

## TABOR REVENUE LIMITS

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# TABOR Requires Elections On

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- Any new tax, tax rate increase, mill levy above that for the prior year, valuation for assessment ratio increase for a property class, or extension of an expiring tax, or a tax policy change directly causing a net tax revenue gain to any district
- Most debt
- Keeping revenues which exceed TABOR limits

# TABOR Limits District Total Revenue

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- TABOR limits the amount of revenue which the District may receive in any year even though it is phrased as a limit on fiscal year spending
- The limit for a school district is the amount of revenue collected in the prior year adjusted for inflation plus the percentage change in the student population
  - Inflation is the percentage change in the Denver-Boulder CPI

# TABOR Revenue Exceptions

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- Enterprises
- Voter Approved Revenue Changes
- Emergency Tax Revenues
- Refunds
- Gifts/Donations
- Federal Funds

# TABOR Revenue Exceptions

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- Pension Contributions
- Reserve Transfers or Expenditures
- Damage Awards
- Property Sales
- Lottery Receipts
- Collections For Another Government

# TABOR Limits Property Tax Revenue

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- TABOR also limits the amount of property tax revenue which the District may receive in any year
- The limit for a school district is the amount of property tax revenue collected in the prior year adjusted for inflation plus the percentage change in the student population
  - Inflation is the percentage change in the Denver-Boulder CPI

# Ratchet Effect

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- Ratchet Effect
  - Because TABOR looks at last year's revenues, if revenues decline due to a recession the government cannot return to the pre-recession expenditures without voter approval



# Ratchet Effect

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- If in 2019 total revenues are \$100 and inflation and student population growth is 5%, then the revenue limit is \$105 in 2020.
- If the District collects \$106 in 2020, \$1 must be refunded unless the voters approve otherwise. If inflation and student population growth is again 5%, the cap for 2021 is \$110.25 ( $\$105 \times 5\% = \$5.25 + \$105 = \$110.25$ ).



## Ratchet Effect

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- If in 2021, the District only collects \$100 and if inflation and student population growth is 3%, the cap for 2022 is \$103.

# Debrucing

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- A debrucing election is a popular term used to describe an election where the voters are asked to permit the District to keep revenues in excess of one or both of the TABOR revenue limits.
  - 176 of 178 school districts are totally debruced
    - Harrison is not.
    - Steamboat Springs is debruced as to all revenues but property tax revenues.

# School Finance Act

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- The District's mill levy to fund the local share of total program funding under the School Finance Act is limited by the School Finance Act to the lesser of
  - (I) The number of mills that will generate property tax revenue in an amount equal to the district's total program for the applicable budget year minus the amount of specific ownership tax revenue paid to the district.
  - (II) For a district that has not obtained voter approval to retain and spend revenue in excess of the property tax revenue limitation imposed on the district by section 20 of article X of the state constitution, the number of mills that the district may levy under the property tax revenue limitation imposed on the district by section 20 of article X of the state constitution.
  - (III) The number of mills levied in the preceding property tax year; or
  - (IV) Twenty-seven mills.

# Harrison School Finance Levy History

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2021 – 15.720

2020 – 15.720

2019 – 16.337

2018 – 16.337

2017 – 17.977

2016 – 18.092

2015 – 18.092

2014 – 18.092

1993 – 40.080

# Uniform Mill Levy

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- It is possible a bill will be introduced to require almost all school districts to go to a uniform school finance levy of 27 mills.
  - If the District voters approve a debrucing question in 2021 the District's school finance levy will be 15.720
  - An increase to 27 mills will require District voter approval
  - If unsuccessful, the penalty may be that the State share of the District total program funding will assume that the District is levying 27 mills

# Form of Debrucing Question

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WITHOUT INCREASING EXISTING TAX RATES, SHALL **COLORADO SPRINGS SCHOOL DISTRICT 11** BE AUTHORIZED TO COLLECT, RETAIN, AND SPEND THE FULL REVENUES THAT MAY LAWFULLY BE RECEIVED BY THE DISTRICT FROM ANY SOURCE, INCLUDING WITHOUT LIMITATION, ALL GRANT MONEYS, AND ALL OTHER MONEYS LAWFULLY RECEIVED BY THE DISTRICT FROM THE STATE OF COLORADO OR ANY OTHER SOURCE, BEGINNING WITH FISCAL YEAR 2019-20 AND CONTINUING THEREAFTER, WITH SUCH REVENUES TO BE COLLECTED, RETAINED OR SPENT AS A VOTER-APPROVED REVENUE CHANGE AND AN EXCEPTION TO THE LIMITS WHICH WOULD OTHERWISE APPLY UNDER SECTION 20 OF ARTICLE X OF THE COLORADO CONSTITUTION OR ANY OTHER LAW?

# Form of Uniform Levy Question

IN ORDER TO COMPLY WITH LEGISLATION PASSED BY THE LEGISLATURE, SHALL HARRISON SCHOOL DISTRICT TAXES BE INCREASED BY A PHASED IN SCHOOL FINANCE MILL LEVY INCREASE FROM 15.720 MILLS TO 27 MILLS AS FOLLOWS:

COLLECTION YEAR	ADDITIONAL MILL LEVY	MAXIMUM DOLLAR AMOUNT
2023	1 MILL	\$ _____
2024	1 MILL	\$ _____
2025	1 MILL	\$ _____
2026	1 MILL	\$ _____
2027	1 MILL	\$ _____
2028	1 MILL	\$ _____
2029	1 MILL	\$ _____
2030	1 MILL	\$ _____
2031	1 MILL	\$ _____
2032	1 MILL	\$ _____
2033	1 MILL	\$ _____
2034	.28 MILL	\$ _____

AND BY WHATEVER AMOUNTS AS ARE COLLECTED ANNUALLY THEREAFTER FROM SUCH ADDITIONAL MILLS; AND SHALL THE DISTRICT BE AUTHORIZED TO COLLECT, RETAIN AND SPEND ALL REVENUES IT RECEIVES IN FISCAL YEAR 2020-21 AND THEREAFTER AS A VOTER APPROVED REVENUE CHANGE AND AN EXCEPTION TO THE LIMITATIONS OTHERWISE IMPOSED PURSUANT TO ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION LAW?



# TABOR

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Questions?