



# **Taxpayer's Bill of Rights (TABOR) Discussion**

Council Study Session  
July 11, 2017

# Summary

- TABOR limit exceeded for fiscal year ended December 31, 2016
- Excess = \$1,937,904
- Two options:
  - Refund the excess revenue
  - Ask voters to keep the money to spend on local projects or services

# Background

- TABOR restricts revenues on state and local governments
- Few municipalities are fully subject to TABOR limits
- Many contributing factors to TABOR excess
  - Higher impact fees
  - Increase in building use taxes
  - Overall increased revenues as compared to 2015

# Background

- Voter approved retention for capital projects
  - 1994-1995, 1998, 1999-2001, 2002-2003, and 2004
- Full De-Brucing lacked voter approval in 2006
- Excess of \$1,119,484 in 2006 was refunded

# Alternatives

- Refund the excess revenue
- Ask voters to keep the money to spend on local projects or services

# Ask Voters to Retain

- City has significant capital and infrastructure needs
- Dedicate TABOR excess for specific projects
- Minimal additional costs for election

# Ballot Options

- Retain 2016 excess and adjust the base
  - Less likelihood of future TABOR excess
- Retain 2016 excess and do not adjust the base
  - Highly likely to have future TABOR excess
- Add additional years in conjunction with one of the above options

# TABOR Base Example

|                         |       | 2017                  | 2017            |
|-------------------------|-------|-----------------------|-----------------|
|                         | 2016  | No Base<br>Adjustment | Base Adjustment |
| Base*                   | \$ 67 | \$ 69                 | \$ 71.1         |
| Revenues*               | \$ 69 | \$ 68.7               | \$ 68.7         |
| Excess/(Cushion)*       | \$ 2  | \$ (0.3)              | \$ (2.4)        |
|                         |       |                       |                 |
| Estimated Growth Factor |       | 3.00%                 | 3.00%           |
| <i>*In millions</i>     |       |                       |                 |



# Refund Options

- Temporary Reduction in Property Tax
  - City's current mill levy = 6.662
  - Proposed temporary reduction of approx. 2.03 mills to 4.632 mills
  - Residential reduction of approximately \$16 per \$100,000 of actual value
  - Commercial reduction of approximately \$667 per \$1,000,000 of actual value
  - Little to no costs

# Refund Options

- Refund to Registered Voters and Property Owners
  - Refund method used in 2007
    - \$20 per registered voter and
    - \$41.49 per property owner
  - Considerable amount of staff time
  - Using same methodology as 2007, estimated costs - \$48,200

# Refund Options

- Rebate of Building Permits/Building Use Tax/Impact Fees
  - Data can be extrapolated from city records
  - Refund to a relatively select group
  - Refund amounts will vary depending on methodology
  - Minimal costs

# Staff Recommendation

- Ask voters to retain the money for specific capital improvements
- Council to provide direction for alternative refund method



**Questions?**