailer responsible for payment of tax.**

15 (a) *Amount.* Every retailer shall, irrespective of other provisions of this article, be
16 liable and responsible for the payment of an amount equivalent to ~~three and sixty-five~~
17 ~~one-hundredths (3.65) percent~~ three and 90 one-hundredths (3.90) percent of taxable
18 sales made by him of tangible personal property, products, and services, except: (1)
19 Aviation and railway fuel, as to which the rate of four cents (\$0.04) for each gallon
20 purchased shall apply; (2) Automotive vehicles when they are for any term of thirty (30)
21 days or less hired for use, rented, leased or transferred under a grant of a license to
22 use, as to which a rate of taxation as set forth in subsection 53-98(b)(2) shall apply; (3)
23 Food and beverages not exempted from taxation under subsection 53-26(8) of the city
24 retail sales tax article, as to which the rate of four (4) percent shall apply; (4) For each of
25 which respective rates aforesaid the retailer shall be liable for an equivalent amount; and
26 (5) Every retailer shall, on its return, round each calculation, as directed on such form as
27 the manager may require, to the nearest whole dollar and remit the rounded amount. In
28 rounding under this section, any amount of forty-nine cents (\$0.49) or less shall be
29 rounded down, and any amount of fifty cents (\$0.50) or higher shall be rounded up.

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31
32 **Section 6.** Subject to the approval of the voters as provided in Section 7 of this
33 ordinance, Chapter 39, D.R.M.C., concerning Parks and Recreation, is amended by the
34 addition of a new Article XII, to read as follows:

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2 **ARTICLE XII. PARKS, TRAILS, AND OPEN SPACE PROGRAM**

3

4 **Sec. 39-223. Legislative Declaration.** (a) The City Council finds, determines,
5 and declares:

6 (1) Since its founding, the city and county of Denver (“the city”) has endeavored to
7 build a city in a park through a continued and consistent prioritization of parks, trails,
8 open space, parkways, green medians, street and park trees, greenways and
9 waterways, and a system of city and mountain parks;

10 (2) The current gap in funding for acquiring additional land for parks, trails, and
11 open spaces; developing and improving new and existing parks, Denver’s mountain
12 parks, open spaces, and trails; restoring and protecting waterways, rivers, and streams;
13 purchasing, planting and caring of trees in parks and in the public right of way; and
14 operating and maintaining any additional acquisitions and new capital improvements to
15 the City’s parks, mountain parks, and open space systems is insurmountable without an
16 additional revenue stream;

17 (3) The City faces increased pressure from population growth, development, and
18 densification and park amenities—from new parks, like dog parks, to improvements in
19 the mountain parks, and to protection and restoration of urban waterways—are lagging
20 due to a lack of funding;

21 (4) The City now ranks at the bottom of the list compared to peer cities on park
22 acres per resident and the percentage of residents who can get to a park with a 10-
23 minute walk, and, according to The Trust for Public Land’s recently released 2018
24 ParkScore® ranking of park systems in the 100 largest U.S. cities, the City fell to ranking
25 number 26 from number 20 in one year;

26 (5) Dedicated, additional funding for parks will help achieve these goals and
27 ensure that future generations will be able to enjoy Denver parks and open space.

28 (b) Therefore, the city council has determined that the question of whether the
29 City shall be authorized to impose a 0.25 percent sales tax for the purposes and in the
30 manner set forth in this ordinance should be submitted to the registered electors of the
31 City at the special municipal election to be conducted in coordination with the state
32 general election on November 6, 2018.

33

34 **Sec. 39-224. Permitted Uses of Revenue in the Parks, Trails, and Open**

1 **Space Fund.**

2 (a) All monies derived from the sales and use taxes in the Parks, Trails, and
3 Open Space Fund must be expended solely on:

- 4 (1) Acquiring additional land for parks, open spaces, and trails;
5 (2) Developing, improving, and maintaining new and existing parks, including
6 Denver's mountain parks, open spaces, and trails;
7 (3) Restoring and protecting waterways, rivers, and streams;
8 (4) Purchasing, planting and caring of trees; and
9 (5) Operating and maintaining any additional acquisitions and capital
10 improvements to the City's parks, mountain parks, and open space.

