

Local Impacts

Grand Junction, Colorado

Focused on Your Region

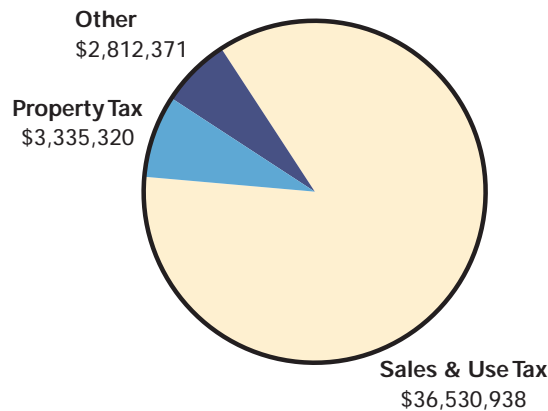
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Statewide Local Impacts

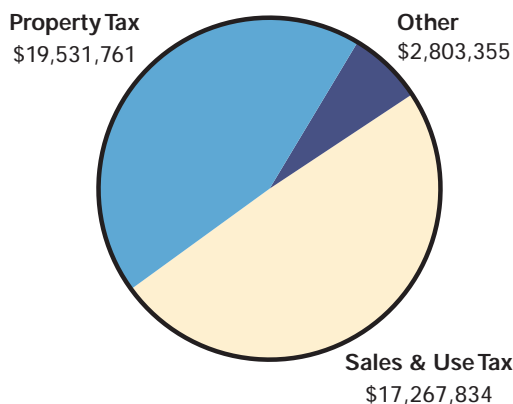
From before statehood, Coloradans have held closely to the philosophy of “local control” when it comes to taxes and government services. While Colorado’s state taxes are below the national average, our local taxes tend to be higher than the national average. The fiscal constraints in our state constitution have had a profound impact on every government entity in the state but no two are alike. Colorado’s counties, cities, towns, school districts, water districts, fire protection districts and other government entities are each unique in demography, economy, tax base and level of government service.

beyond the local limit must be refunded to the taxpayers and any changes to the limits are subject to a vote of the people.

**Grand Junction
Tax Revenue in 2000**



**Mesa County
Tax Revenue in 2000**



Limitations on Local Revenues

Even before TABOR, Colorado law limited yearly revenue increases for local governments to a 5.5% increase from prior year revenues. In 1993, TABOR modified the local government revenue growth limit to the lesser of the 5.5% limit or the sum of inflation and “annual local growth.” For schools, TABOR caps revenue growth at the rate of inflation plus the increase in student enrollment in each school district. Just as with the statewide TABOR limit, any revenue

Annual local growth

is defined by TABOR as inflation plus the net percentage change in real property values of newly constructed property minus destroyed property (net new construction). The TABOR formula does not recognize increases in the actual market value of existing property.

The City of Grand

Junction receives approximately 4/10ths of every dollar in sales tax. Ninety percent (90%) of all retail transactions in the County are generated within the incorporated area of Grand Junction

TABOR:

Different Growth Limits for Different Levels of Government:

State	Local	School District
Inflation plus % change in population	Inflation plus % change in net new construction	Inflation plus % change in enrollment

Debrucing: This term is named after the author of TABOR, Doug Bruce and refers to elections where voters are asked to allow government to keep and use all or part of the revenue collected beyond the TABOR limit. Local governments (especially school districts) have been successful in debrucing. In fact, about 70% of Colorado school districts have debruced to some extent since TABOR went into effect while state government has never successfully debruced. Many believe this is because taxpayers have more trust in effective government spending when it takes place closer to home. Debrucing does not mean a government is forever free from under the spending and revenue restrictions of TABOR; it only allows a locality to keep and spend all or part of a TABOR revenue surplus for an indefinite period of time – often interpreted as not exceeding four years.

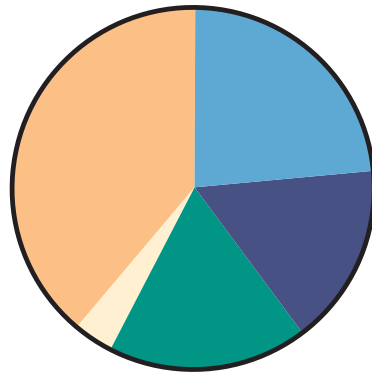
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Revenue Trends

Local governments do not levy an income tax and depend primarily on property tax and sales tax. Although the sum of all local tax revenue continues to climb each year, the effect of the Gallagher Amendment combined with TABOR, have caused a steady

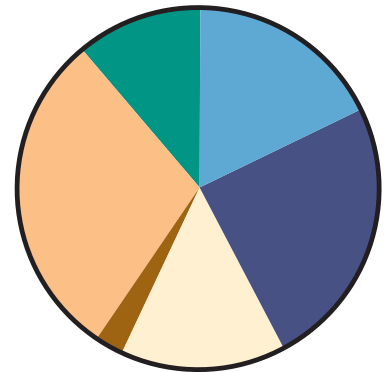
erosion of local government’s most reliable source of revenue – property tax. In Grand Junction, homeowners are paying 32% less in property taxes than they did in 1981. Many localities have responded to this trend by increasing reliance on the more volatile sales tax and by “debrucing.”

