



# TABOR



# TABOR – What is it?

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The Taxpayer's Bill of Rights, aka TABOR, is an amendment to the State Constitution that was approved by voters in 1992. Under TABOR, any increase in tax rates or creation of new taxes and/or debt requires voter approval. Growth in government spending is limited to a formula based on inflation and local growth. Excess revenue beyond the prescribed limits must be refunded to taxpayers.

- Proponents argue that it promotes fiscal responsibility and protects taxpayers from excessive government growth.
- Critics contend that it hampers the ability of governments to adequately fund essential services and respond to economic changes.

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## Voter Approval Requirements

TABOR requires elections and voter approval on the following items:

New tax or rate increase; a tax policy change resulting in a net revenue gain

Retain revenue from existing sources above the TABOR Fiscal Year Spending limit

Issuance of Multi-year Debt

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## Timing of Elections on TABOR

TABOR also dictates when elections may be held on TABOR issues, what types of fiscal actions must be put to vote, wording of ballot issues and issuance of pro/con statements.

Special elections can not be held on tax and debt ballot questions. Elections regarding these issues must be held at the regular municipal election or in November.

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## Emergency Reserve

TABOR requires funding of an emergency reserve of 3% of “fiscal year spending”.

While there are provisions to pass an override in case of an emergency, the definition of an emergency is fairly restrictive. An emergency **EXCLUDES** economic conditions, revenue shortfalls, and governmental salary or benefit increases. Thus, emergencies are generally limited to natural disasters.



# **TABOR**

## **Fiscal Year Spending**

TABOR is understood most easily as a revenue limitation, not a spending limitation.

“Fiscal year spending” means all district expenditures and reserve increases except, as to both, those for refunds made in the current or next fiscal year or those from gifts, federal funds, collections for another government, pension contributions by employees and pension fund earnings, reserve transfers or expenditures, damage awards, or property sales.”

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## Fiscal Year Spending

- Receipt of excess revenue triggers the obligation to refund the excess in the following year.
  - TABOR refers to “voter approved revenue changes” as the method for exceeding the permitted base in any year. TABOR does not refer to “voter approved spending changes.”
  - Exclusions from Fiscal Year Spending as defined in TABOR are exclusions of particular revenue sources.
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## **Spending Limits**

The maximum annual percentage change in each local district's fiscal year spending equals inflation in the prior calendar year plus annual local growth, adjusted for revenue changes approved by voters after 1991.

Local growth for the City means a net percentage change in actual value of all real property in the City from construction of taxable real property improvements, minus destruction of similar improvements, and additions to, minus deletions from, taxable real property.

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# **TABOR**

## **Revenue Exceptions**

- Enterprises
  - Voter Approved Revenue Changes
  - Emergency Tax Revenues
  - Refunds
  - Gifts/Donations
  - Federal Funds
  - Pension Contributions and Earnings
  - Reserve Transfers or Expenditures
  - Damage Awards
  - Property Sales
  - Lottery Receipts
  - Collections For Another Government
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## **Exemption of Enterprises**

- Enterprises are exempt from the provisions of TABOR.
  - An Enterprise is defined as a “government owned business authorized to issue its own revenue bonds and receiving less than 10% of its annual revenue in grants from state and local governments.”
    - This typically excludes the City’s proprietary funds including the Sewer Fund, Trash Fund, Irrigation Fund, and Devils Canyon Center Fund from the requirements of TABOR.
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# **Voter Approved Revenue Changes**

Tax increases previously by the voters of the City of Fruita include the following:

- 1% City sales and use tax increase dedicated to pay bonds and supplement operations at the Fruita Community Center and approval of debt for construction of Center (2008)
- 3% Lodging tax for marketing and promotion of the City (1996)
- 3% Lodging tax (additional) for public places and economic development (2020)

