

South Metro Fire Sales Tax Topics

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About Us



- Department of Revenue oversees administering sales tax not only for the State of Colorado but also 53 counties, 39 special districts, and 160+ local municipalities.
- Specifically, the Local Government section is a resource for local governments around their sales tax which currently has a staff of 10.

Sales Tax Concepts

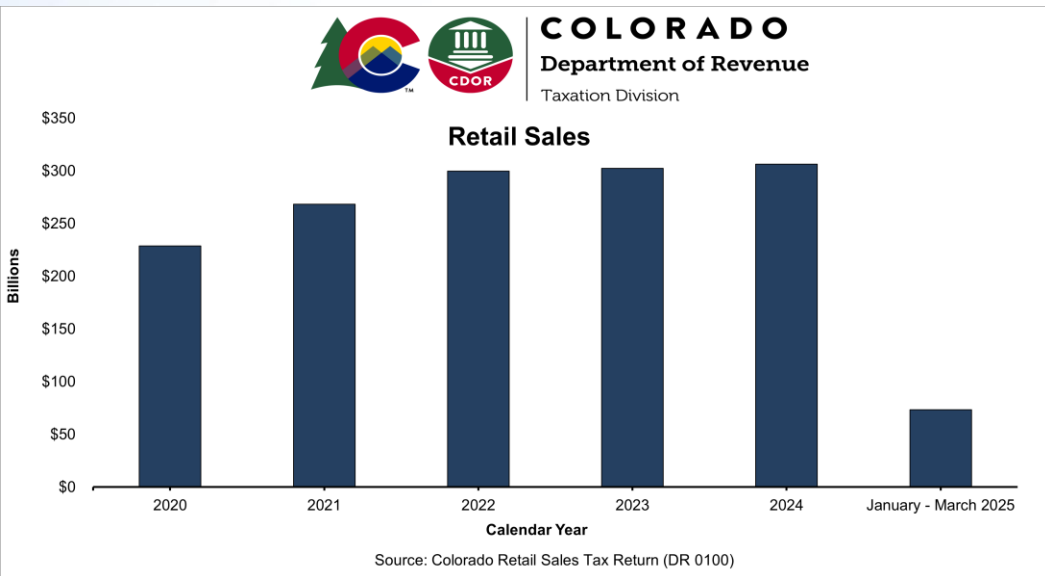
Sales Tax

- *A tax imposed upon the purchase price of tangible personal property sold in Colorado.*

1. Can be imposed or modified either Jan 1 or July 1 yearly
2. To implement, requires a vote of constituents
3. Businesses collect from taxpayers, remit to CDOR via DR0100 filings
4. Exemptions to tax: certain products, purchasers – District carries

