

# 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 funds 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.

Revenues	2019 Budget	2019 Projection
Sales Taxes	\$7,943,226	\$7,771,679
Excise Taxes	\$996,000	1,095,177
State Shareback	1,588,645	1,554,336
Investment & Other Income	113,916	90,000
<b>Total Sources of Funds</b>	<b>\$10,641,787</b>	<b>\$10,511,192</b>

YTD Actual thru Dec 2019	2019 Year-to-Date Revenues Over/(Under)			
	2018	2019 Projection	% Chg vs 2018	% Chg vs Projection
\$8,327,527	\$910,132	\$555,848	12.3%	7.2%
1,183,988	311,506	88,811	35.7%	8.1%
1,671,841	184,394	117,505	12.4%	7.6%
135,937	7,504	45,937	5.8%	51.0%
<b>\$11,319,293</b>	<b>\$1,413,536</b>	<b>\$808,101</b>	<b>14.3%</b>	<b>7.7%</b>

Fund Summary	2019 Actual	2014-2019 Total
Sales Taxes	\$8,327,527	\$28,649,470
Excise Taxes	\$1,183,988	\$3,445,906
State Shareback	\$1,671,841	6,334,407
Investment & Other Income	\$135,937	305,264
<b>Total Revenue</b>	<b>\$11,319,293</b>	<b>\$38,735,047</b>

Transportation Projects	\$0	\$3,800,000
Transportation Maintenance	0	2,100,000
Concrete and Asphalt Projects	0	2,000,000
Medians	250,000	750,000
Debt Service for Central Recreation	3,998,810	9,996,310
Debt Service for Road Projects	4,000,000	8,000,000
Nexus Program Reserve	0	680,000
Homeless Services and Housing	2,299,615	9,611,067
<b>Expenditures/Commitments</b>	<b>\$10,548,425</b>	<b>\$36,937,377</b>

<b>Unobligated Funds</b>	<b>\$1,797,670</b>
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Types of Licenses	Number Issued as of 12/31/19
Stores	24
Cultivations	21
Product Manufacturing	16
Testing	1

## Year-End Results

Year-end marijuana tax revenues are \$808,100 (7.7%) higher than the mid-year projection. At the time of the projection, both whole sale prices and per store sales had fallen unseasonably which lead to a conservative revenue projection. Over the second half of the year, both data points improved. The additional revenue helped to increase the unobligated fund balance from \$1.0 million at the end of 2018 to \$1.8 million for 2019.

As of December 31, 2019, licenses for 24 stores and 21 cultivation facilities have been issued. Marijuana businesses generated \$8.3 million in city sales tax revenue and \$1.2 million in excise tax revenue. The city also received \$1.6 million in state shareback.

City Council has identified various projects to be funded with marijuana tax revenue, including the ongoing funding of debt payments towards the construction of two new recreation centers, one in central Aurora that opened in 2019 and another in southeast Aurora where construction will begin in 2020. In addition, City Council approved 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 homelessness services and housing. As a result, \$36.9 million of funds available have been obligated or spent resulting in \$1.8 million in unobligated fund that can be used for one-time purposes.