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May 10, 2024

Taxpayer's Bill of Rights (TABOR)

Finance and Planning Committee Meeting

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Chief Financial Officer

Overview



- § TABOR Basics
- § Agency Impact
- § Potential Mitigation Options
- § Next Steps



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TABOR Basics

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- § 1992 Colorado Constitutional Amendment
- § Applicable to Colorado governments
- § Voter approval for new taxes, debt issuance or TABOR exemption
- § Annual government revenue growth limitations
- § Prior year basis ("Ratchet-down effect")
- § Excess revenues returned to taxpayers
- § Emergency Reserve (3% of TABOR-applicable revenue)
- § Exemption ("de-Brucing")

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TABOR Basics (cont'd)

§ Applicable to most revenues

- Exceptions

- Enterprises
- Refunds
- Gifts/donations
- Federal funds and associated investment income
- Retirement plan contributions
- Damage awards
- Property sales
- Lottery receipts
- Collections from other governments
- Voter-approved revenue changes

§ Reasonable Refund Methods



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Agency Impacts

Agency Impacts - Revenue

§ TABOR-applicable Revenue

- Fares
- Advertising/naming rights
- 0.6% tax
- Investment income
- Other income
 - Revenue sharing (DUS)
 - Miscellaneous

§ TABOR-exempt Revenue and Deductions from Revenue

- 0.4% tax (through 2050)
- Federal funds
- Federal funds investment income
- Retirement plan contributions
- Gifts/donations
- Damage awards received
- Fees
- Other income
 - Rent/leases

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Agency Impacts – Growth Limit



§ Annual growth Limit:

- Lesser of:
 - Denver-Aurora-Lakewood Consumer Price Index (CPI) plus change in value of real property from construction minus destruction of property improvements and additions; or
 - Actual revenue

§ Base year resets each year

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Agency Impacts – 2023 Example (\$000's)

	<u>Base System</u>	<u>FasTracks</u>	<u>Total</u>	<u>% of Total</u>
Fare revenue	\$ 43,196	\$ 20,339	\$ 63,535	5.0%
Investment, advertising and other	44,238	9,068	53,306	4.2%
Sales and use taxes	514,880	343,253	858,133	67.9%
Federal grants	217,635	70,534	288,169	22.8%
Gross Revenue	819,949	443,194	1,263,143	
<u>Non-TABOR</u>				
Sales and use taxes	-	(343,253)	(343,253)	
Federal grants	(217,635)	(70,534)	(288,169)	
Net TABOR Revenue	(217,635)	(413,787)	(631,422)	
Net Revenue Subject to TABOR	\$ 602,314	\$ 29,407	\$ 631,721	
CPI Growth Rate			8.011%	
Local Property Growth Factor			1.155%	
Total Growth Factor			9.166%	
2023 Growth Limit			\$ 687,282	

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Potential Mitigation Options

Potential Mitigation Options

- § TABOR exemption voter authorization
- § Revenue Diversification
- § Effective accounting application
- § Refund reserve
- § Conservative TABOR budget/financial forecast estimates
- § Non-cash refunds





Next Steps

Next Steps – Board of Directors

- § June 2024: Potential Ballot Recommended Action
 - June 11, 2024: Finance and Planning Committee
 - June 25, 2024: Board

- § September 2024: 2025 Fiscal Policy Recommended Action
 - September 10, 2024: Finance and Planning Committee
 - September 24, 2024: Board

- § October 2024: 2025 Proposed Budget Discussion Item
 - October 8, 2024: Finance and Planning Committee

- § November 2024: 2025 Proposed Budget Recommended Action
 - November 12, 2024: Finance and Planning Committee
 - November 26, 2024: Board

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Thank you.

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