ALL

Sales Tax Trends



Yearly Totals

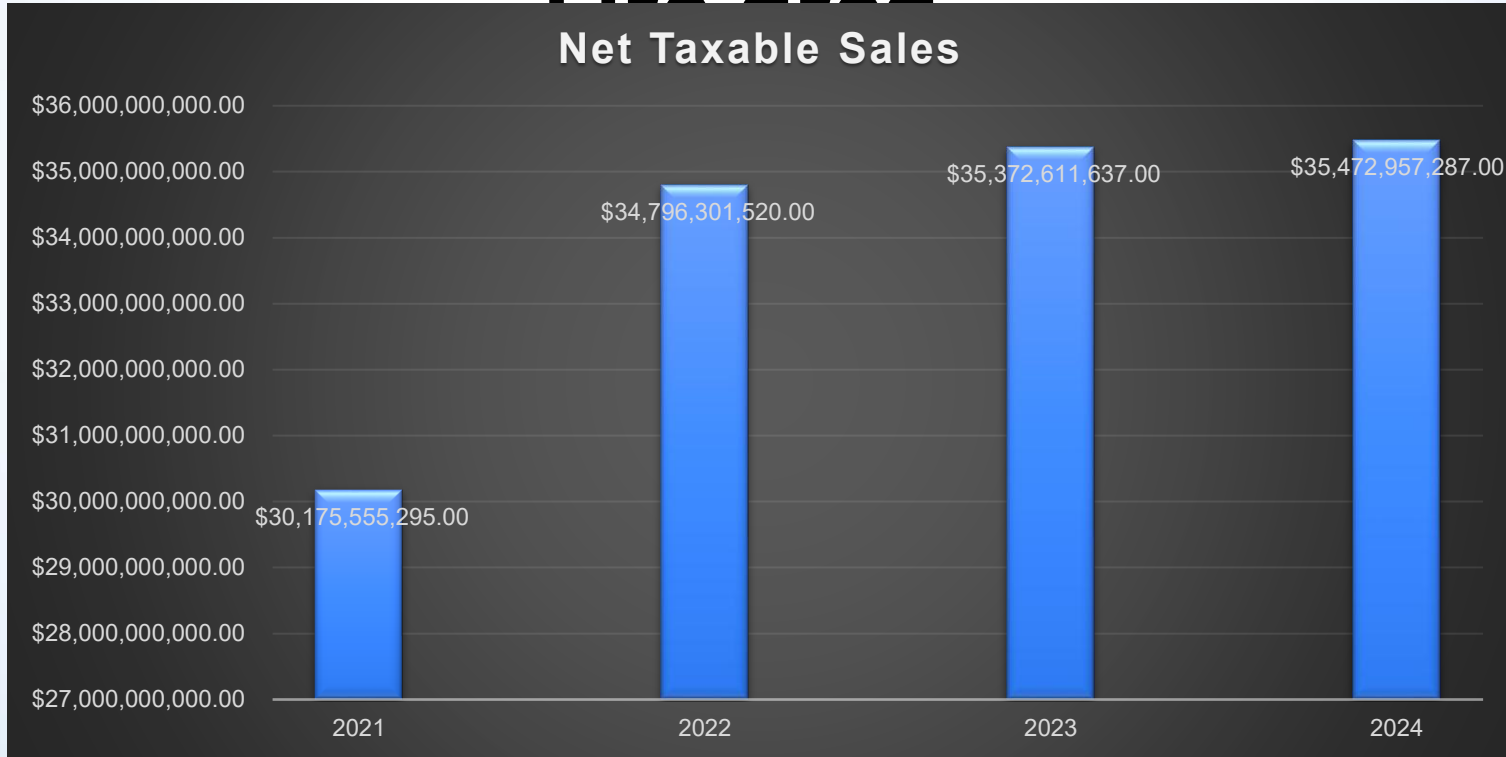
	Retail Sales	Net Taxable
2020	\$228,812,220,000	\$110,434,917,000
2021	\$268,328,759,441	\$131,145,119,092
2022	\$299,923,777,521	\$147,181,265,230
2023	\$302,570,432,022	\$150,648,411,753
2024	\$306,519,355,132	\$152,119,783,088

Net Taxable

Sales Tax Trends- South Metro

Fire area

Net Taxable Sales



Sales Tax vs Property Tax

Imposition: Sales tax imposed against tangible personal property

Property tax imposed against real property

Assessed how?: Sales tax is factored based on purchase price
Property is a valuation (done every 2 years)

Distribution Cycle: CDOR distributes sales tax collections monthly

Property taxes are on an annual cycle

Materials

- The DR1002 (<https://tax.colorado.gov/DR1002>) publishes all sales tax rates in a document format
- In 2020 the state went live with a GIS system (<https://salestaxlookup.colorado.gov/>) allowing lookups by address
- Colorado Sales Tax Guide: (<https://tax.colorado.gov/sales-tax-guide>)

Thank You

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Why Sales Tax Matters to Cities

SMFRD

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CITY OF
LONE TREE

Sales and use tax has long been the primary source of revenue for Colorado municipalities.

Sales and use taxes have long been the primary source of general-purpose revenue for Colorado municipalities, including the Cities of Centennial and Lone Tree. On average, across Colorado, sales/use taxes account for three-quarters of municipalities' tax income.

Centennial: 59% of total revenues collected.

Lone Tree: 66% of total revenues collected.