# Voter Approved Revenue Changes

RETENTION OF REVENUE ELECTIONS					
Date	Description	Results			
		Yes	No	Total	%
11/2/1993	CHS Grant - \$31,000	574	158	732	78%
11/2/1993	State of Colorado Grant - Kingsview Sewer	542	193	735	74%
11/2/1993	City and county sales tax revenues for street maintenance and improvements	580	154	734	79%
4/5/1994	CWRPDA Loan - Kingsview Sewer	165	45	210	79%
11/7/1995	Revenues/Grants - CIP, Street maintenance and improvements - 1/1/1996 through 12/31/2000	574	142	716	80%
4/4/2000	Revenues/Grants - CIP, Street maintenance and improvements - 1/1/2001 through 12/31/2006	927	189	1116	83%
4/4/2006	Revenues/Grants - CIP, Maintenance of capital improvements - 1/1/2007 through 12/31/2012	1408	402	1810	78%
4/3/2012	Revenues/Grants - CIP, Maintenance of capital improvements - 1/1/2013 through 12/31/2018	2154	643	2797	77%
4/3/2018	Revenues/Grants - CIP, Maintenance of capital improvements - 1/1/2019 through 12/31/2024	2243	480	2723	82%

# Capital Projects – 2004 thru 2022

Previous revenue retention measures have allowed the City to leverage city funds with grant revenues to complete \$50 million in capital projects from 2004 through 2022. Grant revenues account for 36% of the total spent on capital projects.

Note: Excludes capital projects associated with enterprise funds.

<b><u>PROJECT DESCRIPTION</u></b>	Values	
	<b><u>Sum of Total</u></b>	<b><u>Sum of Grants</u></b>
Building improvements	18,556,622	3,598,361
Street improvements	11,831,809	3,785,456
Trails	6,609,118	5,391,657
Parks	6,444,020	1,760,283
Greenway Business Park	1,684,500	1,024,480
Storm Drain improvements	1,316,374	539,999
Sidewalks	1,071,209	832,432
Mountain Water System	925,664	121,950
Downtown Improvements	815,088	462,642
Old Fruita Bridge	561,377	320,320
Sidewalk Replacement	337,333	
Crosswalk improvements	143,636	68,804
Parking lot	71,742	
Gateway Enhancement Design	37,261	17,672
Handicap ramps	24,887	
Little Salt Wash Subdivision	23,696	
Alley improvements	5,916	
Marketing	3,918	
Art and Sculptures	2,500	
<b>Grand Total</b>	<b>50,466,669</b>	<b>17,924,055</b>

# Capital Projects

## Priorities Identified in Strategic Plan

Year	Description
2023	Bike Park
2023	Pine Street Bridge Replacement
2023	Electric Vehicle Charging Stations
2023	Middle Mile Broadband
2023	N Mulberry Street Outdoor Plaza
2023	Reed Park Improvements
2023	Dog Park
2024	19 Road Design, Right-of-Way Acquisitions and Construction
2024	S Mesa Street Improvements
2025	Maple Street Bridge Replacement
2025	Little Salt Wash Park Expansion

Year	Description
Future	Hwy 340 Trail Connection
Future	High School Pedestrian Cross Walk
Future	I-70 Pedestrian Crossing at Hwy 340
Future	Community Center Expansion

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## 2018 Ballot Question

### REFERRED ISSUE A

**“WITHOUT INCREASING EXISTING TAX RATES OR ADDING NEW TAXES OF ANY KIND, SHALL THE CITY OF FRUITA BE AUTHORIZED, FROM JANUARY 1, 2019, THROUGH DECEMBER 31, 2024, TO RECEIVE AND EXPEND ALL GRANTS AND TO COLLECT, RETAIN, AND EXPEND ALL REVENUES GENERATED IN EXCESS OF THE REVENUE AND EXPENDITURE LIMITATIONS ESTABLISHED UNDER ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION FOR THE PURPOSE OF IMPLEMENTING THE CITY’S CAPITAL IMPROVEMENT PLAN INCLUDING THE MAINTENANCE OF CAPITAL IMPROVEMENTS ?”**

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## TABOR Review Committee Tasks

- A. Determine community sentiment and support for the current de-Brucing measure.
- B. Determine the risks and benefits of a de-Brucing measure and how it would affect the financial condition of the city and future budgeting processes.
- C. Analyze the potential of the ratchet-down effect occurring to the City of Fruita budget.
- D. Make recommendations on what course of actions should be followed. Recommendations on the following issues should be made:
  - 1) For how long should a new de-Brucing measure be in effect?
  - 2) Should the excess revenues be used exclusively for any specific purpose, project(s), or operation?
  - 3) When should the question be placed on the ballot?
  - 4) How best can the public be educated about these issues?