Election — November 3, 2009

City of Boulder Ballot Issues

LEAGUE OF WOMEN VOTERS®

Prepared by **League of Women Voters of Boulder County**

www. lwvbc.org

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

BALLOT ISSUE 2A

Note: All four issues have been referred to voters by the city council.

SALES AND USE TAX EXTENSION

WITHOUT RAISING ADDITIONAL TAXES, SHALL THE EXISTING 0.15% CITY OF BOULDER SALES AND USE TAX CURRENTLY SET TO EXPIRE ON DECEMBER 31, 2012 BE EXTENDED INDEFINITELY AND WITHOUT RESTRICTION TO CONTINUE TO FUND GENERAL FUND SERVICES SUCH AS, WITHOUT LIMITATION, POLICE, FIRE, LIBRARY, PARKS AND HUMAN SERVICES, PURSUANT TO AND BY ADOPTION OF ORDINANCE NO. 7672;

AND IN CONNECTION THEREWITH,

SHALL THE FULL PROCEEDS OF THE TAX AND ANY EARNINGS THEREFROM, BE COLLECTED, RETAINED AND SPENT AS A VOTER APPROVED REVENUE CHANGE WITHOUT LIMITATION OR CONDITION AND WITHOUT LIMITING THE COLLECTION, RETENTION OR SPENDING OF ANY REVENUES OR FUNDS BY THE CITY OF BOULDER, UNDER ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION OR ANY OTHER LAW?

Major provisions

The proposal would continue indefinitely the 0.15% sales and use tax which voters approved in 1992 to be in effect for 20 years. Funds would be exempt from limitations imposed by the TABOR (Taxpayer Bill of Rights) amendment to the Colorado Constitution.

Background

The city's Blue Ribbon Committee on Revenue Stabilization found in January 2008 that continuation of this tax would help bridge the widening gap between revenue and the cost of city services. According to 2009 projections, this tax is expected to generate approximately $4 million per year.

Those in favor say

- This tax is critical for the continued provision of essential general fund city services such as police, fire, library, parks, and human services.

Those opposed say

- The extension would be forever. Voters should be allowed to reconsider periodically.

BALLOT ISSUE 2B

OPEN SPACE GENERAL OBLIGATION BONDS

SHALL CITY OF BOULDER DEBT BE INCREASED UP TO $33,450,000 WITH A REPAYMENT COST OF UP TO $80,863,800, AND SHALL CITY TAXES BE INCREASED UP TO $3,200,000 ANNUALLY, (TAXES TO BE INCREASED ONLY IF EXISTING DEDICATED OPEN SPACE SALES AND USE TAXES ARE INSUFFICIENT TO REPAY THE DEBT); AND

SHALL THE PURPOSE OF THIS MEASURE BE TO ALLOW THE CITY TO OBTAIN MORE FAVORABLE INTEREST RATES AND TERMS FOR BONDS APPROVED BY THE VOTERS IN 1993 BY ISSUING GENERAL OBLIGATION BONDS; AND

SHALL THE BOND PROCEEDS BE USED TO CONTINUE THE PURCHASE OF OPEN SPACE REAL PROPERTY INTERESTS AS WAS PREVIOUSLY AUTHORIZED BY A VOTE OF THE PEOPLE IN 1971; AND

SHALL THIS PURPOSE BE ACCOMPLISHED BY THE ISSUANCE AND PAYMENT OF CITY BONDS AT A NET EFFECTIVE INTEREST RATE NOT TO EXCEED 7% PER YEAR AND WITH A MATURITY DATE NOT TO EXCEED 30 YEARS FROM THE RESPECTIVE DATES OF ISSUANCE; AND

SHALL SUCH BONDS BE ISSUED, DATED, AND SOLD AT SUCH TIME(S) AND IN SUCH MANNER AND CONTAIN SUCH TERMS, NOT INCONSISTENT WITH THIS MEASURE, AS THE CITY COUNCIL MAY DETERMINE; AND

SHALL SUCH BONDS BE PAYABLE FROM REVENUE DERIVED FROM EXISTING SALES AND USE TAXES, WITHOUT ANY INCREASE IN RATE, EARMARKED AND COMMITTED FOR SUCH PURPOSES BY VOTE OF THE CITY'S ELECTORS AND BY A PLEDGE OF THE FULL FAITH AND CREDIT OF THE CITY AS AUTHORIZED IN THE CITY'S CHARTER AND PURSUANT TO THE ADOPTION OF ORDINANCE NO. 7673; AND