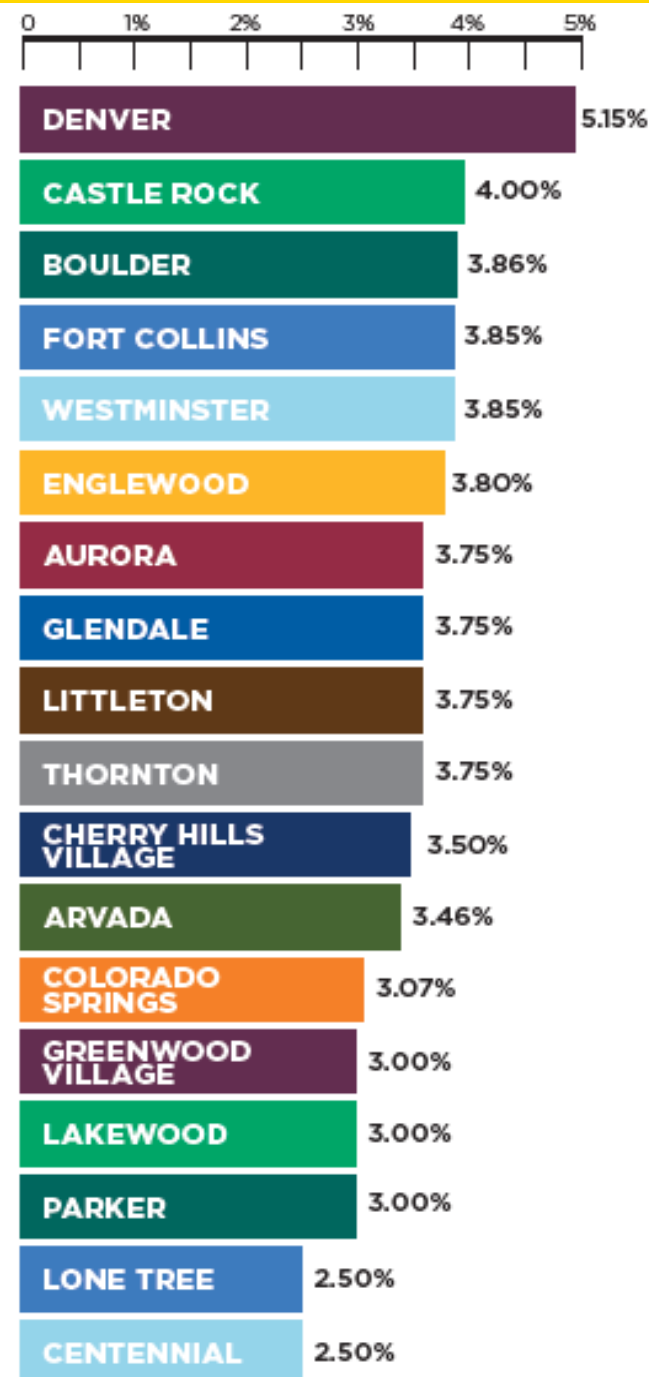
Sales Tax

What is Centennial's sales tax rate?

2.5%

6.75% Combined

- 2.5% City of Centennial
- 2.9% State of Colorado
- 1.0% RTD
- 0.1% Scientific and Cultural Facilities District
- 0.25% Arapahoe County Open Space



Centennial Revenue Types

GENERAL FUND SUMMARY

Taxes

Sales Tax (59%)

Property Tax (18%)

Construction Use Tax (4%)

Specific Ownership Tax (1%)

Cigarette Tax (0.3%)

Franchise Fees (7%)

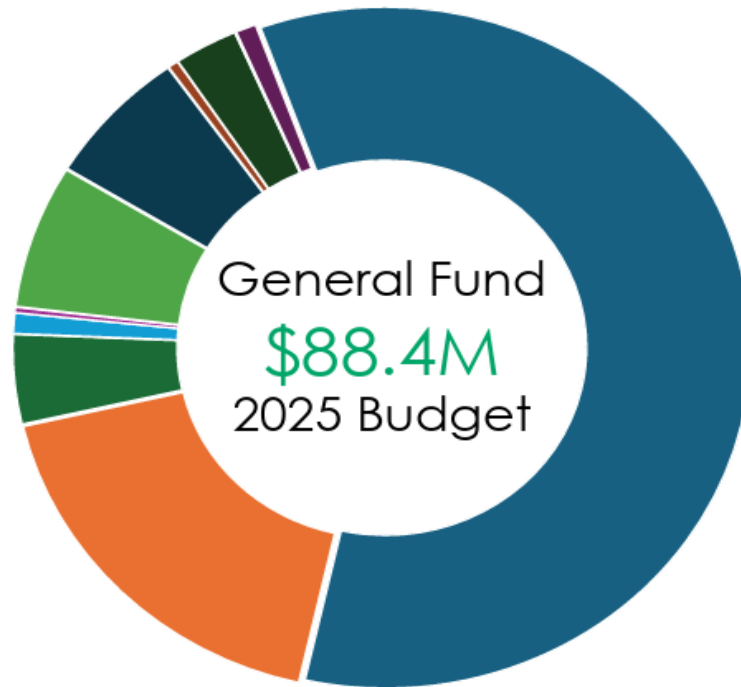
Fines & Fees (6%)

Licenses & Permits (0.5%)

