

GRT increase approved

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The Taos News, 6/30/2016

The Taos Town Council has unanimously approved a 1/8 percent gross receipts tax (GRT) increase.

The increase is expected to bring in an additional \$475,000 a year to the town. It will add another 13 cents for every \$100 of taxable purchases made inside the town limits.

Town officials say the higher tax rate is necessary to maintain a sound financial position while addressing rising employee and deferred maintenance costs. The increase also comes after the town's best year in GRT revenue.

There are no limits on how the additional money can be spent, but the council has said it will be used, in part, to fund another \$2-an-hour raise for the police force in order to curb rampant turnover in the department.

The tax was approved at a council meeting June 28.

At the meeting, Town Manager Rick Bellis pointed to data showing increases in personnel costs over the last 10 years, which he blamed for much of the town's financial woes.

A look at the numbers

In 2005, the town had 174 full-time employees at a cost of \$7.4 million, including benefits. For the coming fiscal year, the town expects to have 172 employees at a cost of \$9.5 million. That means the average cost per employee went from \$42,700 to \$55,000, a difference of 29 percent.

And even though the town just finished its best year ever in GRT revenue — breaking \$11 million for the first time — it was just 12 percent above 2005.

“Your revenues haven't gone up, but your costs have gone up,” Bellis said.

But later in the discussion, Bellis confronted an apparent contradiction: The town has been trumpeting record-setting tax revenue levels and tourism numbers while at the same time pleading hardship and asking taxpayers to shell out more.

Bellis argued the town has used that revenue to build up its reserves and pay for necessary upgrades and maintenance. The new tax will be an additional boost in getting on solid footing, Bellis argued.

The town's budget for the coming fiscal year — beginning July 1 — already anticipated the additional revenue. Had it not passed, Bellis said the council would have to go back and cut about \$400,000 from the budget.

The GRT rate in the town limits was 8.1875 percent. It will go to 8.3125 once the tax goes into effect, likely at the beginning of 2017.

While the town's current GRT rate is above average compared to other parts of the state, it's not the highest.

Taos Ski Valley, for instance, has a rate of 8.6875 percent in place, and a portion of the city of Espanola that sits in Santa Fe County has a rate above 8.9 percent.

In 2010, the town council that was in place then unanimously approved a similar GRT increase. Less than two months later, the same councilors unanimously voted to rescind it after significant public outcry.

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