SHALL AD VALOREM PROPERTY TAXES BE LEVIED IN ANY YEAR WITHOUT LIMITATION AS TO RATE AND IN AN AMOUNT SUFFICIENT, TOGETHER WITH OTHER AVAILABLE REVENUES, TO PAY THE PRINCIPAL OF, PREMIUM, IF ANY, AND INTEREST ON SUCH BONDS WHEN DUE; AND

SHALL ANY EARNINGS FROM THE INVESTMENT OF THE PROCEEDS OF SUCH TAXES AND BONDS (REGARDLESS OF THE AMOUNT) CONSTITUTE A VOTER APPROVED REVENUE CHANGE WITHOUT REGARD TO THE REVENUE AND SPENDING LIMITS OF ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION?

Background

Voters in 1993 authorized the issuance of open space revenue bonds in the amount of approximately $50 million, but the general obligation pledge, which allows property tax increases to cover any shortfall, was omitted from the ballot language. When the measure was challenged under the 1992 TABOR (Taxpayer Bill of Rights) amendment to the Colorado Constitution, the Colorado Supreme Court determined that the ballot language did not authorize the general obligation backing. General obligation bonds have lower interest rates than purely revenue bonds and they do not have a 10% reserve requirement.

Major provisions

Issue 2B would allow the City to obtain more favorable interest rates and terms for open space bonds approved by the voters in 1993 by issuing them as general obligation bonds, backed by the full faith and credit of the City. If open space sales tax collections used to pay the bonds ever fell short, the general obligation pledge allows city council to raise property taxes to cover the shortfall. The issue does not involve any new sales taxes.

A 'yes' vote means that the remaining $33.45 million in bonds authorized in 1993 could be issued with the general obligation pledge.

A 'no' vote means the bonds would be issued without the general obligation pledge.

Those in favor say

- Issue 2B would save a projected $2.7 to $4.1 million in interest expense, and free up approximately $3.5 million of open space funds that the currently authorized bonds require to be placed in a reserve.
- Nearly all the outstanding open space bonds have the general obligation pledge and it has never been implemented.

Those opposed say

- Issue 2B makes property owners, many on fixed incomes, liable for the City's debt.
- Open space taxes are excessive for Boulder residents.

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BALLOT ISSUE 2C

Note: All four issues have been referred to voters by the city council.

PENSION BOND FUNDING

SHALL CITY OF BOULDER DEBT BE INCREASED UP TO $11,320,000 WITH A REPAYMENT COST OF UP TO $26,597,000 — WITH NO INCREASE IN ANY CITY TAX — TO FUND ONGOING REQUIRED PENSION OBLIGATIONS OF THE CITY FOR POLICE OFFICERS AND FIRE FIGHTERS HIRED BEFORE APRIL 8, 1978; AND

SHALL THE PURPOSE OF THIS MEASURE BE TO ALLOW THE CITY TO ESTABLISH A MORE PREDICTABLE PAYMENT SCHEDULE FOR ONGOING OLD HIRE FIRE AND POLICE PENSION OBLIGATIONS; AND

SHALL THIS BE DONE BY THE ISSUANCE OF BONDS OF THE CITY, AT A NET EFFECTIVE INTEREST RATE NOT TO EXCEED 10% PER YEAR AND WITH A MATURITY DATE NOT TO EXCEED 20 YEARS FROM ISSUANCE; AND

SHALL SUCH BONDS BE ISSUED, DATED, AND SOLD AT SUCH TIME(S) AND IN A MANNER WITH TERMS CONSISTENT HEREWITH, AS THE CITY COUNCIL MAY DETERMINE, SUCH BONDS TO BE PAYABLE FROM THE CITY'S GENERAL FUND; AND

SHALL ANY EARNINGS FROM THE INVESTMENT OF THE PROCEEDS OF SUCH REVENUES AND BONDS CONSTITUTE A VOTER APPROVED REVENUE CHANGE WITHOUT REGARD TO THE REVENUE AND SPENDING LIMITS OF ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION?

Background

The City's pension plans for fire fighters and police officers hired before April 8, 1978, have been declining. Unfunded liabilities increased significantly during the 2008 decline in the financial investment markets. All but one of the 104 employees in the plans are retired. Under state and federal law the City is responsible for covering annual pension payments. Current estimates are that, beginning in 2010, the general fund will need to contribute another $400,000 to $550,000 per year.

