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
TABOR Ad Hoc Committee
Introduction to TABOR and Prior Meetings Recap

Doug MacLeod, Chief Financial Officer
Brenden Morgan, Senior Manager, Debt and Investments
Overview

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

- 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

- 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

- 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

“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

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

- 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

- 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

- Poll voters
- Develop ballot language
- Coordinate with Secretary of State
Activity Since Last Ad Hoc Committee Meeting

- Meeting with Governor’s Staff
- Board Retreat discussion – revenue diversification
Next Steps

- Determine regular Ad Hoc Committee meeting schedule
- Determine future Ad Hoc Committee agenda items
Thank you.