

**League of Women Voters of Boulder Valley
BALLOT ISSUES - November 1, 2005**

CITY OF LOUISVILLE

BALLOT ISSUE 2A

Use Tax

SHALL CITY OF LOUISVILLE TAXES BE INCREASED \$800,000 ANNUALLY COMMENCING IN 2006 (FIRST FULL FISCAL YEAR) AND THEN ANNUALLY BY WHATEVER ADDITIONAL AMOUNTS ARE RAISED THEREAFTER BY THE IMPOSITION OF A USE TAX UPON THE PRIVILEGE OF USING, STORING, DISTRIBUTING, OR CONSUMING WITHIN THE CITY ANY ARTICLE OF TANGIBLE PERSONAL PROPERTY OR SERVICES PURCHASED, LEASED OR RENTED FROM SOURCES INSIDE OR OUTSIDE THE CITY, SUCH TAX BEING AT THE RATE OF 3.375% FOR THE PERIOD OF JANUARY 1, 2006 THROUGH DECEMBER 31, 2013, AND THEREAFTER AT THE RATE OF 3.0%, SUCH USE TAX TO COMMENCE JANUARY 1, 2006 AND TO BE UPON SUCH BASE AND SUBJECT TO SUCH EXEMPTIONS, WAIVERS AND CREDITS, AND COLLECTION AND ENFORCEMENT PROCEDURES, AS CITY COUNCIL MAY PRESCRIBE BY ORDINANCE, WITH THE NET PROCEEDS OF SUCH USE TAX TO BE COLLECTED, RETAINED AND SPENT FOR PURPOSES DETERMINED BY THE CITY COUNCIL; AND SHALL THE CITY BE PERMITTED TO COLLECT, RETAIN AND EXPEND ALL REVENUES DERIVED FROM SUCH 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?

BACKGROUND:

This measure was referred to the voters by the Louisville city council. A use tax is a tax collected on tangible personal property or services purchased from outside the city, for delivery and use in the city where there has been no charge to the local commercial business and resident citizen consumer for local sales tax.

The proposed use tax would primarily be paid by Louisville businesses on goods not intended for resale that are brought into the city, and on which no Louisville sales tax has been paid. The tax would be collected by the vendor of the goods, and paid to the city where the vendor is located. That city would then send a check to Louisville.

Lafayette, Golden, Lakewood, Boulder and many other Front Range municipalities have been collecting and remitting use taxes for many years. Use tax in the City of Louisville is currently collected on vehicle purchases and purchases of commercial building materials only.

Those in **FAVOR** say:

1. A use tax would provide an estimated \$500,000-\$800,000 in additional annual revenue to the city.
2. As all other cities in Boulder County have a use tax, it levels the playing field for area businesses. It also evens out the city's tax base in terms of retail versus industrial businesses.

3. The city can make concessions for new businesses that have higher, one time expenses.

Those **OPPOSED** say:

1. A use tax would cost the city about \$30,000-\$40,000 in administrative costs.
2. Louisville-based businesses would feel some impact, as they would pay 3.375% on goods brought into the city on which they did not pay sales tax. This measure does not include items intended for resale.
3. There is a potential consumer impact if businesses pass the cost through to their customers.

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The pro and con statements are a compilation of the material submitted by proponents and opponents of each ballot issue. The League of Women Voters of Boulder Valley is not responsible for the accuracy or fairness of the arguments of either side.

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