

# TABOR Ad Hoc Committee

Thursday, May 4, 2023

1:00 – 2:00 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: 849 0376 8203#

Webinar Passcode: 1660#

## 1. Call to Order

## 2. Discussion Items

- **Tabor 101 Workshop**

Presented by Doug MacLeod and Dee Wisor

- **Next Steps**

- Future Meeting Cadence

## 3. Other Matters

## 4. Next Meeting Date – TBD

## 5. Adjourn



**We make lives better  
through connections.**

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# **TABOR Ad Hoc Committee**

## **Introduction to TABOR and Prior Meetings Recap**

Doug MacLeod, Chief Financial Officer

Brenden Morgan, Senior Manager, Debt and Investments

April 28, 2023

# Overview

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- Taxpayer Bill of Rights (TABOR) introductory information
- Recap of prior TABOR Ad Hoc Committee meetings
- Next steps

# Taxpayer Bill of Rights (TABOR)

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- 1992 Colorado Constitution Amendment
  - Requires voter approval for new taxes, tax increases and debt issuance (bonds)
  - Limits governmental revenue collection and growth
  - Creates ratchet-down effect
    - ▶ Potentially reduces revenue collections
  - Authored by Douglas Bruce
    - ▶ “De-Brucing” temporarily removes revenue limitations

# TABOR and RTD

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- RTD's two voter-approved revenue streams
  - Base System 0.6% tax
    - ▶ "De-Bruced" through 2024
    - ▶ No remaining bonding authority
  - FasTracks 0.4% tax
    - ▶ "De-Bruced" through at least 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

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- 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 sum of:
    - ▶ Consumer Price Index (CPI) inflation
    - ▶ Percent change in property tax values in the District

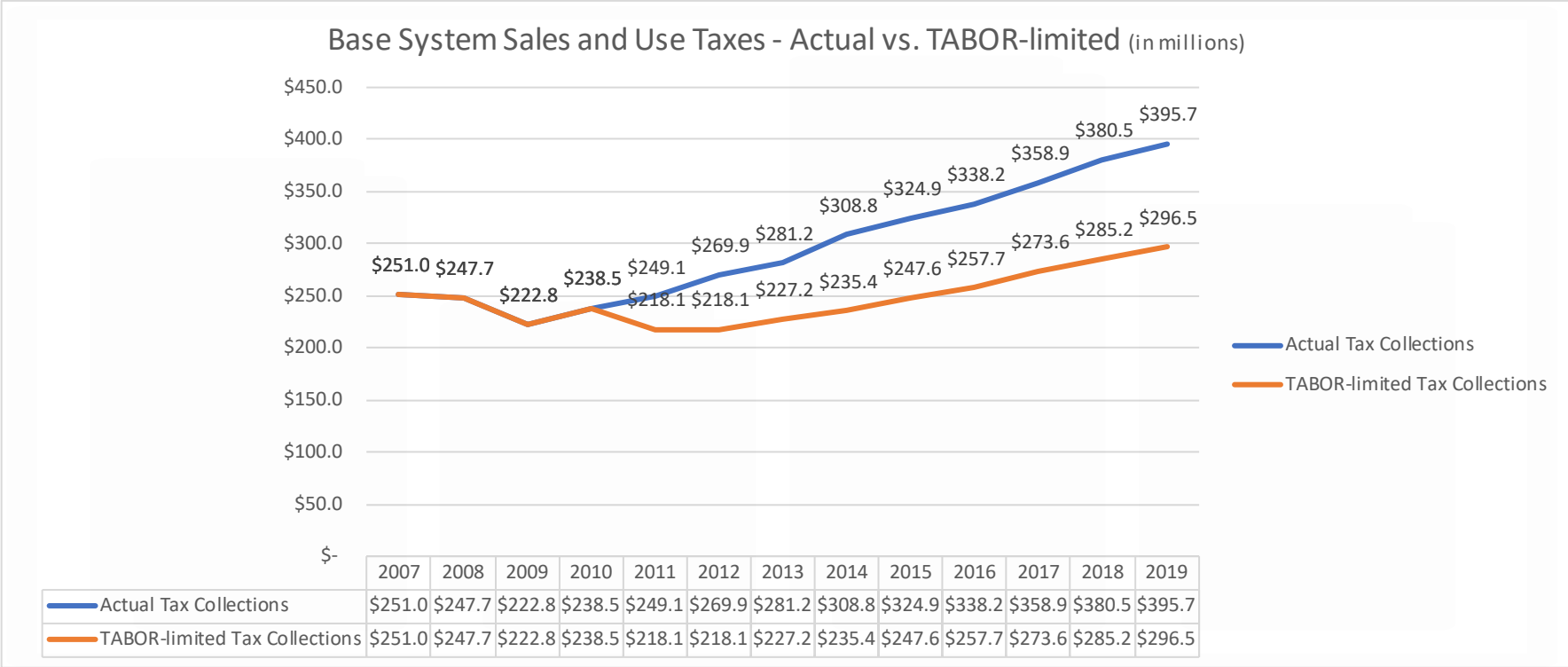
# TABOR and RTD

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- “Ratchet-down”?
  - Resets baseline
    - ▶ Recovery from economic downturns difficult
  - Lower revenue in one year becomes base for following year’s growth
  - Can take 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





# Prior TABOR Ad Hoc Committee Meetings

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- April 11, 2022: TABOR introductory information
- June 13, 2022: TABOR mitigation strategies discussion
  - Decision to hold next Committee meeting in early 2023

# Finance Perspectives

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- 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

# TABOR Options for Base System

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- Do nothing: manage expenditures/utilize reserves
- Voter approval needed for any of the following options:
  - 1) "De-Bruce" Base System; or
  - 2) Use average collections over more than one year for base – Referendum C; or
  - 3) Diversify revenue base before limits apply

# June 13, 2022: Staff Recommendations – Base System

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- Investigate refinancing one bond to extend “De-Brucing” from 2024 to 2026
  - Delays revenue limitations
  - Additional time should ballot initiative fail
- Seek voter approval to “De-Bruce”
  - November 5, 2024 General Election?
    - ▶ Better voter turnout
    - ▶ Lower cost

# June 13, 2022: Actions Necessary for 2023

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- Poll voters
- Develop ballot language
- Coordinate with Secretary of State

# Activity Since Last Ad Hoc Committee Meeting

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- Meeting with Governor's Staff
- Board Retreat discussion – revenue diversification

# Next Steps

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- Determine regular Ad Hoc Committee meeting schedule
- Determine future Ad Hoc Committee agenda items

**Thank you.**

