



**DOUGLAS COUNTY COMMISSIONERS
ADMINISTRATIVE MEETING AGENDA
April 15, 2025 – 11:00 a.m. – 11:30 a.m.**

A G E N D A

- I. Discussion Items:**
 - Tall Tales Grant Reallocation Request
 - Castle Rock URA Appointment Motion
 - County Sales and Use Tax Exemptions and SB24-025
Sales Tax Vendor Fee Cap

- II. Boards & Commissions:**
 - Updated Appointment List

- III. Commissioner Updates/Comments**

Agenda Item

Date: April 15, 2025 – Admin Agenda
To: Douglas County Board of County Commissioners
From: Douglas J. DeBord, County Manager
Subject: **Tall Tales Request to Repurpose State Grant**

Staff has received a request from Tall Tales to repurpose State Infrastructure Grant and will seek direction from the Board.

Agenda Item

Date: April 15, 2025 – Admin Agenda
To: Douglas County Board of County Commissioners
From: Douglas J. DeBord, County Manager
Subject: **Castle Rock URA Board Representation**

The Board of County Commissioners and the Town of Castle Rock met on March 4, 2025, to discuss the Town’s urban renewal plan, to be known as the Brickyard Urban Renewal Plan.

Staff requests confirmation of the appointment of Commissioner George Teal to represent the County on the Town of Castle Rock URA Board that lies within his district.

Agenda Item

DATE: APRIL 15, 2025
TO: DOUGLAS COUNTY BOARD OF COUNTY COMMISSIONERS
THROUGH: DOUGLAS J. DEBORD, COUNTY MANAGER
FROM: DAN AVERY, SPECIAL PROJECTS MANAGER
JEN BENNETT, SALES AND USE TAX SPECIALIST
MARTHA MARSHALL, DIRECTOR OF BUDGET
SUBJECT: COUNTY SALES AND USE TAX EXEMPTIONS AND SB24-025 SALES TAX VENDOR FEE CAP

COUNTY SALES AND USE TAX EXEMPTION

SUMMARY

The Colorado General Assembly establishes new sales and use tax exemptions from time to time, some of which are discretionary for local taxing entities. This memo describes two local-option exemptions (Residential Energy Storage Systems and Decarbonizing Building Materials) not previously considered for adoption and requests Board deliberation on implementing them in Douglas County.

BACKGROUND

Local-option exemptions may be implemented in a city or county by their inclusion in an initial sales tax resolution or an amendment to an existing sales tax resolution. Twice a year the Colorado Department of Revenue updates its Colorado Sales/Use Tax Rates Publication, known as DR1002. State-collected local sales taxes and exemptions become effective once published in the DR1002.

RESIDENTIAL ENERGY STORAGE SYSTEMS

In 2006, the General Assembly exempted components used in the production of renewable energy from taxation, including solar panels and wind generation components. Douglas County previously adopted this exemption and does not charge sales or use tax on renewable energy components.

Statute now also exempts “residential energy storage systems”, which are defined as “commercially available, customer-sited systems, including batteries and the batteries paired with on-site generation, that is capable of retaining, storing, and delivering energy by chemical, thermal, mechanical, or other means.”

DECARBONIZING BUILDING MATERIALS

In 2022, the General Assembly established a sales and use tax exemption set to go into effect this July for “eligible decarbonizing building materials” that are produced in ways that result in lower greenhouse gas emissions than industry-standard materials. Eligible decarbonizing building materials are those that comply with Maximum Global Warming Potential (GWP) Limits established by the Office of the State Architect:

- (a) **Asphalt mixtures** that produce less than 85 kg of carbon dioxide per metric ton produced.
- (b) **Cement and concrete** mixtures that produce less than 232 to 580 kg of carbon dioxide equivalent per cubic meter depending on the concrete’s psi rating.
- (c) **Glass** that produces less than 1,510 kg of carbon dioxide per metric ton produced.
- (d) **Post-tension steel** – Insufficient data to establish a GWP limit at this time.
- (e) **Reinforcing steel** that produces less than 1,030 kg of CO₂ per metric ton produced.
- (f) **Structural steel** that produces less than 1,220 to 1,990 kg of carbon dioxide per metric ton produced depending on the type of steel.
- (g) **Wood structural elements** that produce less than 63.12 to 361.45 kg of carbon dioxide equivalent per cubic meter depending on the type of lumber.

In addition to establishing the above list of eligible materials, the Office of the State Architect is also directed to provide a list of eligible manufacturers to the Colorado Department of Revenue. To comply, manufacturers must provide Type III Environmental Product Declarations (EDPs) that are vetted and verified by a third-party entity.

STAFF RECOMMENDATION

Staff recommends adoption of the residential energy storage system exemption. Doing so would have limited fiscal impact. The Building Division does not currently charge use tax on storage systems, treating them as eligible components of renewable energy systems. Adopting the exemption would codify this practice and formally exempt energy storage systems from County sales tax in addition to use tax.

Staff does not recommend adoption of the “decarbonizing building materials” exemption at this time. Asphalt, cement, glass, steel, and wood materials costs comprise at least 30% of the total cost of a home. Until more is known about how much of the materials market will be comprised of “decarbonized materials” the fiscal impact to the County’s sales and use tax cannot be accurately assessed.

NEXT STEPS

Staff welcomes discussion and direction from the Board on sales tax exemptions. If directed, staff will prepare a resolution for adoption at a future business meeting. The adopted resolution would then be forwarded to the Colorado Department of Revenue for implementation in the DR1002.

SB24-025 SALES TAX VENDOR FEE CAP

SUMMARY

SB24-025 aims to streamline tax administration, reduce complexity for taxpayers, and enhance cooperation between state and local tax authorities by creating a single, consistent statute, making enforcement and distribution of local sales and use tax revenues more effective.

SB24-025 will go into effect July 1, 2025, at this time Douglas County's monthly \$200 vendor fee cap will be removed. Without the cap, Douglas County's vendor fees will increase from \$27,650 to \$2,025,000 annually.

DISCUSSION

The vendor fee increase will be spread between the four funding sources of sales tax as follows:

Road Sales Tax	\$ 810,000
Transportation Infrastructure Sales Tax	\$ 364,000
Justice Center Sales Tax	\$ 506,000
Parks and Open Space Sales Tax	\$ 345,000

These reductions in sales tax revenue are not included in the 2025 adopted forecasts.

Douglas County has approximately 110,000 vendors, the top 109 grossing businesses exceed the \$200 cap each month. These top 109 business will be the recipients of the additional \$2 million of county sales tax proceeds. The bill has no impact on small business owners who are currently receiving a monthly vendor fee of \$40-\$75.

STAFF RECOMMENDATION

Staff's recommendation is to eliminate Douglas County's vendor fee. The State vendor fee for net taxable sales under \$1 million will remain at 4.0%, no cap. A small business with taxable sales of \$40,000 will receive \$1,600 to offset the administrative costs of collecting and remitting sales tax.

NEXT STEPS

Staff welcomes discussion and direction from the Board on sales tax vendor fees. If directed, staff will prepare a resolution for adoption at a future business meeting. The adopted resolution would then be forwarded to the Colorado Department of Revenue for implementation in the DR1002.

Agenda Item

Date: April 15, 2025 – Admin Agenda
To: Douglas County Board of County Commissioners
From: Douglas J. DeBord, County Manager
Subject: **County Boards and Commissions Update**

Staff will provide updated information on the status of Boards and Commissions appointments for Board discussion.