



# LYONS

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## C O L O R A D O

### USE TAX WORKSHOP

PRESENTED: JANUARY 5, 2026

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# Use Tax Definition

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**Town of Lyons Code:** Imposed for the privilege of storing, using or consuming in the Town any construction and building materials, and motor and other vehicles on which registration is required, purchased at retail

# Building Related Use Tax

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Building-related use tax is collected at the time of building permit issuance

- Use tax calculation for permits is 45% of the valuation estimate
- Valuations are reviewed at the time of building completion/inspection

In a normal building year, approximately 18-20% of the Town's use tax is related to building permits

# Vehicle Related Sales & Use Tax

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Sales tax **OR** Use tax is collected on vehicle purchases, depending on the purchase situation (see table below)

In a normal year, approximately 80-82% of the Town's use tax is related to vehicle purchases

<b>Situation</b>	<b>Tax Owed</b>	<b>Who Collects It</b>	<b>When</b>
Bought from dealer in CO	Sales Tax	Car Dealership	At Purchase
Bought from private seller (no tax collected)	Use Tax	Boulder County MVD	At Registration
Bought out of state without CO tax	Use Tax	Boulder County MVD	At Registration

# Municipal Comparison

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It is atypical for the use tax rate and the sales tax rate to be different

- Most municipalities use tax rate = sales tax rate

<u>Municipality</u>	<u>Use Tax</u> <u>Rate</u>	<u>Sales Tax</u> <u>Rate</u>
Nederland	4.250%	4.250%
Lafayette	3.870%	3.870%
Boulder	3.860%	3.860%
Louisville	3.775%	3.775%
Superior	3.775%	3.775%
Firestone	3.600%	3.600%
Longmont	3.530%	3.530%
Erie	3.500%	3.500%
Frederick	3.500%	3.500%
<b>Lyons</b>	<b>3.000%</b>	<b>4.000%</b>
Mead	3.000%	3.000%

# Use Tax Revenue

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- General Fund currently receives 2% of the 3% Use Tax
- Parks Fund currently receives 1% of the 3% Use Tax
- 100% of any use tax increase would be allocated to the General Fund
  - Could be used to help offset future Sheriff budget increases
  - Estimated annual increase in a normal year could be \$70,000 - \$81,000
  - Estimated annual increase in a large building project year could be \$115,000 - \$148,000

Historical Use Tax Revenue						
	2021	2022	2023	2024	2025 YTD	
General Fund	\$ 152,991	\$ 123,726	\$ 145,293	\$ 162,660	\$ 141,864	
Parks Fund	\$ 76,146	\$ 61,073	\$ 71,248	\$ 80,334	\$ 70,259	
<b>Total Use Tax</b>	<b>\$ 229,137</b>	<b>\$ 184,799</b>	<b>\$ 216,541</b>	<b>\$ 242,994</b>	<b>\$ 212,123</b>	

# Large Project Impact Estimates

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	<b>402 Main</b>	<b>Tebo Gas Station</b>	<b>Tebo Retail Shell</b>	<b>Hotel</b>
Valuation Estimate	\$ 3,500,000	\$ 2,500,000	\$ 1,500,000	\$ 15,000,000
45% of Valuation	\$ 1,575,000	\$ 1,125,000	\$ 675,000	\$ 6,750,000
3% Use Tax Rate	\$ 47,250	\$ 33,750	\$ 20,250	\$ 202,500
4% Use Tax Rate	\$ 63,000	\$ 45,000	\$ 27,000	\$ 270,000
<b>Use Tax Difference</b>	<b>\$ 15,750</b>	<b>\$ 11,250</b>	<b>\$ 6,750</b>	<b>\$ 67,500</b>

# Questions?

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