

RESOLUTION 2022 - _____

**A RESOLUTION OF THE BOARD OF COUNTY COMMISSIONERS
OF ARCHULETA COUNTY, COLORADO,
IN SUPPORT OF THE REFERRED BALLOT MEASURE FOR A 1.5% SALES TAX
INCREASE ON THE NOVEMBER 8, 2022 GENERAL ELECTION BALLOT**

WHEREAS, the Board of County Commissioners of Archuleta County (the “Board”) has determined that there is a dire need to fund the maintenance and improvements for County roads and bridges; and,

WHEREAS, the Board is currently in need of office facilities for several of its departments who have outgrown their current space or need to relocate since the building is being sold; and,

WHEREAS, the County does not have the funds in its treasury sufficient to finance maintenance and improvements of roads and bridges and build and/or purchase office facilities without curtailing to an unacceptable level other services which the County is obligated to provide; and,

WHEREAS, on September 6, 2022, the Board adopted Resolution 2022-98 authorizing a 1.5% sales tax increase ballot question to be included on the ballot on November 8, 2022; and,

WHEREAS, an informational summary regarding the benefits of a sales tax increase to the citizens of Archuleta County has been created in support of the ballot measure.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COUNTY COMMISSIONERS OF ARCHULETA COUNTY, COLORADO THAT:

- 1) The Archuleta County Board of County Commissioners is fully in support of the ballot measure to increase the County sales tax by 1.5% and desire to educate and enlighten the citizens of Archuleta County of the need to vote for a 1.5% sales tax increase in the November 8, 2022 election and the benefits the citizens of Archuleta County will receive from the additional revenue.
- 2) The Board is in support of a summary of reasons why the sales tax increase will benefit the citizens of Archuleta County, which is attached hereto as Exhibit A.

APPROVED AND ADOPTED THIS 4th DAY OF OCTOBER, 2022.

ATTEST:

**Board of County Commissioners
Archuleta County, Colorado**

EXHIBIT A

WHY DO WE NEED A SALES TAX INCREASE?

The Archuleta County Board of County Commissioners adopted Resolution 2022-98 authorizing a 1.5% sales tax increase ballot question to be included on the ballot on November 8, 2022.

Why? The current 4% county tax rate was approved by the voters in 1988 due to the need to construct and acquire certain capital improvements. There has been no additional sales tax increase since 1988 – a 34-year time span.

The population of Archuleta County has grown significantly since 1988, both in numbers of residents and tourists. In 1988, Archuleta County had about 5,000 residents. In 2022, we have just under 14,000.

The growth in population and tourism has had significant impacts on the County roads and bridges, as well as requiring adequate infrastructure to maintain a county of this size.

The County is currently in need of facilities to house the County Assessor, Clerk, Treasurer and Human Resources Departments. Due to the age and structural integrity of their current office building, as well as damage sustained to the building in 2015, the building those departments currently occupy would require repairs costing millions of dollars, potentially more than what construction of a new building would cost. The building is under contract for sale in 2022 and is anticipated to be renovated as a tax-generated property, which will benefit the citizens of Archuleta County, however the sales proceeds are far less than what a new building will cost. In addition, the offices for the County Development Services Department, which handles all the building, zoning and land use permitting, vacation rentals, and code enforcement are much too small to house the staff needed to accommodate the needs of our growing community.

Who Pays This Tax? If the County chose to raise property taxes, that burden would fall only on the property owners of the county. A sales tax is applied to retail purchases (groceries, household goods, restaurants, etc.) which is paid by residents and visitors alike. A recent market survey conducted by Magellan Strategies indicated that visitors and tourists would pay a significant portion of this tax. In fact, restaurants in the county reported that 60% to 70% of their credit card receipts are from zip codes outside the county and retail shops reported that 30% of their credit card receipts are from out of the county.

What About the Jail/Courthouse? State law requires every county to have a jail and a courthouse. The courthouse and jail that were located in downtown Pagosa Springs from the mid-1920's until 2016 were too old, small and structurally compromised to continue housing these state-required facilities, so the County was forced to build new ones. In 2018, a sales tax increase was proposed to the voters to help fund construction of a

county jail. The 2018 ballot measure was not a question of whether to build the jail – that had to be done pursuant to state statute. It was a question of how to fund the construction. The ballot measure did not pass, and the County was required to pay for this construction through certificates of participation. The balance remaining is approximately \$12.925 million, which will not be paid off until 2044.

If the 2018 sales tax increase ballot measure would have passed, the building would have been paid in full by now – with a good portion of the funding coming from visitors and tourists.

The County courthouse, which opened in 2022, had a total construction cost to-date of \$6.6 million and was 30% funded by the Underfunded Courthouse Grant and other state grants, but the remaining funding had to come from the taxpayers.

From 2015 until 2021, the County was forced to take inmates to Durango for incarceration in the La Plata County Jail and all court proceedings had to be held at the La Plata County Courthouse. The cost to the Archuleta County taxpayers for inmate housing, meals and transportation totaled \$2.057 million. In addition, the risk to the County's law enforcement personnel, driving daily between Pagosa Springs and Durango on U.S. Hwy 160, especially during the winter months, was great and time-consuming.

Many opponents of the jail construction have said that the size of the jail is too large. The jail can house 54 inmates. In 2022, the average number of inmates housed in the jail has been 25-30 per night. With the growing population of Archuleta County, construction of a smaller jail would have forced the County to build an addition to the jail in a short amount of time. Construction costs run much higher now than they did in 2020, and the cost of initial construction is much less than the cost of adding on, so the foresight shown by the County and its design team proved to be an intelligent use of taxpayer money.

What Will This Added Revenue Be Used For? All sales tax revenue generated within Archuleta County is evenly split between the County and the Town of Pagosa Springs. This is because the town does not have its own sales tax. Statutorily, if a municipality does not have a sales tax in place, a county must evenly split the funds generated with the municipality.

A 1.5% sales tax ballot measure would generate approximately \$6.525 million in annual revenue, split evenly between the County and the Town. As stated in the resolution, the County will use at least 50% of the revenue generated from this increase to improve the roads and bridges in the county, with the remainder to fund current and future capital projects and improvements, and to provide services to the citizens of the county.