

**GRAND JUNCTION CITY COUNCIL
ADDITIONAL WORKSHOP
JULY 17, 2006, 11:30 A.M.
ADMINISTRATION CONFERENCE ROOM
2ND FLOOR, CITY HALL
250 N. 5TH STREET**

11:30 a.m. **DISCUSS TABOR POLICY:** A review and discussion of TABOR implications for the City, and including identifying possible override election questions to allow the City to retain the revenues that it collects and/or to increase sales tax rates, and/or authorize the use of debt.

[Attach 1](#)

ADJOURN



Update on TABOR

July 17, 2006

Prepared by: Ron Lappi



CITY COUNCIL AGENDA							
Subject		Update on TABOR and Strategies					
Meeting Date		July 17, 2006					
Date Prepared		June 28, 2006			File #		
Author		Ron Lappi		Admin. Services and Finance Dir.			
Presenter Name		Ron Lappi		Admin. Services and Finance Dir.			
Report results back to Council		X	No		Yes	When	
Citizen Presentation			Yes	X	No	Name	
X	Workshop		Formal Agenda			Consent	Individual Consideration

Summary: The Taxpayer's Bill of Rights (TABOR) was adopted as a constitutional amendment in November, 1992. The Amendment, Article X, Sec. 20 (1), created various revenue growth restrictions, policies and practices. While many states have some tax or spending limits, TABOR is very restrictive because it controls the amount of revenue that may be collected and spent as well as how and which taxes may be raised. The Amendment restricts the ability of local governments to change tax rates, tax bases and to issue various forms of general government debt. The revenue growth restrictions can be overridden by a local vote, as debt, tax rates and bases may be.

Budget: Impacts on the City began in 1998 with a small property tax refund. Revenue refunds through 2006 are estimated to total \$3,800,100; all of which has been property tax except \$560,883 of general revenues (excluding property tax) in 1999. Our future projections expect these numbers (especially property tax refunds) to continue to increase.

Action Requested/Recommendation: Review and discuss TABOR implications for the City, and identify possible override election questions so that the City may retain the revenues that it collects and/or to increase sales tax rates, and/or authorize the use of debt.

Attachments:

- TABOR compliance history
- Graph of the beneficiaries of the recent TABOR authorized refund.
- 11 year projection of TABOR Refunds
- TABOR growth rate projections
- TABOR Issues to Discuss
- Detailed worksheets at 6.5% and 7.5% Sales Tax Growth
- A lay person's report on TABOR and how it works
- Example of revenue growth calculation

- Text of the actual TABOR Amendment to Article X, Section 20

Background Information: Because of the continued growth of Grand Junction, principally from new construction and annexation; the impacts of TABOR on the City's revenue has been less dramatic than it could have been because of continued growth. There were no refunds from 1993 through 1997. A property tax refund has occurred every year since 1997; that refund was made through a temporary credit mill levy, starting at \$139,000 and growing to approximately \$1,092,563 in 2006. The future is, of course, impossible to project and is sensitive to all kinds of variables from sales tax growth, to the Denver/Boulder Consumer Price Index, to new construction, to inflation and annexations. The models that we are using are very sensitive to minor changes in these variables.

If we asked the voters for a new or higher tax rate, debt or retention of property tax refunds; we would also ask to exempt those from the TABOR base and limitations as part of the ballot questions. In 2013 our City debt service, that is exempt from TABOR, will actually go down creating an opportunity to add some general government debt for a purpose such as a new police and/or fire station.

Besides the importance of reviewing tax and debt strategies, this is the right time to consider asking the voters to allow the City to retain and utilize the current property tax that is being refunded. The 22% assessed value increase in 2005 has caused a 147% increase in the potential property tax refund next year and significantly increases the value of property tax to the City. We normally expect an 8% increase in assessed values during the every other year reassessment. Only if we raise our sales tax projection above 6%, will we experience a general government refund in the near term. Of course, any one year spike in revenues will cause a refund, while a significant dip in revenues will cause the ratcheting down effect of the Amendment. That problem can have disastrous consequences as evidenced by the State of Colorado. Options for the refund of revenues other than property tax, which must be returned to property tax payers or retained with voter approval include: free days at the pools, free recreation programs for a month, free trash services for a month, checks to every household in the City, property tax refunds or other means for a certain number of days.

