

CITY OF CRAIG
FREQUENTLY ASKED QUESTIONS
ON
SALES TAX ISSUE

Q. Why is the City of Craig wanting an increase in the city sales tax rate?

Answer: Over the past 10 years, the amount of revenue coming into the General Fund have **decreased** by over \$2,000,000.

Q. Has the City of Craig trimmed the expenses in the General Fund?

Answer: **Yes**. In the Year 2013, the expenses totaled \$10.0 million. For year 2018, the total proposed expenses will only be \$8.7 million. With increase cost of materials and supplies over a 10 year period, you would **expect** to see the total cost as high as \$11.8 million.

Q. Has the City cut staffing?

Answer: Yes. Over the past 4 years, the City of Craig has eliminated 12 permanent full-time positions.

Q. How will this increase in revenue from the sales tax be spent?

Answer: The funds will be used to continue to pay for services in the General Fund like: snow removal, street repair, parks, swimming pools, recreation programs, administrative services, police services, municipal court, etc; and pay for needed capital projects and equipment that had to be cut from prior budgets. Some of these services would need to be cut.

Q. What if the increase in sales tax doesn't pass?

Answer: The General Fund provides services such as: snow removal, street repair, parks, swimming pools, recreation programs, administrative services, police services, municipal court, etc. Without the additional revenue, the City will not have enough funds to support all these services.

Q. What is the difference between the General Fund and Enterprise Funds (Utility Services: Water, Wastewater & Solid Waste)?

Answer: The General Fund depends on funding from sales taxes, property taxes, state & federal grants and some licenses and fees. The Enterprise Funds (**Utility Services**) are supported by Water rate, Wastewater rate and Solid Waste rate. These rates pay for the expense of providing clean & safe drinking water, treating the sewage to ensure the quality of the plant's discharge into the Yampa River, and the removal and disposal of garbage.

Q. Why doesn't the City run the General Fund like a business?

Answer: By City Charter, the City is required to provide certain services and functions to the community for its safety and welfare. In order to provide these services and functions, the City depends on the levying of taxes, licenses and fees. When costs increase, the City Council cannot automatically increase taxes to support these required services and functions. It takes a vote of the citizens to approve an increase in taxes to support the services and functions of the City.

Q. Why did the City Council propose to exempt registered vehicles and OHV's from the City Sales Tax?

Answer: In the year 1993, the citizens of Craig voted to repeal the 2% use tax on registered motor vehicles. Since then, a law requires citizens to register OHV's also. So, there is less confusion, the citizens of Craig will no longer have to pay sales tax on registered motor vehicles and OHV's. The local dealers will no longer collect the city sales tax from you and sent it into the City. As a citizen of Craig, you will no longer have to pay the city sales tax on your purchase of any registered motor vehicles or OHV's.

Q. Why did the City Council propose to not increase the additional sales tax on lodging at the local motels or hotels?

Answer: The local motels or hotels collect the following taxes from those who stay at their facilities: county lodging tax (1.9%), Local Marketing District tax (4%), state sales tax (2.9%), county sales tax (2%) and the city sales tax (2.25%). So, only those persons that stay at one of the local motels or hotels are paying a **total of 13.05% in taxes**. Therefore, the City Council proposed to exempt the additional sales tax on lodging.

Q. When was the last time the City of Craig increased the City Sales Tax rate?

Answer: In the year 1990 (**27 years ago**), the sales and use tax rate increase by ½%. In fact, in the year 1993, the citizens for Craig voted to repeal the 2% use tax which resulted in a loss of revenue to the General Fund.