

Article 12 of the Loveland City Charter be amended by the addition of a new section, which shall read as follows:

“Section 12-3. Sales and use taxes—declarations and purpose. The people of Loveland hereby find and declare that sales and use taxes have a major impact on this community, upon taxpayers, retailers, city government operations, and inhabitants generally. The people further find and declare that sales and use taxes in Loveland are in immediate need of reform into a just, equitable, and accountable method of taxation, which can only be accomplished by maximizing voter control over the present amount of taxation imposed, and mandating that all proceeds be used to pay for the current operational expenses of Loveland city government, all without encumbrance by past decisions. them.

- (a) The provisions of Section 12-2 notwithstanding, beginning with the first day of January, 2018, all sales and use taxes imposed, levied, assessed, charged, or collected by, through, or with the authority of this City, directly or indirectly, shall conform to the requirements of this section. Consistent with the requirements of this section, the City Council, by ordinance, may enact reasonable provisions for the manner of exacting, enforcing, collecting, depositing and accounting for sales and use taxes. Nothing in this section requires that the City have either a sales or use tax. Nothing in this section is intended to restrict the ability of the City Council to maintain emergency reserves as may be required by the Colorado constitution or applicable state law. If any part of this section is finally deemed by a court of competent jurisdiction to be contrary to the constitutions of Colorado or the United States of America, all other parts shall accordingly remain in force and effect to the fullest extent possible. Any [~~registered elector~~ taxpaying inhabitant] of the City of Loveland, or any retailer with points of sale within the City of Loveland[,], has standing with the Municipal Court to enforce provisions of this section affecting [~~to~~] them.

- (b) **Taxes defined.** Any municipally exacted or enforced payment or contribution derived from a retail sale of any personal property or service, with a point of sale located within this city's boundaries, is a sales tax. Any sales tax which is instead derived from a retail sale with a point of sale outside this city's boundaries, but destined for use by an inhabitant of this city, is a use tax.
- (c) **Limitations.** To assure that sales and use taxes are justly imposed, fairly collected, and manageable in aggregate by voter choice, the following limitations shall apply. Any sales tax shall be exacted or enforced only on those retail sales of tangible personal property upon which a state sales tax is also exacted or enforced. Not more than one sales tax may be exacted or enforced, and it must be uniform, in rate and on those retail sales taxed, for all points of sale within the boundaries of the city. Not more than one use tax may be exacted or enforced, and it must be exacted at the same rate as the sales tax within the city, and enforced as permitted by the state, but only on retail sales of: (i) motor vehicles required to be licensed by the state for operation on state roads and highways, and (ii) building materials. No sales or use tax may be exacted, enforced, or collected by the City on behalf of, or for transfer to, any person, company, corporation, or another governmental entity.
- (d) **Rebates generally prohibited—exception.** To assure that all revenues become available for the operating expenses of the City, no rebates of sales taxes shall be made, directly or indirectly, by appropriation or otherwise, to any person, company, corporation, or governmental entity, except that retailers collecting and remitting a sales or use tax may be uniformly permitted, by ordinance, to retain for themselves not more than two percent of the amount collected, upon remittance of the balance to the City.

- (e) **General funding—prior encumbrances prohibited.** To assure that all revenues, receipts and proceeds from the collection of a sales or use tax are available for the present general welfare of the inhabitants of this city, all such funds received shall be duly deposited in the general fund or treasury of the City, and shall not be drawn therefrom but in consequence of specific appropriation made by ordinance. To assure that contemporary voters are not constrained in changing a decision about the amount of tax to be collected, funds received from the collections of a sales or use tax may not be earmarked, pledged, or otherwise bound or obligated in advance of collection, directly or indirectly, for any purpose whatever.

- (f) **Revenues limited—tax holiday to remedy over-collection.** To give effect to voter approval for the amount of sales or use taxes to be collected, whenever the total combined revenues received during a fiscal year from continuing sales or use taxes exceeds the total such revenues received in the preceding fiscal year, adjusted for new voter-approved changes in rate, annual consumer price inflation or deflation together with population change in the city, the sales tax shall not be exacted, enforced or collected for the remainder of the fiscal year; any revenues nonetheless collected in excess shall be sequestered until the next fiscal year and accounted as revenue received in that next fiscal year.

- (g) **Rate increases require electoral approval—automatic rate increases forbidden—rate decreases allowed by ordinance.** Any increase in the existing rate of a sales tax, setting the initial rate for the institution of a new sales or use tax, or continuation of an expiring sales or use tax, shall be set forth specifically in an ordinance duly approved prior to the increase taking effect; which ordinance shall have been initiated by, or referred to, the electors of the city as provided by this charter and in a manner consonant with the Colorado constitution. Automatic, stepped, or scheduled

increases in the rate of a sales tax is forbidden. A decrease in the existing rate of a sales tax may be specified by ordinance, duly adopted by Council, or initiated by the electors of the city as provided by this charter.

- (h) **Transition.** For all purposes of this section, the rate of the continuing sales and use tax for the first fiscal year following adoption of this section, shall be three percent (3%). For the purposes of subsection (f) of this section, the revenues collected in the fiscal year preceding adoption of this section, shall exclude revenues collected that could not have been collected in accordance with this section.”