

BUFFALO MOUNTAIN METROPOLITAN DISTRICT

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DATE: MAY 13, 2020
TO: WILDERNEST PROPERTY OWNERS AND RESIDENTS
FROM: BMMD BOARD OF DIRECTORS
RE: POTENTIAL LOCAL SALES TAX INITIATIVE

This informational notice contains important information about a potential Wilderdest & Cortina Ridge local sales tax initiative and how it affects property owners and residents in the community. Outlined below is a Q&A to help better understand the issues.

What is the current Wilderdest sales tax rate & how does it compare to other County Municipalities?

Wilderdest is located in unincorporated Summit County therefore Summit County sales taxes apply. The current unincorporated County combined sales and lodging tax rate is 6.375%. Other comparable County rates are: 10.375% in Silverthorne; 10.875% in Dillon; 10.725% in Frisco; 12.275% in Breckenridge; 6.375% in Keystone; 6.375% in Copper Mountain; and 12.275% in Blue River.

What will the Wilderdest sales tax rate be if it is approved by voters and implemented? The BMMD Board is considering a 4% sales tax which would increase the current tax from 6.375% to 10.375%.

Why does BMMD need a sales tax?

To help fund needed infrastructure upgrades and on-going road maintenance operating services (i.e., plowing, drainage repairs, road repairs, striping, signage, path repairs). Also, due to the expiration and retirement of the existing 35 year maintenance contract with our existing road maintenance contractor, the annual BMMD maintenance service fees have more than doubled in the new service contract. From a revenue and services standpoint, a BMMD sales tax would make BMMD more similar to the other surrounding County sales tax rates.

How much revenue would a potential sales tax generate?

Revenues from the potential sales tax are estimated to generate approximately \$600,000 annually. If passed in the November 3rd elections, BMMD can begin collections on July 1, 2021.

If BMMD were to raise a comparable amount through property taxes, what mill levy rate would be needed? If BMMD were to raise \$600,000 through property taxes it would require a mill levy rate increase from the current 15 mill levy to approximately 23 mills.

If BMMD generates more with the sales tax than it needs, what will it do with the surplus funds? The Board's intent is to only raise the funds needed including a reasonable reserve. Beyond that, the Board's intent is to lower the property tax mill levy rate resulting in property tax savings for all property owners in Wilderdest. In other words, the intent is to use sales taxes to lower the amount of property taxes needed to fund BMMD's operations.

What items would be subject to a potential BMMD sales tax?

The potential sales tax would be applicable to all "taxable" sales of merchandise within the Wilderdest community, including products sold by commercial vendors in Wilderdest, rental income from short-term rental properties (under 30 days), and products delivered into Wilderdest from vendors outside of Wilderdest (for example, deliveries from Lowes in Silverthorne or internet retailers like Amazon).

Who pays the sales tax?

With respect to short-term rentals, the majority of the potential sales taxes would be paid by short term renters from outside the community. The property owner will not actually pay the sales tax, they would simply collect it along with the State and County sales tax they are already collecting from their renter and pass it along to the Colorado Department of Revenue, which is then forwarded to BMMD. The other “taxable” sales taxes are paid by anyone purchasing items that are sold by commercial vendors in Wildernest, or for items that are purchased on the internet and delivered to a property in Wildernest.

Also, a benefit of sales taxes is that they are paid by a much larger segment of the population than just property owners. To the extent sales taxes are paid by renters from outside Wildernest it reduces the overall tax burden on property owners and residents in Wildernest.

What happens if this sales tax initiative does not pass?

If sales taxes are not available to pay for necessary road services, then more property taxes (paid by property owners as opposed to non-property owner users of our infrastructure) will be needed to provide these services. And to the extent property taxes or other funding sources are not available to pay for services, BMMD could be required to reduce the scope of services and level of maintenance it provides.

What is the disadvantage to this potential sales tax?

The primary disadvantage of implementing a sales tax in Wildernest is that property owners and residents currently enjoy a lower sales tax rate than the neighboring communities. A short-term rental property in Wildernest may be more attractive to a renter than a similar property in a neighboring community if BMMD does not implement a sales tax. Another disadvantage if the tax is implemented is that property owners and residents will be subject to the sales tax on taxable purchases delivered to their home in Wildernest, for example for things like purchases from Amazon.

How does this potential sales tax initiative get approved?

In order for BMMD to implement a sales tax, the eligible voting constituents in Wildernest (BMMD) would have to approve it by majority mail ballot election, tentatively scheduled for the November 3, 2020 election.

Town Hall Meetings

BMMD is inviting you to attend a town hall meeting to discuss this potential local sales tax initiative. The Board of Directors and consultants will be prepared to answer questions and receive your comments.

- **Tuesday, June 16, 2020, 6:00 p.m.** – Participation in this meeting will be available through on-line ZOOM webinar or by phone. To join the on-line webinar, visit: <https://zoom.us/j/97099752765>. To listen in by phone call: (253) 215-8782 or (301) 715-8592, Webinar ID: 970-9975-2765.
- **Friday, July 10, 2020, 5:00 p.m.** - Participation in this meeting will be available through on-line ZOOM webinar or by phone. To join the on-line webinar, visit: <https://zoom.us/j/96935287185>. To listen in by phone call: (253) 215-8782 or (301) 715-8592, Webinar ID: 969-3528-7185.

Submit Written Comments

If you are unable to attend the town hall meetings, simply email your comments or questions to District Manager, Shellie Duplan at shellie@bmmmd.org.

Thank you in advance for spending your time reviewing this information. We look forward to your feedback!

The District is also enclosing the annual water quality report. This report is made available to customers on an annual basis.