SALES & USE TAX FUND

The Sales and Use Tax program is coordinated by the Finance Department Staff who handle all Sales Tax collections, audits, taxpayer education, and enforcement. Sales Tax is levied on retail sales of tangible personal property and some services. Use Tax is levied on the retail purchase price of tangible personal property and some services purchased outside the City, but stored, used or consumed within the City.

This program accounts for approximately 65% of the City's General Fund revenues in 2015/2016 and is funded by the general Sales Tax of 3% plus an additional public safety Sales Tax of 0.6%. The City's 0.25% Parks, Open Space and Trails (POST) Sales and Use Tax is accounted for in a separate fund that is outlined later in this section of the budget document.

General Sales & Use Tax (3%) - Sales and Use Taxes are projected at $61,080,503 for 2015, which represents a 1.5% increase from the 2014 projected Sales and Use Tax revenue of $60,196,204. Sales and Use Taxes are projected at $62,331,295 for 2016, which represents a 2.1% increase over the 2015 projected Sales and Use Tax revenue.

Public Safety Sales & Use Tax (0.6%) - The public safety Sales and Use Tax revenues are projected at $13,357,119 for 2015, which represents a 2.1% increase over the 2014 projected public safety Sales and Use Tax revenue of $13,086,106. The public

safety Sales and Use Tax revenues are projected at $13,592,550 for 2016, which represents a 1.8% increase from the 2015 projected public safety Sales and Use Tax revenue. Due to revenue considerations from urban renewal areas, general sales and use taxes and PST taxes track differently.

Combined Sales & Use Tax
(General & Public Safety (3.6%))
The general and public safety Sales Tax revenues are reported as one source in the Revenues & Expenditures Summary section and in their transfer payments for simplicity purposes.

Sales and Use Taxes are projected at a combined total of $74,437,622 for 2015, a 1.6% increase from the 2014 year-end combined estimated Sales and Use Tax revenue (excluding carryover) of $73,282,310. The combined Sales and Use Taxes are projected at $75,923,845 for 2016, a 2.0% increase over the 2015 projected combined Sales and Use Tax revenue.

Combined Sales Tax Returns are projected to be $62,389,963 for 2015, an increase of 1.7% from the estimated 2014 year-end projection of $61,359,859. Combined Sales Tax Returns are projected to be $63,629,326 for 2016, an increase of 2.0% over 2015.

Combined Use Tax Returns are projected to be $12,047,659 for 2015, an increase of 1.1% from the estimated 2014 year-end projection of $11,922,450.

Total Proposed Budget by Category

	2013 Actual	2014 Adjusted	2014 Estimated	2015 Adopted	2016 Adopted
Transfer Payments to:					
General Fund	$61,418,242	$64,210,335	$64,210,335	$67,993,597	$69,982,521
General Reserve	$0	$250,000	$250,000	$198,000	$180,000
Capital Projects	$6,655,494	$5,395,474	$6,395,474	$2,680,000	$2,335,000
Debt Service	$3,750,000	$3,750,000	$3,750,000	$4,000,000	$3,900,000
GF Stab. Res.	$250,000	$0	$0	$52,000	$206,000
GCORF	$633,223	$0	$0	$0	$0
WEDA	$0	$600,000	$600,000	$0	$0
TOTAL	**$72,706,959**	**$74,205,809**	**$75,205,809**	**$74,923,597**	**$76,603,521**

Combined Use Tax Returns are projected to be $12,294,519 for 2016, an increase of 2.0% over 2015. The remainder of combined funds are accounted for with Interest Income ($51,000 in both 2015 and 2016) and with the Payment in Lieu of Use Tax (PILUT) fee for construction projects undertaken by the City's Water, Wastewater and Stormwater Funds. This payment is calculated based on estimated construction materials used in these projects. Use taxes must be paid on materials used by contractors on projects for all institutions, including governmental, religious and charitable organizations. For 2015, the total combined PILUT fee is budgeted at $434,975 and for 2016 it is $628,676.

The major portion of Sales and Use Tax expense is the transfer to the General Fund, which is $67,993,597 for 2015, a 5.9% increase over the 2014 year-end estimated transfer of $64,210,335; in 2016, the transfer is $69,982,521, a 2.9% increase over 2015. The other expenses for this fund include transfer payments to the Debt Service Fund ($4,000,000 in 2015 and $3,900,000 in 2016) to pay for Sales and Use Tax bonded debt and to the General Capital Improvement Program ($2,680,000 in 2015 and $2,335,000 in 2016) for pay-as-you-go capital improvements throughout the City. Other transfers include setting $198,000 in 2015 and $180,000 in 2016 in the General Reserve Fund to ensure the City maintains a 10% reserve for operating expenses. In addition, $52,000 in 2015 and $206,000 in 2016 are earmarked for the General Fund Stabilization Reserve (GFSR).

2013 actuals reflect the appropriation of sales and use tax carryover funds to the General Capital Outlay Replacement Fund (GCORF) and to the GFSR. The GCORF appropriation assisted with the replacement of the City's radio system and the GFSR appropriation provided a slight increase in resources in this reserve fund that will serve the City well in the next economic downturn. The 2014 adjusted and estimated amount for WEDA represents $600,000 associated with support for the Westminster Center Urban Reinvestment Project (WURP).

Sales and use taxes serve as the primary revenue for the City of Westminster's operating budget. Growth is anticipated to be modest in the future, while costs for personnel, health insurance and other items continue to increase and place pressure on the organization and the services and programs delivered. Following the challenges of "the Great Recession," sales and use tax revenues are on the rebound. In 2013, total collections were 7.7% over 2012 collections. Although still positive, year-to-date collections through July 2014 have slowed slightly (up 3.4% from the same period last year) and demonstrate the need for caution with future budget commitments.

Sales & Use Tax History

2004 = Implementation of Public Safety Tax

* Includes General and Public Safety Tax revenues