

This Election will be conducted by mail ballot. Walk-in voting is also available at the office of the Designated Election Official at the address shown below Monday through Friday between the hours of 8:00 a.m. and 5:00 p.m. from October 12, 2007 through November 5, 2007, and from 7:00 a.m. to 7:00 p.m. on November 6, 2007.

TO: ALL REGISTERED VOTERS

**NOTICE OF ELECTION TO INCREASE TAXES
ON A REFERRED MEASURE**

TOWN OF MOUNTAIN VILLAGE, COLORADO

Election Date: Tuesday, November 6, 2007
Election Hours: 7:00 a.m. to 7:00 p.m.

Local Election Office Address and Telephone Number:

Town Clerk
Town of Mountain Village, Colorado
455 Mountain Village Blvd., Suite A
Mountain Village, Colorado 81435
Telephone: (970) 728-8000

Ballot Title and Text:

BALLOT ISSUE NO. 2A:

SHALL THE TOWN OF MOUNTAIN VILLAGE TAXES BE INCREASED \$4.0 MILLION IN 2008 AND ANNUALLY THEREAFTER BY WHATEVER ADDITIONAL AMOUNTS ARE RAISED BY THE IMPOSITION OF AN ADDITIONAL USE TAX OF THREE PERCENT (3.0%) UPON THE PRIVILEGE OF USING OR CONSUMING IN THE TOWN ANY CONSTRUCTION OR BUILDING MATERIALS PURCHASED AT RETAIL, RESULTING IN A TOTAL USE TAX OF 4.5% COMMENCING JANUARY 1, 2008, WITH SUCH TAX TO BE SUBJECT TO SUCH EXEMPTIONS, WAIVERS, CREDITS, AND COLLECTION AND ENFORCEMENT PROCEDURES AS THE TOWN COUNCIL MAY PRESCRIBE; THE PROCEEDS OF SUCH TAX TO BE UTILIZED BY THE TOWN FOR ANY LAWFUL PURPOSE, WHICH MAY INCLUDE BUT ARE NOT LIMITED TO THE FOLLOWING:

- CONSTRUCTING AND MAINTAINING OF ROADS AND BRIDGES OR TO SECURE OBLIGATIONS ISSUED TO FINANCE SUCH PURPOSES;

- OPERATING, MAINTAINING AND FINANCING OF PARKING AND TRANSPORTATION OR TO SECURE OBLIGATIONS ISSUED TO FINANCE SUCH PURPOSES;
- PROVIDING AFFORDABLE HOUSING DEVELOPMENT OR MORTGAGE ASSISTANCE OR TO SECURE OBLIGATIONS ISSUED TO FINANCE SUCH PURPOSES;
- ACQUIRING, CONSTRUCTING AND/OR MAINTAINING OF PARKS AND RECREATIONAL AMENITIES OR TO SECURE OBLIGATIONS ISSUED TO FINANCE SUCH PURPOSES;
- PROPERTY TAX RELIEF AND/OR DEBT REDUCTION;

AND SHALL THE PROCEEDS OF SUCH TAXES AND ANY EARNINGS FROM THE INVESTMENT THEREOF BE COLLECTED AND SPENT AS A VOTER APPROVED REVENUE CHANGE UNDER ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION?

Total Town Fiscal Year Spending

<u>Fiscal Year</u>	
2007 (estimated)*	\$ 9,872,000
2006 (actual)	\$ 3,600,767
2005 (actual)	\$ 2,360,514
2004 (actual)	\$ 1,890,313
2003 (actual)	\$ 1,775,400
Overall percentage change from 2003 to 2007	456 %
Overall dollar change from 2003 to 2007	\$8,096,600

Proposed Tax Increase

Town's Estimate of the Maximum Dollar Amount
of the Proposed Tax Increase For Fiscal Year 2008
(the First Full Fiscal Year of the Proposed Tax Increase):

BALLOT ISSUE NO. 2A: \$4,000,000

Town Estimate of 2008 Fiscal Year Spending
Without Proposed Tax Increase: \$9,712,193

* Effective January 1, 2007, the Town assumed the assets and certain liabilities of the dissolved Mountain Village Metropolitan District. Increase in revenue in 2007 (and increase in expenditures not shown above) represents transfers of various funds and accounts from the Mountain Village Metropolitan District to the Town pursuant to the Court approved Dissolution Agreement.

Summary of Written Comments FOR Ballot Issue No. 2A:

The Construction Use Tax (CUT) is charged on the building materials component of all permitted construction. It is typically prepaid to the Town by the builder when a construction permit is issued, and under Colorado law, once paid, exempts the builder from paying sales taxes on those materials. Today, Mountain Village charges only 1.5%, while Telluride charges 4.5% and other comparable communities in Summit County and Pitkin County charge even more. The result of this is that it is cheaper today to build in Mountain Village than elsewhere. This may have made sense when the Town was new, but makes no sense today given the significant impacts realized by the Town from construction activity. By raising the Construction Use Tax to 4.5%, we are equalizing building costs with our neighbors. The tax applies only to construction projects.

The Mountain Village Finance Department estimates that this increase will provide approximately \$900,000 annually to the Town (potentially much more in a large construction year). It is intended that all 2008 proceeds from this tax (potentially \$4 Million due to it being an exceptionally large construction year) to reduce Town debt, and thus reduce the property tax mill levy. In future years, proceeds will be used for special purposes to include road and bridge maintenance, parking, transportation, affordable housing, parks and recreation, and debt reduction. Our residents have made it quite clear that they want to see construction projects pay a higher price to mitigate the negative impacts on the Town and its residents. This increase in the Construction Use Tax does just that.

Please vote YES.

Summary of Written Comments AGAINST Ballot Issue No. 2A:

No comments were filed by the constitutional deadline.

THERE MAY BE OTHER QUESTIONS ON THIS BALLOT OTHER THAN THE ONE SHOWN IN THIS TABOR NOTICE. FOR MORE INFORMATION PLEASE CALL THE MOUNTAIN VILLAGE TOWN CLERK’S OFFICE AT 970-728-8000.

WHO CAN VOTE IN TOWN OF MOUNTAIN VILLAGE ELECTIONS?

Legal Residents: A person who maintains their principle residence within the Town, that registers with the Town Clerk or the San Miguel County Clerk at least 29 days prior to any Town election, have been legal residents of the Town for at least 30 consecutive days immediately prior to the election, and are 18 years of age. With respect to resident voters, the Town now requires that a Resident Certificate be filed with the Town Clerk’s office prior to the acceptance of any ballot cast by a resident. It is important to note that a resident will not receive a mail ballot in the mail for the November 6, 2007 election unless a Residency Certificate has been returned to the Town Clerk’s office. Residents are welcome to come in and sign off on their Residency Certificate at the Town Clerk’s office or at the polling place on or before Election Day in order to receive their mail ballot package.

Non-resident Property Owners: Owners of real property located within the boundaries of the Town may become registered electors of the Town and shall be qualified to vote for a municipal candidate and on any municipal issue at any Town election so long as they register with the Town Clerk, or the San Miguel County Clerk if they are residents of San Miguel County, at least 29 days prior to any Town election, are 18 years of age, have been owners of record of real property within the Town for at least 30 consecutive days prior to the date of election, own a minimum of 50% of the fee title interest in the subject real property and are natural persons (no trusts, corporations, limited liability companies or other form of legal entity).