



FRUITA
COLORADO

AGENDA ITEM COVER SHEET

TO: FRUITA CITY COUNCIL AND MAYOR

FROM: MARGARET SELL, CITY CLERK/FINANCE DIRECTOR

DATE: MAY 23, 2023

AGENDA TEXT: DISCUSSION REGARDING PROCESS FOR A POTENTIAL TABOR BALLOT QUESTION AT THE APRIL 2, 2024 REGULAR MUNICIPAL ELECTION

BACKGROUND

TABOR, a constitutional amendment passed in Colorado in 1992, mandates that any proposed tax increase, tax policy change, or debt issuance by local governments must be approved by voters. It also establishes a formula for limiting government revenue growth, tying it to the rate of inflation and local growth. While TABOR aims to limit government expansion and protect taxpayers, it also presents challenges for local governments in providing essential services and funding infrastructure projects.

The City of Fruita has received approval from the voters on six previous occasions to retain revenue collected in excess of the TABOR fiscal year spending limit for the purpose of implementing the city's capital improvement program and maintenance of capital improvements. The current voter approved revenue change will expire on 12/31/2024. Given the significance of TABOR and its implications for our community, it is crucial to engage voters, promote understanding, and ensure an informed decision-making process.

The City Council formed a TABOR Review Committee prior to the last TABOR election in 2018 to study the impacts of TABOR on the City of Fruita and make recommendations regarding the proposed course(s) of action. The Committee was tasked with specific items and submitted a report of their findings to the City Council. Based on the Committee's recommendations, a question was placed on the ballot to allow the City to keep and retain excess revenues for the purpose of capital improvements and maintenance of capital improvements. The ballot question was approved by voters with 82% of the votes cast in favor of the ballot question.

The purpose of this discussion is for the City Council to provide direction to staff on how they would like to proceed with the potential TABOR ballot question for the 2024 municipal election.

Attached is additional information from the last TABOR election for your information and review.

- The 2017 TABOR Review Committee tasks/purpose
- The 2017 TABOR Review Committee membership
- Potential next steps and draft time frames regarding the TABOR process
- Election results on previous TABOR questions

TABOR Review Committee Tasks:

- A. Determine if a de-Brucing measure is in the best interest of the City.
- 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. Determine community sentiment and support for the current de-Brucing measure.
- E. If it is found to be in the best interest to go to the voters again and ask for approval for a de-Brucing measure, make recommendations on what course of actions should be followed.
Recommendations to 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?

TABOR Review Committee Members (2017)

MEMBERSHIP. Membership shall consist of community members appointed by the Fruita City Council. Members shall include a broad mix of citizens and individuals representing the community as wholly and completely as possible. All City Councilors and the Mayor shall be considered members of this committee. Members may be added or removed by motion of the City Council. Vacancies can only be filled by the City Council. The Committee shall select, amongst their membership, a chairman to preside over the meetings.

Potential Next Steps and Time Frames

- A. Resolution Establishing a TABOR Review Committee – July 2023
- B. Appoint members to TABOR Review Committee – August 2023
- C. Report from TABOR Review Committee – October 2023
- D. Ordinance placing TABOR issue on ballot for April 2018 Election – November 2023
- E. Written comments regarding TABOR issue due – Need date
- F. Mail written summary of comments regarding TABOR issue – Need date
- G. Election date – April 3, 2024

TABOR ELECTION RESULTS IN THE CITY OF FRUITA					
Date	Tabor Issue	Description	Results		
			Yes	No	%
11/2/1993	Revenue Increase	CHS Grant - \$31,000	574	158	78%
11/2/1993	Revenue Increase	State of Colorado Grant - Kingsview Sewer	542	193	74%
11/2/1993	Revenue Increase	City and county sales tax revenues for street maintenance and improvements	580	154	79%
4/5/1994	Debt	CWRPDA Loan - Kingsview Sewer	165	45	79%
11/7/1995	Revenue Increase	Revenues/Grants - CIP, Street maintenance and improvements - 1/1/1996 through 12/31/2000	574	142	80%
4/2/1996	Tax increase	3% Lodging Tax	379	156	71%
4/4/2000	Revenue Increase	Revenues/Grants - CIP, Street maintenance and improvements - 1/1/2001 through 12/31/2006	927	189	83%
4/4/2006	Revenue Increase	Revenues/Grants - CIP, Maintenance of capital improvements - 1/1/2007 through 12/31/2012	1408	402	78%
4/1/2008	Tax increase + debt	1% sales and use tax increase for debt pmts and operation of Community Center - Issuance of \$15m in debt for construction of Community Center	1262	1262	50%
11/4/2008	Tax increase + debt	1% sales and use tax increase for debt pmts and operation of Community Center - Issuance of \$15m in debt for construction of Community Center	2821	2703	51%
4/6/2010	Tax increase	Medical marijuana tax	1533	936	62%
4/3/2012	Revenue Increase	Revenues/Grants - CIP, Maintenance of capital improvements - 1/1/2013 through 12/31/2018	2154	643	77%
4/1/2014	Tax increase	Recreational marijuana tax	1913	1425	57%
4/3/2018	Revenue Increase	Revenues/Grants - CIP, Maintenance of capital improvements - 1/1/2019 through 12/31/2024	2243	480	82%