

TABOR Ad Hoc Committee

Monday, April 11, 2022

3:00 – 4:00 p.m.

Held via **Zoom**

To join the meeting: [Register Here](#)
(connect using either Chrome or Firefox web browser)

Or to listen by phone: 720-928-9299

Webinar ID: 827 0781 9712#

Webinar Passcode: 1660#

1. Call to Order

2. Discussion Items

- **Introduction to TABOR – Finance**

Doug MacLeod, Chief Financial Officer

3. Other Matters

4. Next Meeting Date – Monday, May, 9 2022 at 3 p.m.

5. Adjourn



TABOR Ad Hoc Committee Introduction to TABOR

Doug MacLeod, Chief Financial Officer

April 7, 2022

The Taxpayer's Bill of Rights (TABOR)

- 1992 Amendment to the Colorado Constitution
 - Voter approval for new taxes, tax increases and debt issuance (bonds)
 - Limits governmental revenue collection and growth
 - Ratchet-down: potential to reduce revenue collections
 - Authored by Douglas Bruce
 - ▶ “De-Brucing” temporarily removes revenue limitations

TABOR and RTD

- RTD has two voter-approvals
 - Base System 0.6% tax
 - ▶ “De-Bruced” through 2024
 - ▶ No remaining bonding authority
 - FasTracks 0.4% tax
 - ▶ “De-Bruced” through 2050
 - ▶ Remaining bonding authority limited
 - ▶ 2050 only retain revenue for O&M (possible partial sunset of 0.4%)

Note: Base System can fund FasTracks but not vice versa

TABOR and RTD

- 2025 Base System revenue limitation
 - *“If revenue from sources not excluded from fiscal year spending exceeds these limits in dollars for that fiscal year, the excess shall be refunded”*
 - Growth limited to the sum of:
 - ▶ Consumer Price Index (CPI) inflation
 - ▶ % change in property tax values in the District

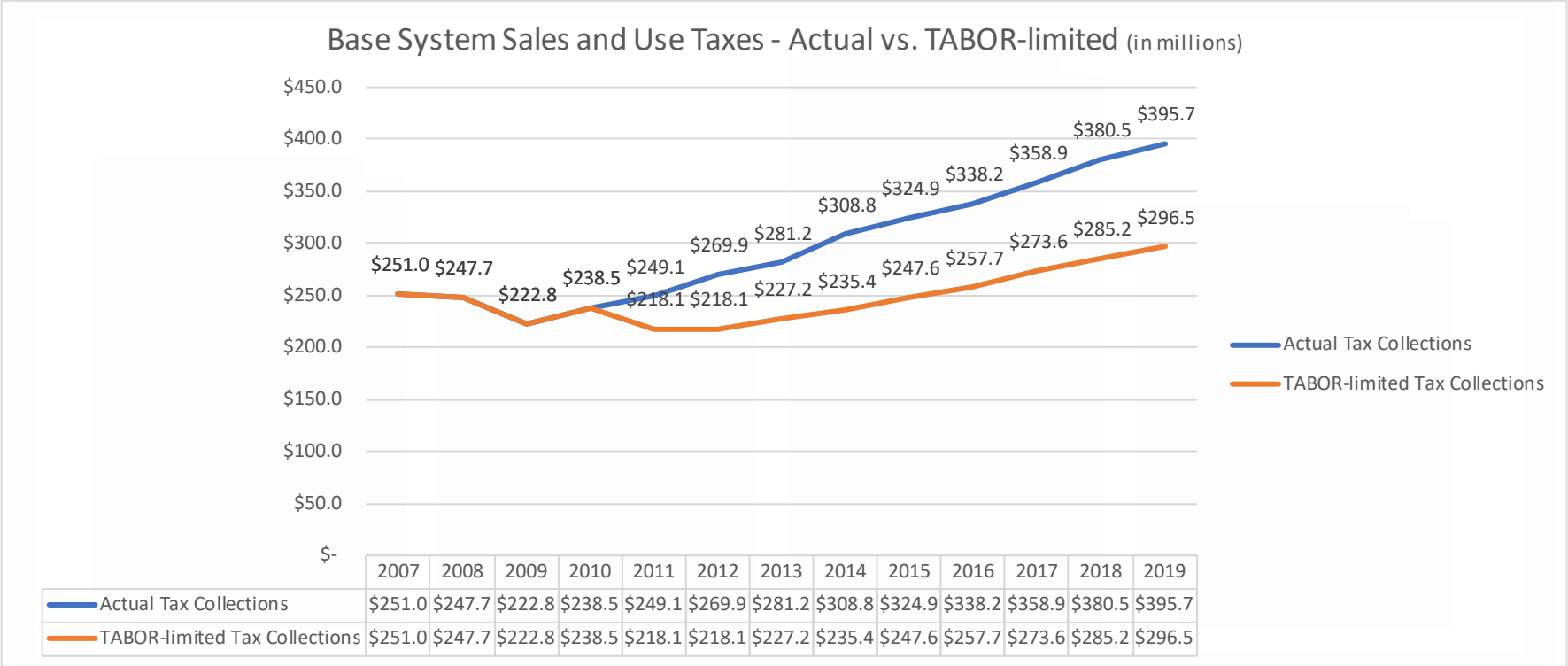
TABOR and RTD

- “Ratchet-down”?

- Resets baseline making recovery from economic downturns difficult
- Lower revenue in one year becomes the base for growth next year
- Can result in several years before returning to pre-downturn tax levels

Example – Base System

- Assuming TABOR revenue limits in place in 2007
- 12-year revenue reduction of \$647.7 million



Finance Perspectives

- TABOR will reduce revenues
- Desire sustainable revenue with budget certainty
 - “De-Bruce”
 - Combine 0.6% and 0.4%
 - Diversify revenue sources
- Modify Fiscal Policy to mitigate TABOR impacts

Questions?

Thank you.