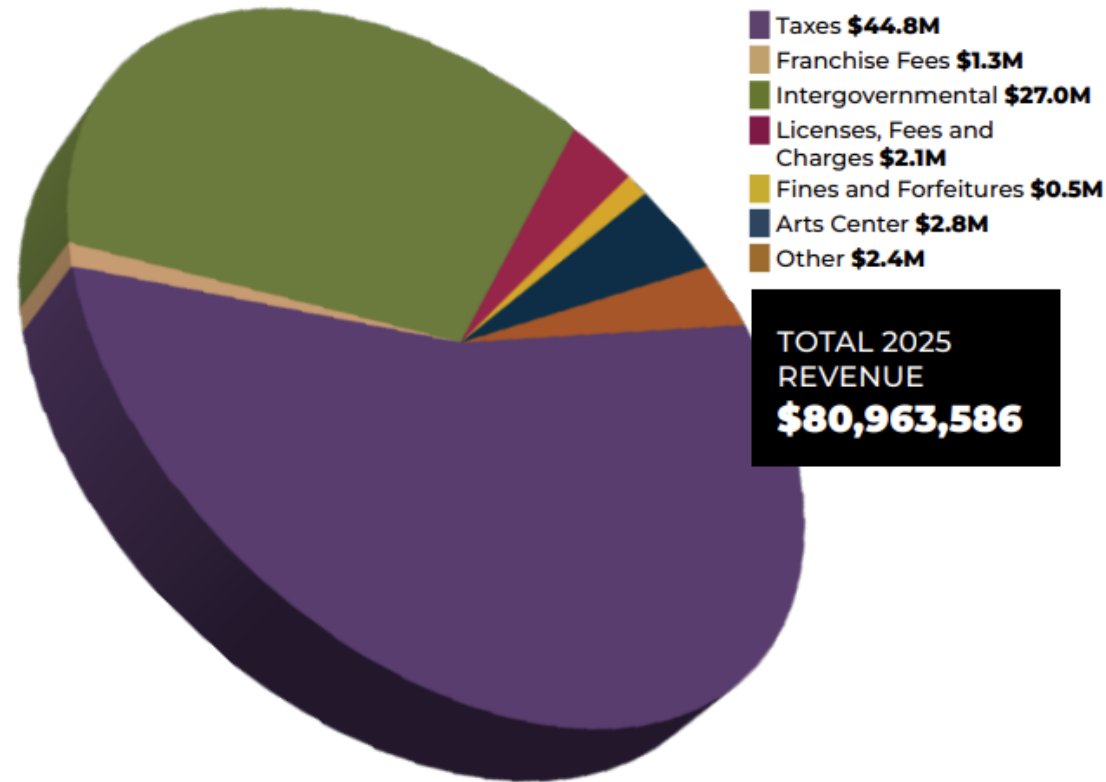
Investment Income (3%)

Intergovernmental (0.1%)

All Other Revenues (1%)



Lone Tree Revenue Types



- \$44.8 million – primarily sales tax (some admissions and lodging)
- \$0 Property Tax

Impact on Municipalities

The Colorado Municipal League (CML) raised concerns when SB24-194 was introduced that this authorization for fire and ambulance special districts to unilaterally impose sales tax would increase competition for limited sales tax revenue and potentially disrupt the tax bases of municipalities.

Impact on Municipalities

Other municipal concerns when other entities impose a sales tax:

- Create confusion for taxpayers about what their tax dollars are funding.
- Residents may struggle to differentiate between municipal services and those provided by special districts, leading to misunderstandings and reduced accountability.
- Overlap can complicate messaging around fiscal priorities and erode public trust in local government budgeting.

Impact on Municipalities

- Lone Tree welcomes 30 million visitors a year, and therefore has focused on sales tax, because those visitors drive many of our costs, but fewer for fire and medical services, which are primarily residents and businesses that pay property taxes.



Other Considerations

- Sales tax administration is very burdensome. Licensing, auditing, collection, etc. It's also much more volatile and difficult to forecast.
- The retail environment is very competitive. If sales tax gets too high and shoppers move elsewhere, it could distress our retail environment and potentially lower property values and property tax revenues.



SUMMARY

Cities in Colorado object to emergency service districts imposing sales taxes primarily because:

- It threatens the clarity, stability, and sustainability of municipal revenue systems.
- Sales tax is a critical funding source for municipalities and introducing additional taxing entities can lead to taxpayer confusion, administrative burdens, and diluted revenue streams.

