



MEMORANDUM

Date: February 9, 2024
To: Dave Corliss, Town Manager
From: Matt Gohl, Assistant Town Manager
Subject: SCFD Information

Following is an initial overview of the Scientific and Cultural Facilities District (SCFD) that was formed in the 1980s. SCFD is comprised of Adams, Arapahoe, Boulder, Broomfield, Denver, Jefferson and Douglas counties, with the exception of Castle Rock and Larkspur. SCFD imposes a 0.1 percent sales tax that is used to support nearly 300 scientific and cultural organizations located in these areas.

Per State statute, the 0.1 percent sales tax is levied "...upon every transaction or other incident with respect to which a sales and use tax is levied by the state, pursuant to the provisions of article 26 of title 39 C.R.S...." If Castle Rock voters were to approve the Town's involvement in SCFD, the tax would be applied only to taxable items under State definitions. Finance has estimated that this would generate approximately \$1.585 million SCFD tax in Castle Rock.

Using the SCFD's distribution methodology described in their [2022 Annual Audit](#), below is an estimated breakdown of how those funds would be utilized.

Tier I/Tier II allocation	\$	1,336,756
Allocation for counties		248,244
Total SCFD Tax Revenue	\$	1,585,000

Tier I entities include the Denver Art Museum, Denver Botanic Gardens, Denver Center for Performing Arts, Denver Museum of Nature & Science, Denver Zoo; and, Tier II entities include other scientific and cultural facilities with annual operating income over \$1.25 million. Examples of Tier II organizations include the Butterfly Pavilion, Children's Museum of Denver, Colorado Symphony, Hudson Gardens, Lone Tree Arts Center and Parker Arts. The "Allocation for counties" estimate above reflects remainder of funds after the Tier I and II allocation – this amount is then available for other organizations within the SCFD counties. These Tier III organizations apply for funding from their respective County Cultural Commissions who then provide recommendations for which applicants to fund.

The annual reports provided on the SCFD website include a listing of all recipients – see the [2022 annual report](#) for reference. In 2022, SCFD distributed about \$50 million to the Tier I organizations, \$20 million to the Tier II organizations and \$13 million to Tier III entities in the seven-county district.

To summarize the information above, the SCFD tax would generate approximately \$1.585 million if approved in Castle Rock. Of this, roughly 84 percent would be distributed to Tier I and II organizations and 16 percent would go towards the Tier III distribution to counties. Castle

Rock organizations would then be able to apply to the Douglas County Cultural Council for funding consideration.

This information represents initial research and can be expanded upon if desired. Please let me know if I can address anything additional and I will update this discussion accordingly.