



Press Release

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For Immediate Release

RETAILERS ASKED TO PREPARE FOR 2009 TAX CHANGES

Salida, Colorado. The 1% sales tax increase passed by voters in November will become effective on the first day of January 2009. Business owners within Salida's city limits are being asked to make appropriate changes within their accounting and POS (point-of-sale) systems to ensure the correct tax is collected from customers. Department of Revenue officials have been notified of the change and they have updated their collection records. Sales tax coupon books distributed by the state will reflect the new rate. Vendors will receive their 2009 coupon books by the end of January.

The City's sales tax will increase to 3% from 2% on all taxable sales. The state will continue to collect 2.9% and Chaffee County will continue to collect 2% on sales subject to the tax according to state statutes and locals laws.

The Salida City Council introduced this tax measure last summer to address the widening gap between available funding and the demands of citizens for better roads and other infrastructure needs.

Property tax collected by the City of Salida was repealed in connection with the passage of the 1% sales tax increase. Last year, the City's property tax rate was 4.138 mills. Property taxes remain in effect from other taxing districts. Within city limits, these include the R-32 school district, Chaffee County, the public library, hospital and two water conservation districts.

The majority of City's general fund revenue normally comes from the collection of sales tax. It is expected to bring in approximately \$3.7 million in 2008. Incremental revenue from the new 1% sales tax will be used for street projects. Voter restrictions on the pre-existing 2% sales tax revenue require that 44% be set aside for capital projects and expenditures. Up to 8% is reserved for a contingency fund and another 1% is set aside for

economic development. Remaining funds are used for general operations – fire, police, municipal court, public works, parks and trails, recreation and administration.