



COLORADO
MUNICIPAL
LEAGUE

GET THE MUNICIPAL GOVERNMENT PERSPECTIVE

Media Contact:
Sarah Werner, Engagement and Communications Manager
1144 Sherman St., Denver, CO 80203
(p) 303-831-6411 (f) 303-860-8175
swerner@cml.org
www.cml.org

NEWS RELEASE

For immediate release

CML points to survey in call to Colorado's delegation for action on revenue stabilization

July 14, 2020, Denver, CO – A recent survey of Colorado Municipal League (CML) members found that almost 80% of respondents are anticipating a general fund shortfall for 2020. The survey was conducted between June 30 and July 8, and 99 municipalities responded. The average anticipated general fund reduction reported was 17%, with the actual dollar amount ranging from thousands of dollars to hundreds of millions of dollars.

For 57% of respondents, this is a lesser general fund reduction than estimated earlier in the pandemic. The average reduction estimated in an initial April survey that CML conducted in partnership with the Department of Local Affairs was 21%

Of those who offered estimates of a general fund decrease:

- 11% municipalities anticipate a loss > \$1000 per capita. (8% of total respondents)
- 53% anticipate a loss > \$100 and < \$1000 per capita. (39% of total respondents)
- 36% anticipate a loss < \$100 per capita. (26% of total respondents)

“Cities and towns provide essential services for nearly four and a half million residents in Colorado – including police, fire and sanitation – and they are the engine of the American economy. The survey confirms what we hear from municipalities every day. COVID-19 has the potential to devastate local budgets even more so than the 2008 Great Recession did and could lead to long-term changes in municipal service delivery, permanent reductions in staff levels, deferred maintenance of existing municipal infrastructure, and future projects cancelled or delayed,” said CML Executive Director Kevin Bommer.

“Investing in local governments, regardless of size, has a stimulating effect on the entire American economy,” Bommer continued. “Municipalities provide the environment for businesses to thrive and allow residents to make a good living. Federal action is crucially important to ensure that municipal service delivery continues to be what residents need and expect. The League is calling upon Colorado's delegation in Congress to support meaningful stabilization legislation and demand leadership on both sides of the aisle come together to get it done.”

Of responding municipalities:

- 43% reported a decrease in sales/use tax revenue in March, as compared to 2019;
- 48% reported a decrease in April; and
- 44% reported a decrease in May.
- Approximately 10% of respondents reported that their sales tax revenue dropped by more than a third each month between March and May.

The municipalities that saw no decline or even an increase in sales tax give credit to taxes brought in by essential businesses such as grocery stores, wholesale club stores, and hardware stores, as well as the sales tax now being collected from online sales that municipalities could not collect previously.

Other revenue sources that have seen a decrease include:

- lodging taxes, reported by 59% of respondents;
- licenses and permitting fees, 40%;
- utility charges and fees, 39%; and
- other taxes, 34%.

Municipalities are bracing themselves for continued financial losses, including those for whom summer months typically see the most tourism, and those whose winter ski seasons could be entirely canceled should another wave occur in winter 2020/2021. Also concerning is the future of local economies as the recession continues; the increased federal aid to individuals who have lost their jobs ends; and restaurants, bars, or other businesses permanently close. These ripple effects could further impact the revenue sources listed above, as well as property taxes.

###