Town Council
SPECIAL MEETING
Thursday, June 18, 2020
ON-LINE MEETING

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Times listed are approximate and are subject to change.

MEETING ACCESS

1. Register in advance for this meeting:

   [ACCESS THE ON-LINE MEETING HERE]

   After registering, you will receive a confirmation email containing information about joining the meeting.

   Please note: All participants are automatically muted. In order to be called upon and unmuted you will need to use the "raise hand"

   All votes will be by roll call. When it's your turn to speak, the moderator will unmute your line and you will have two (2) minutes for public comment.

   For technical difficulties please email bill.shrum@townofeagle.org and we will do our best to assist you.

CALL TO ORDER - 5:00 PM

ROLL CALL

ADOPTION OF AGENDA *Opportunity for amendment or deletions to the agenda.*

BUSINESS ITEMS *Items and / or Public Hearings are listed under Business may be old or new and may require review or action by the council.*

1. Ordinance 18, Series 2020 "Amending section 3.04 of the Eagle Municipal Code to Codify a Special Sales Tax on Cigarettes, Tobacco Products and Nicotine Products"

ADJOURN - 5:10 PM

I hereby certify that the above Notice of Meeting was posted by me in the designated location at least 24 hours prior to said meeting.

Jenn

Jenny Rakow, CMC

Town Clerk

PUBLIC WIFI - TOEG – townofeagle2019

To: Mayor and Town Council

From: Jill Kane, Finance Director

Date: June 18, 2020

Agenda Item: Ordinance 18-2020 – Amending section 3.04 of the Eagle Municipal Code to Codify a Special Sales Tax on Cigarettes, Tobacco Products and Nicotine Products

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REQUEST: Staff requests the Council review ordinance 18-2020 for approval.

INTRODUCTION/ANALYSIS: On April 7, 2020, voters approved imposing a special sales tax on cigarettes, tobacco products and nicotine products at a rate of $0.20/cigarette or $4/pack of 20 cigarettes and 40% on all other tobacco and nicotine products, starting on July 1, 2020. Eagle County currently collects this special sales tax from Town of Eagle retailers. With the voter approval, the Town will collect the tax moving forward. This ordinance codifies the tax in the code to authorize collection by the Town.

This ordinance provides the following:

- Defines cigarette, tobacco product, and nicotine product
- Declares the imposed tax rate
- Specifies the collection, administration, and enforcement of the special sales tax

COMMUNITY INPUT: Voters approved the special sales tax on April 7, 2020 with 71.4% of the vote.

BUDGET / STAFF IMPACT: Based on Eagle County collection for the first half of 2020, Staff is projecting approximately $330,000 in annual tobacco and nicotine tax revenue. With the approval of the special tobacco tax, the Town will lose the state redistributed cigarette tax which is approximately $11,000 per year. The Town should see a net gain of approximately $319,000 per year. Staff will manage the collection of this revenue similar to the process for lodging tax, approximately an additional 96 returns a year.

STRATEGIC PLAN ALIGNMENT/STANDARDS ACHIEVED:

- <u>Protecting Public Health, Safety, and the Environment:</u> Higher taxes on tobacco may inspire people to quit using products and may further reduce access to users under 21. According to a study from the Congressional Budget Office, every 10% increase in price per pack of cigarette yields a 5-15% decrease in youth smoking and a 3-7% decrease in adult smoking. Tobacco and nicotine use continue to be a top public health concern. Reducing the use of tobacco products will lead to better public health outcomes.
- <u>Sound Finances and Increasing Efficiency and Major Objective No 2. Enhance the Financial Health of the Town:</u> Tobacco tax will increase general fund revenues by approximately $319,000 annually which will help fund operating costs, reserve funding, and capital investments. Revenues are important so that Town can be resilient, improve service delivery, and maintain existing assets.

RECOMMENDED ACTION OR PROPOSED MOTION: Motion to **approve** or **deny** adoption of ordinance 18-2020, "An Ordinance of the Town Council of the Town of Eagle, Colorado Amending Chapter 3.04 of the Eagle Municipal Code to Codify a Special Sales Tax on Cigarettes, Tobacco Products and Nicotine Products."

