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GRAND JUNCTION CITY COUNCIL
MONDAY, DECEMBER 18, 2023
WORKSHOP, 5:30 PM
FIRE DEPARTMENT TRAINING ROOM AND VIRTUAL
625 UTE AVENUE

1. **Discussion Topics**

   a. Tax-Exemption for Secondhand Store

   b. School District Impact Fee

2. **City Council Communication**

   An unstructured time for Councilmembers to discuss current matters, share ideas for possible future consideration by Council, and provide information from board & commission participation.

3. **Next Workshop Topics**

4. **Other Business**

What is the purpose of a Workshop?

The purpose of the Workshop is to facilitate City Council discussion through analyzing information, studying issues, and clarifying problems. The less formal setting of the Workshop promotes conversation regarding items and topics that may be considered at a future City Council meeting.

How can I provide my input about a topic on tonight's Workshop agenda?
Individuals wishing to provide input about Workshop topics can:

1. Send an email (addresses found here https://www.gjcity.org/313/City-Council) or call one or more members of City Council (970-244-1504);

2. Provide information to the City Manager (citymanager@gjcity.org) for dissemination to the City Council. If your information is submitted prior to 3 p.m. on the date of the Workshop, copies will be provided to Council that evening. Information provided after 3 p.m. will be disseminated the next business day.

3. Attend a Regular Council Meeting (generally held the 1st and 3rd Wednesdays of each month at 6 p.m. at City Hall) and provide comments during “Public Comments.”

Grand Junction City Council

Workshop Session

Item #1.a.

Meeting Date: December 18, 2023

Presented By: Cody Kennedy, Councilmember

Department: City Manager's Office

Submitted By: Jennifer Tomaszewski

Information

SUBJECT:

Tax-Exemption for Secondhand Store

EXECUTIVE SUMMARY:

Staff received a request from Council member for discussion related to consideration of a sales tax exemption for secondhand stores. Staff prepared additional information to assist with this discussion.

BACKGROUND OR DETAILED INFORMATION:

Based on the request for consideration of a sales tax exemption for secondhand stores, staff brings forward additional information to assist with the discussion.

To help put context to the volume of sales tax collected by secondhand stores, the City collects approximately $675,000 in sales tax per year, and from approximately 32-34 businesses. These consist of various business types including: pawn stores, high-end antique shops, thrift stores, used sports equipment and games, clothing consignment, auction and estate sales.

The City Municipal Code provides exemptions for various items which are already considered exempt from sales tax. Below are a few of these exemptions which are listed in Municipal Code section 3.12.070, including:

- All sales of food
- Utilities (such as electricity and gas)
- Sale and purchase of medical supplies
- Direct sale to a charitable organizations in conduct of its functions and activities
- Sales made by schools, school activity booster organizations, and student classes if proceeds are used for the benefit of school or student organization

It's important to also note that Municipal Code section 3.12.050 states:

"The sales tax levied by GJMC 3.12.030(a) shall apply to the purchase price of the following:
(a) Tangible personal property that is sold, leased or rented, ***whether or not such property has been included in a previous taxable transaction****."*

The last item to consider relates to the 2024 budget. Given the recent changes from the Colorado Legislature special session, which resulted in an estimated decrease in property tax revenues of $600,000, this would further impact the deficit created going into the 2024 budget.

FISCAL IMPACT:

No fiscal impact at this time. This report is for discussion purposes only.

SUGGESTED ACTION:

Staff has no recommendation at this time. This item was presented for discussion purposes and information only.

Attachments

None

Grand Junction City Council

Workshop Session

Item #1.b.

Meeting Date:	December 18, 2023
Presented By:	Greg Caton, City Manager, Jennifer Tomaszewski, Finance Director
Department:	City Manager's Office
Submitted By:	Jennifer Tomaszewski

Information

SUBJECT:

School District Impact Fee

EXECUTIVE SUMMARY:

The purpose of this item is to provide Council information relating to the School Land Dedication Fee (SLD Fee or Fee) for Mesa County Valley School District No. 51 and for discussion of possible options regarding the Fee.

BACKGROUND OR DETAILED INFORMATION:

Since the City Council's adoption of Ordinance 2886 in 1996, the City has collected the SLD Fee during the land use permitting process for and on behalf of District 51 (District or D51). In accordance with the Ordinance as codified, (Ordinance and/or Code) the City has maintained a separately identified fund for deposit of SLD Fees and disbursement to D51 for the purchase of property for schools, as provided in the Code. The Ordinance established the methodology for calculating the District's calculation of the SLD Fee. The initial SLD Fee was $292 per dwelling unit with subsequent Council actions and re-adoption of the Code extending the Fee and increasing it to $920 per dwelling unit.

The SLD fee was established to be used by the District for the purchase of real property for expansion of school facilities and construction of new school facilities necessitated by new residential development. After the 1996 Ordinance was approved, the District identified approximately $15.4M of property purchases that the District claimed as qualifying. The District later amended that list to $16.6M. Since that time, Mesa County, the City of Fruita and the City of Grand Junction annually disbursed these fees to the District as collected, to reimburse for those qualifying purchases. After 2018, the District stopped requesting the annual disbursement, although there still remained a balance of approximately $9M.

Since the District's last disbursement request, the City has collected approximately $3.4M to-date, of additional SLD fees. As no request for disbursement has been received from the District, the City staff has contacted the District Superintendent and Chief Operations Officer, and are actively working with them to update their information and resume disbursements. Due to staff turnover, the District was unaware of the fee and the annual process for requesting the funds. Because the City of Grand Junction's fees contributed the largest portion of the annual disbursements, it is estimated that the $3.4M collected to-date will be fully disbursed to the District, less a small amount for administrative costs defined in the Ordinance.

If the District decides not to resume requesting these disbursements, the City is prepared to refund the SLD fee as required in the Code. The City maintains records of who and when SLD Fees were paid, and as provided in the Code, staff is able to process refunds. That said, recent discussions with the District confirm the District will likely resume requesting disbursement, and refunds would not be necessary.

As proscribed by the Ordinance, it is the Staff's opinion that the SLD fees collected to-date may be available to release to the District upon their written request. Once staff receives a request from the District and additional information shows the disbursement is per the City Ordinance, the fees may be disbursed.

FISCAL IMPACT:

SLD fees are maintained in a trust account on behalf of the Mesa County Valley School District No. 51, therefore there is no fiscal impact on the City budget/funds to be expended by the City for City purposes.

SUGGESTED ACTION:

Discussion and Direction.

Attachments

None