

Marijuana Tax Revenue Fund

In 2014, Aurora voters approved a 5.75% city sales tax and 5.0% excise tax from cultivation facilities charged on the sale of unprocessed retail marijuana. Aurora voters also granted the city permission to increase or decrease the sales tax rate without further voter approval so long as the rate of taxation does not exceed 10.0%. In 2017, City Council increased the city's retail marijuana sales tax rate from 5.75% to 7.75%. Effective July 1, 2017, this rate increase began funding homeless services and housing projects. Additionally, the city collects a state shareback of 10.0% of the 15.0% state special sales tax based on Aurora's retail marijuana sales. From 2014 to 2016, marijuana sales and excise tax revenue was collected in the city's General Fund and set aside for Council's determination of use. In January 2017, the city began to account for marijuana tax revenue in a separate Marijuana Tax Revenue Fund for budgetary purposes.

2018 Marijuana Tax Revenue

Revenues	2018 Budget	2018 Projection	2018 YTD Actual	2018 Year-to-Date Revenues Over/(Under)			
				2017	2018 Projection	% Chg vs 2017	% Chg vs Projection
Sales and Excise Taxes	\$7,915,474	\$8,212,949	\$6,076,951	\$1,233,221	\$139,621	25.5%	2.4%
State Shareback	1,388,139	1,494,998	1,103,999	(5,954)	(8,353)	(0.5%)	(0.8%)
Investment Income	35,000	104,746	80,290	59,589	2,346	287.9%	3.0%
Total Sources of Funds	\$9,338,613	\$9,812,693	\$7,261,240	\$1,286,856	\$133,614	21.5%	1.9%

See page 16 for glossary and detailed data description for each column.

2014-2018 Marijuana Funds

Fund Summary	2014-2017 Actual*	2018 Projection	2014-2018 Total
Sales and Excise Taxes	\$14,293,984	\$8,212,949	\$22,506,933
State Shareback	3,175,119	1,494,998	4,670,117
Investment Income	40,893	104,746	145,639
Total Revenue	\$17,509,996	\$9,812,693	\$27,322,689
Transportation Projects	\$3,800,000	\$0	\$3,800,000
Transportation Maintenance	0	2,100,000	2,100,000
Concrete and Asphalt Projects	2,000,000	0	2,000,000
Medians	250,000	250,000	500,000
Debt Service for Central Recreation Center	4,000,000	2,000,000	6,000,000
Debt Service for Road Projects	0	4,000,000	4,000,000
Nexus Program Reserve	680,000	0	680,000
Homeless Services and Housing	3,833,480	3,477,261	7,310,741
Expenditures/Commitments	\$14,563,480	\$11,827,261	\$26,390,741
Unobligated Funds			\$931,949

Types of Licenses	Number Issued as of 9/30/18
Stores	24
Cultivations	20
Product Manufacturing	16
Testing	1

The mid-year revenue projection for 2018 is \$474,100 higher than the 2018 budget. This variance is predominately due to stronger than budgeted sales, which impact both city sales tax revenue and the state shareback. Through the third quarter of 2018, marijuana tax revenue is \$133,600 (1.9%) ahead of projection. To date, the city has generated \$6.1 million in city sales and excise tax revenues, a 25.5% increase over 2017. This increase is due almost entirely to a 2.0% special sales tax rate on retail marijuana introduced in July 2017. The city has issued all 24 store licenses as limited by Council.

City Council identified various projects to be funded with marijuana tax revenue, including the ongoing funding of debt payments towards the construction of a new recreation center in central Aurora and a variety of road projects. Furthermore, City Council committed the additional marijuana revenue associated with the 2.0% increase in the city's special sales tax rate on retail marijuana to homeless services and housing. As a result, \$26.4 million of funds available have been obligated.

* 2017 revenues differ from the CAFR as the CAFR reports a portion of 2017 revenues in 2018 whereas the fund performance report does not.