ATTACHMENTS: Ordinance 18-2020

TOWN OF EAGLE, COLORADO
ORDINANCE NO. 18
(Series of 2020)

AN ORDINANCE OF THE TOWN COUNCIL OF THE TOWN OF EAGLE, COLORADO AMENDING CHAPTER 3.04 OF THE EAGLE MUNICIPAL CODE TO CODIFY A SPECIAL SALES TAX ON CIGARETTES, TOBACCO PRODUCTS AND NICOTINE PRODUCTS

WHEREAS, at the regular election held on April 7, 2020, the Town's electors approved the levy of a special sales tax on cigarettes, tobacco products and nicotine products, as those terms are defined in C.R.S. § 18-13-121, at the rate of 20 cents per cigarette sold or $4.00 per pack of twenty cigarettes sold and 40% on the price paid for the purchase of all other tobacco products and nicotine products, commencing on July 1, 2020; and

WHEREAS, the Town Council now wishes to adopt this Ordinance to codify the special sales tax in Chapter 3.04 of the Eagle Municipal Code, and to implement the special sales tax in accordance with the wishes of the electorate.

NOW, THEREFORE, BE IT ORDAINED BY THE TOWN COUNCIL OF THE TOWN OF EAGLE, COLORADO AS FOLLOWS:

Section 1. Section 3.04.020(A) of the Eagle Municipal Code is hereby amended by the addition of the following new definition, to be inserted in alphabetical order:

Cigarette, tobacco product, or nicotine product means:

1. A product that contains nicotine or tobacco or is derived from tobacco and is intended to be ingested or inhaled by or applied to the skin of an individual; or

2. Any device that can be used to deliver tobacco or nicotine to the person inhaling from the device, including an electronic cigarette, cigar, cigarillo, or pipe.

3. Notwithstanding the above, *cigarette, tobacco product, or nicotine product* does not mean a product that the food and drug administration of the United States department of health and human services has approved as a tobacco use cessation product.

Section 2. Chapter 3.04 of the Eagle Municipal Code is hereby amended by the addition of a new Section 3.04.068 to read as follows:

Section 3.04.068. – Special Sales Tax on the Sale of Cigarettes, Tobacco Products and Nicotine Products.

In addition to the regular municipal sales tax described in this Chapter, there is hereby imposed, and shall be collected and paid a special sales tax on the sale of cigarettes, tobacco products and nicotine products at the rate of 20 cents per cigarette sold or $4.00 per pack of twenty cigarettes sold and 40% on the price paid for the purchase of all other tobacco products and nicotine products.

Section 3. Chapter 3.04 of the Eagle Municipal Code is hereby amended by the addition of a new Section 3.04.069 to read as follows:

Section 3.04.069. – Collection, Administration and Enforcement of Special Sales Tax on the Sale of Cigarettes, Tobacco Products and Nicotine Products.

The collection, administration and enforcement of the special sales tax on the sale of cigarettes, tobacco products and nicotine products imposed by Section 3.04.068 shall be performed by the Finance Director in the same manner as the collection, administration and enforcement of the regular sales tax except that tax returns and tax payments shall be submitted to the Finance Director instead of the Colorado Department of Revenue. If the retailer or vendor pays its regular sales tax on an annual basis, said special sales tax on the sale of cigarettes, tobacco products and nicotine products shall be remitted no later than January 20 of each year. If the retailer or vendor pays its regular sales tax on a monthly basis, the special sales tax on the sale of cigarettes, tobacco products and nicotine products shall be remitted no later than the 20th day of each month. If the retailer or vendor pays its regular sales tax on a quarterly basis, the special sales tax on the sale of cigarettes, tobacco products and nicotine products shall be remitted no later than April 20 for the months of January through March, no later than July 20 for the months of April through June, no later than October 20 for the months of July through September, and no later than January 20 for the months of October through December of the previous year. Such sales tax revenues collected by the retailer or vendor shall be submitted with special sales tax return forms promulgated by the Finance Director.

Section 4**.** Severability. If any article, section, paragraph, sentence, clause, or phrase of this Ordinance is held to be unconstitutional or invalid for any reason, such decision shall not affect the validity or constitutionality of the remaining portions of this Ordinance. The Town Council hereby declares that it would have passed this Ordinance and each part or parts hereof irrespective of the fact that any one, or part, or parts be declared unconstitutional or invalid.

Section 5. Safety. This Ordinance is deemed necessary for the protection of the public health, safety and welfare.

Section 6. Effective Date. This ordinance shall be effective 10 days after publication.

INTRODUCED, READ, PASSED, ADOPTED AND ORDERED PUBLISHED ON JUNE 18, 2020.

TOWN OF EAGLE, COLORADO

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Scott Turnipseed, Mayor

ATTEST:

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Jenny Rakow, Town Clerk