Grand Junction Expenditures in 2000



- **Public Safety**
\$14,570,092
- **Public Works**
\$8,790,462
- **Culture & Recreation**
\$6,110,027
- **General Government**
\$6,656,570
- **Other**
\$1,322,831

Mesa County Expenditures in 2000



- **General Government**
\$10,828,083
- **Public Safety**
\$14,935,160
- **Public Works**
\$8,948,083
- **Culture & Recreation**
\$1,529,808
- **Social Services**
\$17,845,510
- **Other**
\$6,879,724



Economic Brief: Grand Junction and the Western Slope

Like the rest of the state, the economy of Grand Junction and the Western Slope has experienced ups and downs. The oil and gas boom collapsed in the 1980s, but population outpaced the statewide average on the Western Slope through the 1990s. Today, despite the economic downturn, the Western Slope is better positioned to rebound than the rest of the state. A mild climate and an increasingly diverse economy make the region attractive for business, residents and tourists.

During the 1990s employment in western Colorado increased at an average annual rate of 4.2%, which exceeded the statewide gain of 3.8%. The economy of the Grand Junction region has diversified significantly. Originally based primarily in mining and agriculture, today over 70% of Mesa County's employment is in retail, health, business services and government. Every employment sector in western Colorado showed healthy growth in the 1990s with the exception of mining. The robust growth in construction is attributed to the number of retirees making the Grand Junction area home or a second home.

According to the Grand Junction Economic Partnership, the strong service sector in the Grand Junction area is due to its central location – equidistant from Denver

and Salt Lake City and easily accessible from Albuquerque and Phoenix. Grand Junction has become an economic hub providing business, construction, and health services to the surrounding

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area. Grand Junction was the 12th fastest growing economy in the nation during the 1990s based on Gross Metropolitan Product. Per capita personal income in Mesa County reflected the strong econo-

my of the 1990s, growing nearly 60% from \$15,444 in 1990 to \$24,693 in 2000. Despite the increase in personal income, the Grand Junction labor force is characterized by some under-employment. In other words, some of the people who have moved to Grand Junction may have decided to sacrifice higher-paying jobs in other areas for the quality of life that Grand Junction and Mesa County have to offer.

The population of the Grand Junction Metropolitan Area grew from 51,700 to 116,255 between 1960 and 2000. Rapid growth is projected to continue into the 21st Century. During the 1990s, over 80% of population gain in the area was due to in-migration. In fact, the region is growing at a greater rate than the Front Range; and Grand Junction is now the 5th largest metro area in Colorado. Compared to the statewide average of 34.3, the median age in Mesa County is 38.1. This difference indicates that the region is attractive to retirees, who appreciate the arid climate, lower cost of living and excellent medical facilities.

Population increases have allowed Mesa State College to enjoy increasing enrollments. With 748 employees, Mesa State is the third largest employer in Grand Junction and serves more than 5,000 students with approximately 10%

Western Colorado Employment Changes 1990 – 2000	
Services	+5.6%
Retail Trade	+4.5%
Construction	+8.8%
Agriculture	+6.3%
Government	+2.4%
Mining	-6.5%

Economic Brief (continued from page 3)

coming to Mesa from out of state. Like the other state-funded colleges and universities Mesa State is facing serious budget challenges. Recently designated the area's "Regional Education Provider" by the state legislature, Mesa is also currently looking for a new president.

Tourism is more than an important part of the local economy – it has been a driver in the way the economy and population have grown over the past decade. National parks in the area include Colorado National Monument, Black Canyon of the Gunnison National Park and Curecanti National Recreation Area along with ten state parks in the area. Two years ago, visitation numbers dropped off significantly as a result of the economic slowdown, terrorist attacks and wildfires but now appear to be slowly climbing again. In the Grand Valley, many festivals, such as the Fruita Fat Tire Festival and the Colorado Mountain Wine Festival, attract annual returning tourists that contribute to the sales tax base of the region.

Agriculture has been a staple for the western slope economy with Mesa and Delta County producing most of the fruit in the state. The 2003 harvest of Colorado's apples, pears and peaches were running

between 60% and 75% of normal because of a late spring frost. The Colorado wine industry is flourishing in the Grand Valley where the number of wineries grew from three in 1993 to fifteen in 2001.

Grand Junction Region Economic Indicators and Concerns:

- Between 1996 and 1999 employment in all industry sectors in the Grand Junction area increased by a combined 12.86%,
- The median price of a home in Mesa County is \$145,000 which compares favorably with other metropolitan areas around the state (\$154,700 in Colorado Springs and \$219,000 in Denver),
- The total sales tax in the city of Grand Junction is 7.65%; 2.75% of which comes from the city's sales tax, 2% comes from the Mesa County sales tax, and 2.9% is the state's sales tax,
- 93% of the sales tax revenue in Mesa County is collected in Grand Junction,



- The residential property tax revenue in Grand Junction for a \$100,000 home has fallen from \$381 to \$275 since 1996,
- "Big-box" retail stores are multiplying across the Western Slope impacting small business and changing the sales and property tax base for Grand Junction and Mesa County,
- Despite increasing enrollments, Mesa State College receives less state funding per-FTE than Adams State College or Western State College. Mesa has been very innovative in funding programs but additional state budget reductions are a possibility,
- Referendum 4A was defeated by area voters in the 2003 elections. The bill would have raised the mill levy for the Colorado River Water Conservation District. The added revenue would have been used to repair Western Slope water storage facilities.

What are other economic concerns in for the Western Slope?

Does state fiscal policy play a role?

Please share your concerns and ideas.