Major provisions

The proposal would allow the City to issue Pension Obligation Bonds to help fund these pension plans. Bond payments would be from current city revenues being paid into the pension funds. Funds would be exempt from limitations imposed by the TABOR (Taxpayer Bill of Rights) amendment to the Colorado Constitution.

Those in favor say

- The proposal is critical for the continued responsible management of City funds.
- The proposal avoids a tax increase to cover the shortfall.
- Bonds would be issued only when market conditions are favorable.

Those opposed say

- Going into debt to pay off a current expense is poor financial policy and will further diminish the City's credit rating.
- Such borrowing is a burden on our future.
- Voters must tell city council that we will not let them continue repeating past mistakes.

BALLOT ISSUE 2D

CHANGES TO HOUSING EXCISE TAX

SHALL CITY OF BOULDER HOUSING EXCISE TAXES BE INCREASED FOR NEW DEVELOPMENT TO PRODUCE APPROXIMATELY $1,250,000 (IN THE FIRST YEAR) ANNUALLY; AND

PURSUANT TO ORDINANCE NO. 7679 AND FUTURE CITY COUNCIL ACTION:

SHALL THE PURPOSE OF THIS MEASURE BE TO SHIFT THE TAX BURDEN FROM NEW RESIDENTIAL DWELLING UNITS TO OTHER CATEGORIES OF NEW DEVELOPMENT; AND

SHALL THE EXISTING HOUSING EXCISE TAX BE ELIMINATED ON RESIDENTIAL DWELLING UNITS; AND

SHALL THE HOUSING EXCISE TAX ON NEW DEVELOPMENT OTHER THAN RESIDENTIAL DWELLING UNITS BE RAISED TO BETWEEN $3.00 AND $7.00 PER SQUARE FOOT BASED UPON THE FOLLOWING LAND USE CLASSIFICATIONS:
COMMERCIAL USES
INDUSTRIAL AND GENERAL NON RESIDENTIAL USES
INSTITUTIONAL USES; AND

SHALL THE CITY COUNCIL BE AUTHORIZED TO PHASE IN THE NEW TAX RATES OVER FIVE YEARS OR MORE AND MAKE THE TAX SUBJECT TO AN ANNUAL INCREASE BEGINNING IN 2015 BASED UPON AN INDEX RELATED TO THE COST OF PRODUCING HOUSING IN THE AREA; AND

SHALL THE CITY COUNCIL BE AUTHORIZED TO REDUCE OR WAIVE ANY PORTION OF THE HOUSING EXCISE TAX WHEN DETERMINED TO BE IN THE PUBLIC INTEREST; AND

SHALL APPROVAL BE GRANTED FOR THE COLLECTION, RETENTION AND EXPENDITURE OF ALL REVENUES RECEIVED FROM SUCH TAX NOTWITHSTANDING ANY STATE REVENUE OR EXPENDITURE LIMITATION?

Background

Excise taxes are one-time revenues used to fund new infrastructure needed to accommodate new development. The housing excise tax (HET) rates are based on the cost of meeting the City's permanently affordable housing needs. The City's goals include supporting a diverse housing stock for people of all incomes. Consultants reviewing the City's impact fee and excise tax structure, recommended to city council the changes now included in issue 2D, to increase available funds by about $1.25 million per year. At current rates the HET assists one to two homeowner or rental households per year. With the proposed changes, the HET would assist an estimated 12 to 20 households.

Major provisions

The proposal would eliminate the affordable housing excise tax on residential development and raise the rates on non-residential development. Increases would be phased in over the next five years or more, up to a maximum of $7 per square foot for commercial uses, $5 for industrial and general, and $3 for institutional.

Those in favor say

- It is appropriate to shift the housing excise tax burden to non-residential development, which is the most direct generator of affordable housing needs.
- Eliminating this tax on residential development would eliminate the "double taxation" brought about by the inclusionary zoning requirement that 20 percent of the total number of residential units be permanently affordable.

Those opposed say

- It is inappropriate to raise taxes by about $1.25 million during an economic downturn.
- Non-residential development is already subject to burdensome impact fees and other City fees. The proposal would further discourage a good business climate and increased employment that would generate tax revenues.