

Local sales tax revenue for March continues steep climb

By RICH LADEN THE GAZETTE

Colorado Springs sales tax collections rose sharply in March, the fourth consecutive monthly gain for the city and more evidence of an economic turnaround in the Pikes Peak region.

Sales tax revenues collected in March, which reflect purchases made in February, rose 8.3 percent from the same month last year, according to figures released Friday by the Colorado Springs Finance Department.

The number is inflated slightly. The city has cut to 2 percent the fee it pays to merchants who collect its sales tax. It previously paid 3 percent. Therefore, the city is keeping a little more of its sales tax revenue each month rather than paying it to retailers.

Even so, the gain in sales tax collections has economists smiling.

"It's good news, and it helps put into focus . . . the direction the economy is taking," said Springs economist David Bamberger of David Bamberger & Associates. "What it really means is the recovery is clearly under way. We've got several months of positive news."

That positive news extends beyond sales taxes, Bamberger said. Local job growth is on the rise, and single-family home construction had a good start this year.

"All the indicators are pointing toward a strong recovery in 2004," he said.

More good news might be on the way for the city in coming months.

The latest sales tax numbers don't take into account the majority of returning Fort Carson troops, said Fred Crowley, an economist with the Southern Colorado Economic Forum. Only a few hundred soldiers had returned by the end of February.

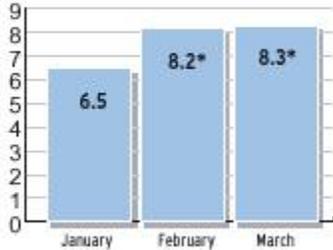
"When they start spending their money again," Crowley said, "it will be another shot in the arm for the total economic activity in the community."

Tax revenue collected from the sale of autos, building materials and clothing were especially strong in March.

In addition to being a measure of economic activity, the sales tax is a major source of funding for police and fire protection, parks and other city services.

City sales tax collections

Percent change from a year earlier.
Monthly totals reflect previous month's sales.



*Includes 1 percent gain from reduction in vendors fee

SOURCE: Colorado Springs Finance Department



BRYAN OLLER, THE GAZETTE

- **HEAVY TRAFFIC:** Throngs of shoppers move through The Citadel mall during the Christmas season. Sales tax collections rose sharply in March, the fourth straight monthly gain for the city and more evidence of an economic turnaround in the Pikes Peak region.