11 (b) *Cap on administrative costs.* Monies in the Parks, Trails, and Open Space
12 Fund may be expended to pay the costs incurred by the city associated directly with the
13 administration of the funds; except that, in no event may the amount expended from the
14 funds for administrative expenses in any year exceed five percent (5%) of the amount of
15 revenue received in the fund in that year.

16 (c) *Fund earnings.* Any interest earned on the balance of the Fund accrues to the
17 Fund.

18 (d) *Administration of funds.* The Manager of Parks and Recreation designated in
19 accordance with § 2.4.2 of the Charter will manage the Fund.

20 (e) *Permanency.* If the monies in the Fund are not expended at the end of the
21 fiscal year, such monies must remain in the fund to be expended in subsequent fiscal
22 years.

23 (f) *Maintenance of Effort.* All monies in the Fund must be used in accordance with
24 this section and may not replace nor supplant any general fund appropriations allocated
25 each year to the Department of Parks and Recreation.

26 (g) *Rulemaking.* The Manager of Parks and Recreation may promulgate any rules
27 necessary for the proper administration of this section.

28 (h) *Reporting.* A report of fund expenditures must be submitted annually to the
29 mayor, city council, city auditor, and the Denver Parks and Recreation Advisory Board.

30 (i) *Planning.* Within one year of the adoption of this Article XII, and every five
31 years thereafter, the Manager of Park and Recreation, as designated in accordance with
32 § 2.4.2 of the Charter, must submit a five-year plan to the City Council and the Denver
33 Parks and Recreation Advisory Board on the planned revenue uses in the Parks, Trails,
34 and Open Space Fund.

Section 7. In accordance with § 3.3.6 of the Charter and Article X, Section 20 of the Colorado Constitution, this ordinance will be submitted to a vote of the registered electors of the City and County of Denver at a special municipal election to be coordinated with the state general election occurring November 6, 2018. Each elector desirous of voting for or against the ordinance must cast a vote as provided by law either “Yes” or “No” on the proposition:

SHALL CITY AND COUNTY OF DENVER SALES AND USE TAXES BE INCREASED BY \$45.94 MILLION ANNUALLY, COMMENCING JANUARY 1, 2019, AND BY WHATEVER ADDITIONAL AMOUNTS ARE RAISED ANNUALLY THEREAFTER, FROM A TWENTY-FIVE ONE-HUNDREDTHS OF ONE PERCENT (0.25%) SALES AND USE TAX RATE (2.5 CENTS ON A TEN-DOLLAR PURCHASE), THAT WILL NOT BE COLLECTED ON SALES OF FOOD FOR HOME CONSUMPTION OR PRESCRIPTION DRUGS, TO BE EXPENDED SOLELY ON:

- ACQUIRING ADDITIONAL LAND FOR PARKS, TRAILS, AND OPEN SPACE;
- DEVELOPING, IMPROVING, AND MAINTAINING NEW AND EXISTING PARKS, TRAILS AND OPEN SPACE, INCLUDING DENVER’S MOUNTAIN PARKS;
- RESTORING AND PROTECTING WATERWAYS, RIVERS, AND STREAMS;
- PURCHASING, PLANTING, AND CARING OF TREES; AND
- OPERATING AND MAINTAINING ANY RELATED ADDITIONAL ACQUISITIONS AND CAPITAL IMPROVEMENTS,

AND, IN CONNECTION THEREWITH, SHALL NO MORE THAN FIVE PERCENT (5%) OF THE TOTAL ANNUAL REVENUES DERIVED FROM THE INCREASE IN SALES AND USE TAX BE SPENT ON ADMINISTRATIVE COSTS RELATED TO THE ABOVE PURPOSES; AND SHALL THE MONIES DERIVED FROM THE INCREASE IN SALES AND USE TAX NOT BE USED TO OFFSET ANY CURRENT OR FUTURE REVENUE EXPENDITURES FROM THE GENERAL FUND; AND SHALL THE REVENUES FROM THESE INCREASED TAXES BE COLLECTED AND SPENT IN EACH FISCAL YEAR BY DENVER WITHOUT REGARD TO ANY EXPENDITURE, REVENUE-RAISING, OR OTHER LIMITATION CONTAINED WITHIN ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION OR ANY OTHER LAW?

