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business

Colorado cities selling own limited currency

Tactic used to keep spending local. But the hometown money has a clock on it.

By Aldo Svaldi
The Denver Post

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Shoppers look at bins of school supplies at a Super Target store in Littleton, Colorado, U.S., on Saturday, Aug. 22, 2009. Back to school spending will drop 13 percent this year, according to the National Retail Federation, a Washington-based trade group. Photographer: Matthew Staver/Bloomberg (Bloomberg | Matthew Staver)

Crested Butte-area businesses and residents circulated their own currency this summer, and other Colorado towns may follow suit.

The towns of Crested Butte and Mt. Crested Butte authorized 50,000 "Butte Bucks" purchased mostly by local residents in June for \$40,000 in U. S. dollars.

The Bucks, issued in denominations of 5, 10 and 20, are accepted at participating merchants, who in some cases add their own discounts.

The two towns aren't making a statement on the

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viability of the U.S. dollar. Rather, they want to encourage more local spending.

"The towns decided that it would be a good thing as a local economic-stimulus plan," said Scott Still, who oversees the program for the local chamber of commerce.



Crested Butte ButteBucks. Crested Butte and Mt. Creste Butte issued \$50,000 in their own currency this summer as a way to boost local sales in a tough economy. People, mostly locals, traded \$40,000 for the Butte Bucks, which can be spent only with local merchants. Localized currencies, known as scrip, flourished during the Great Depression, and are starting to appear again. Stimulus currencies are a twist on older local currencies based on volunteer hours. Those still trade in Fort Collins, but have stopped trading in Durango, Paonia and Carbondale. Those last two communities, however, are considering efforts to revive local currencies more along the lines of what Crested Butte is doing. (HANDOUT |)

Localized currency, also known as scrip, has started sprouting up across the country, enough to earn a mention in Time magazine.

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"It is the ultimate protectionist tool. You can only spend it where they say you can spend it," said Frank Trotter, president of Everbank Direct, a Florida bank that specializes in foreign currency accounts.

Scrip flourished in the 1930s, when bank failures and a tight money supply forced employers to get creative about paying their workers.

"They become much more popular when times are tougher, much less so when times are better," Trotter said.

Before the latest wave of currencies, nonprofits had created exchange programs — effectively advanced bartering systems — that rewarded volunteering and promoted socially responsible activities.

Colorado's currencies along those lines in recent years have included the Carbondale Spuds, Durango Community Cash, the North Fork Helping Hands in Paonia, and the NoCo Hours in Fort Collins, Greeley and Loveland.

Only that last currency is still around. About 80 percent of local currencies fail, in part because they require a heavy amount of administration, according to a study from the University of Southern Maine.

Butte Bucks represent a different twist — a local currency designed to boost retail spending, which has suffered in the recession.

"Many communities do try to encourage local

spending to keep the tax base there locally, to help local merchants," said Patricia Silverstein, president of Development Research Partners in Jefferson County.

A dollar spent with a local merchant has a greater chance of continuing to circulate locally than one spent with an out-of-state chain, the theory goes.

The summer Bucks program represents a significant expansion of a smaller winter program the towns had sponsored. Merchants have until Sept. 7 to cash in their Bucks, and chances are good that future Butte Bucks will circulate.

"It is a successful and popular program," Still said.

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How it works

- The towns of Crested Butte and Mt. Crested Butte put \$10,000 toward the Butte Bucks program, creating \$50,000 in currency.
- Participating merchants pay \$30 to market the program and agree to accept Bucks as they would dollars. Some add additional discounts.
- Consumers purchase Butte Bucks at a 20 percent discount at the Crested Butte Visitor's Center, up to 100 a day for \$80, until the supply runs out.

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- The chamber affixes a seal in the center of the bill to prevent forgery or duplication.
- Consumers use the Butte Bucks at participating merchants, who redeem them for face value with the chamber. The currency expires Sept. 7.
- Consumers get a discount, merchants get more business, and the towns collect higher sales-tax revenues.

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