

GRAND JUNCTION CITY COUNCIL WORKSHOP SUMMARY

May 22, 2013 – Noticed Agenda Attached

Meeting Convened: 8:30 a.m. in the City Hall Auditorium

Meeting Adjourned: 10:02 A.M.

All Members present; Councilmember Boeschstein present for 30 minutes. Staff present Englehart, Shaver, Romero, and Kemp.

Agenda Topic 1. TABOR Discussion: Council President Susuras stated the purpose of the meeting was to discuss the City's current exclusion of the City's ¾% sales tax and the City's portion of the County's 1% sales tax (32/100th) from the TABOR calculation.

The question before Council is whether to direct staff to change the current position.

Councilmember Boeschstein advised he had to leave the meeting shortly so he wanted to state that the taxes were previously approved by the voters so they are voter-approved taxes and the taxes fund very important and needed capital projects. He said the City has a legal opinion from Dee Wisor, the City's attorney for these matters, and there is no need to go back to the voters. He is in favor of the methodology being used currently.

The City Attorney explained the current position noting there is law that supports its use. The taxes were voter approved in the County in 1981 and the City in 1989 and paragraph 7(d) of the Amendment does not require voter approval after the Amendment was voter approved.

Councilmember Chazen asked a number of questions including when these sales taxes were excluded from the calculation and if the City were to go back to 2007 and include the sales taxes in the black box calculations, would any change in the TABOR excess result. He asked what the impacts would be for this going forward.

The Financial Operations Director stated it does not make a net change, however it would make a change in 2006 and 2007 because actual growth was more than allowed growth. There was an excess in the property tax. With the revenues put back into the base and then calculating the excess for the sales tax (black box excess) and comparing that to what was already transferred from the property tax excess, that's about a \$2.9 million excess. Ms. Romero and Mr. Shaver explained the process for the calculation from year to year to determine excess revenue; if the City is above the allowed growth, then there is an "excess" as defined by the Constitution.

Councilmember Norris asked if the City would go back four years like the County did. Ms. Romero said going back four years would not have any impact because the revenues were down that year and although in 2006 the excess would have been \$2.9 million but that was offset by the \$7 million prefunded by the City Council. The City Attorney said that the City would not have to go back at all, any change would be up to City Council and can be applied going forward.

Council President Susuras asked if there have been excess real estate taxes refunded. The Finance Director said from 1998 to 2005 there was a refund through a temporary mill levy credit on property tax.

Councilmember Brainard asked how the City compares with other municipalities.

The City Attorney said that they could not find another municipality with the same fact pattern as the City. The County tax was approved in 1981 and the City's ¾% tax was approved in 1989. Originally the City's tax was approved by Ordinance, but the citizens objected, and it went to the voters and was approved.

Councilmember Doody said when the Riverside Parkway is paid off those funds can be used for other capital expenditures. Financial Operations Director Romero concurred and at that time the Council could consider whether or not they wanted to put another question forward to the voters to retain any excess revenues.

Mr. Ron Gibbs, Mr. Dennis Simpson and Mr. Bill Voss spoke against the current calculation method claiming that section 7(b) and (c) of the Amendment controlled.

The discussion concluded with a Council majority (5-2) indicating support for the current calculation method.

With no other business the meeting was adjourned.

**GRAND JUNCTION CITY COUNCIL
WORKSHOP
WEDNESDAY, MAY 22, 2013, 8:30 A.M.
CITY AUDITORIUM
250 N. 5TH STREET**

To become the most livable community west of the Rockies by 2025

1. TABOR Discussion

Attach W-1

2. Other Business