

Election — November 2, 2010

## Louisville Ballot Issue



### League of Women Voters® of Boulder County

*The League of Women Voters is not responsible for the accuracy or fairness of the arguments of either side.*

#### LOUISVILLE BALLOT ISSUE 2D USE TAX

SHALL CITY OF LOUISVILLE TAXES BE INCREASED \$1.5 MILLION ANNUALLY (FIRST FULL FISCAL YEAR INCREASE) AND BY WHAT-EVER ADDITIONAL AMOUNTS ARE RAISED ANNUALLY THEREAFTER BY THE ADOPTION OF A USE TAX UPON THE PRIVILEGE OF USING, STORING, DISTRIBUTING, OR CONSUMING WITHIN THE CITY ANY ARTICLE OF TANGIBLE PERSONAL PROPERTY OR TAXABLE SERVICES PURCHASED, LEASED OR RENTED FROM SOURCES OUTSIDE THE CITY, AND UPON RENTAL OF STORAGE SPACE WITHIN THE CITY, SUCH TAX TO BE AT THE RATE OF 3.500% OF THE PURCHASE PRICE THEREOF AND TO COMMENCE JANUARY 1, 2011 SUBJECT TO THE FOLLOWING:

SUCH USE TAX SHALL SUPERSEDE THE CITY'S CURRENT USE TAX OF 3.375%, PROVIDED THAT IF THIS QUESTION IS NOT

APPROVED BY THE VOTERS THE CURRENT USE TAX OF 3.375% SHALL REMAIN IN EFFECT IN ACCORDANCE WITH THE TERMS OF THE VOTERS' APPROVALS OF SUCH 3.375% USE TAX;

THE NEW USE TAX OF 3.500% SHALL BE APPLIED TO SUCH PROPERTY AND SERVICES, AND SUBJECT TO SUCH EXEMPTIONS, AS MAY BE PRESCRIBED FROM TIME TO TIME BY ORDINANCE OF THE CITY COUNCIL;

THE NET PROCEEDS OF SUCH TAX TO BE ALLOCATED SUCH THAT REVENUES FROM A RATE OF 0.375% ARE USED FOR OPEN SPACE PURPOSES CONSISTENT WITH BALLOT ISSUE 2D APPROVED AT THE NOVEMBER 5, 2002 ELECTION, REVENUES FROM A RATE OF 0.125% ARE USED FOR HISTORIC PRESERVATION PURPOSES CONSISTENT WITH BALLOT ISSUE 2A APPROVED AT THE NOVEMBER 4, 2008 ELECTION; AND REVENUES FROM THE REMAINING 3.000% ARE USED FOR PURPOSES DETERMINED BY THE CITY COUNCIL;

AND SHALL THE CITY BE PERMITTED TO COLLECT, RETAIN AND EXPEND ALL REVENUES DERIVED FROM SUCH 3.500% USE TAX AS A VOTER-APPROVED REVENUE CHANGE AND AN EXCEPTION TO LIMITS WHICH WOULD OTHERWISE APPLY UNDER ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION OR ANY OTHER LAW?

#### Major Provisions

Under this proposal, a use tax of 3.5% would be collected on any item or service used, stored, or consumed within the city limits but purchased or rented from sources outside the city. The use tax would also be charged on the rental of storage space within the city. Exemptions to the tax on property and services would be prescribed by ordinance of the city council. If approved by the voters, the tax will be effective January 1, 2011, and may generate up to \$1.5 million in 2011.

#### Background

Louisville currently has a use tax, which is limited to the purchase (outside the city) of vehicles and commercial building materials on which sales tax has not been collected. The measure is being referred to the voters by the city council, and is similar to proposals to expand the use tax in 2005 and 2006, defeated by the voters in both elections. With decreased tax revenues due to the recent economic downturn and the loss of Sam's Club in Louisville, the city council has determined that the city is in need of additional revenue.

#### Those IN FAVOR say

- Use tax revenue can be maximized in 2011 due to the Conoco Phillips development and other large developments.
- The additional revenue may allow the reinstatement of services and events which make Louisville special.
- This would ensure a revenue stream that is not dependent on retail sales taxes.

#### Those OPPOSED say

- New taxes are not appropriate in the current economic situation.
- Many of the costs will be borne by businesses, who will pass on the costs to consumers. In addition, it will discourage business startups and investment.
- This expanded tax is not needed. The budget can be balanced without it.

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