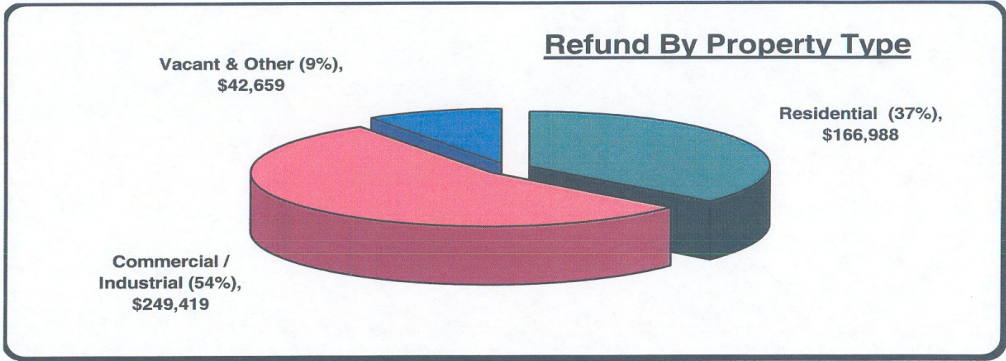
**City of Grand Junction, Colorado
TABOR COMPLIANCE HISTORY**

Prepared For: CC Workshop 07/17/06
Print Date 6/21/2006

Year	Black Box Revenue	Revenue Limit	Margin Limit > Actual	Refund Actual > Limit	Property Tax Refund Collection Year	Total Refund	To Be Refunded By Credit Mill Levy	Local Growth Component Collection Year	Inflation Component Prior Year	Total Allowed Growth Rate
1994	\$ 30,173,075	\$ 31,013,075	\$ 840,000	\$ -	\$ -	\$ -		10.20%	4.20%	14.40%
1995	\$ 33,928,634	\$ 34,517,998	\$ 589,364	\$ -	\$ -	\$ -		5.04%	4.40%	9.44%
1996	\$ 36,356,931	\$ 37,677,748	\$ 1,320,817	\$ -	\$ -	\$ -		6.75%	4.30%	11.05%
1997	\$ 38,779,149	\$ 40,418,000	\$ 1,638,852	\$ -	\$ -	\$ -		7.67%	3.50%	11.17%
1998	\$ 41,875,616	\$ 41,753,509	\$ -	\$ 122,107	\$ 138,752	\$ 138,752	Levy 1999 Collection 2000	4.37%	3.30%	7.67%
1999	\$ 44,715,776	\$ 44,116,758	\$ -	\$ 599,018	\$ 38,136	\$ 599,018	Levy 2000 Collection 2001	3.26%	2.40%	5.66%
2000	\$ 47,350,130	\$ 47,187,284	\$ -	\$ 162,845	\$ 245,167	\$ 245,167	Levy 2001 Collection 2002	4.06%	2.90%	6.96%
2001	\$ 49,552,042	\$ 51,028,329	\$ 1,476,287	\$ -	\$ 155,208	\$ 155,208	Levy 2002 Collection 2003	4.18%	3.96%	8.14%
2002	\$ 53,825,766	\$ 54,769,872	\$ 944,106	\$ -	\$ 320,273	\$ 320,273	Levy 2003 Collection 2004	5.85%	4.68%	10.53%
2003	\$ 57,304,509	\$ 57,270,615	\$ -	\$ 33,894	\$ 338,612	\$ 338,612	Levy 2004 Collection 2005	4.50%	1.90%	6.40%
2004	\$ 61,036,746	\$ 60,586,584	\$ -	\$ 450,163	\$ 451,463	\$ 451,463	Levy 2005 Collection 2006	4.69%	1.10%	5.79%
2005	\$ 63,194,967	\$ 63,379,625	\$ 184,658	\$ -	\$ 459,044	\$ 459,044	Levy 2006 Collection 2007	4.50%	0.11%	4.61%
2006	Projection \$ 67,973,377	Actual \$ 67,113,055	Projection \$ -	Projection \$ 860,322	Actual \$ 1,092,563	Projection \$ 1,092,563	Levy 2007 Collection 2008	4.11%	2.09%	6.20%
2007	Projection \$ 70,264,517	Projection \$ 71,411,311	Projection \$ 1,146,793	Projection \$ -	Projection \$ 835,692	Projection \$ 835,692	Levy 2008 Collection 2009	Projection 3.90%	Projection 2.50%	Projection 6.40%
Total thru 2007						\$ 4,635,792				

City of Grand Junction Tabor Refund

The City of Grand Junction is refunding \$459,044 of property tax revenue collected in 2005 that was in excess of the limits set forth under the Tabor Amendment. The refund will be disbursed to all property owners within the incorporated city boundaries as a credit against property taxes owed and payable in the year 2007. The chart below depicts the proportionate share of the Tabor Refund by property type based on assessed values.



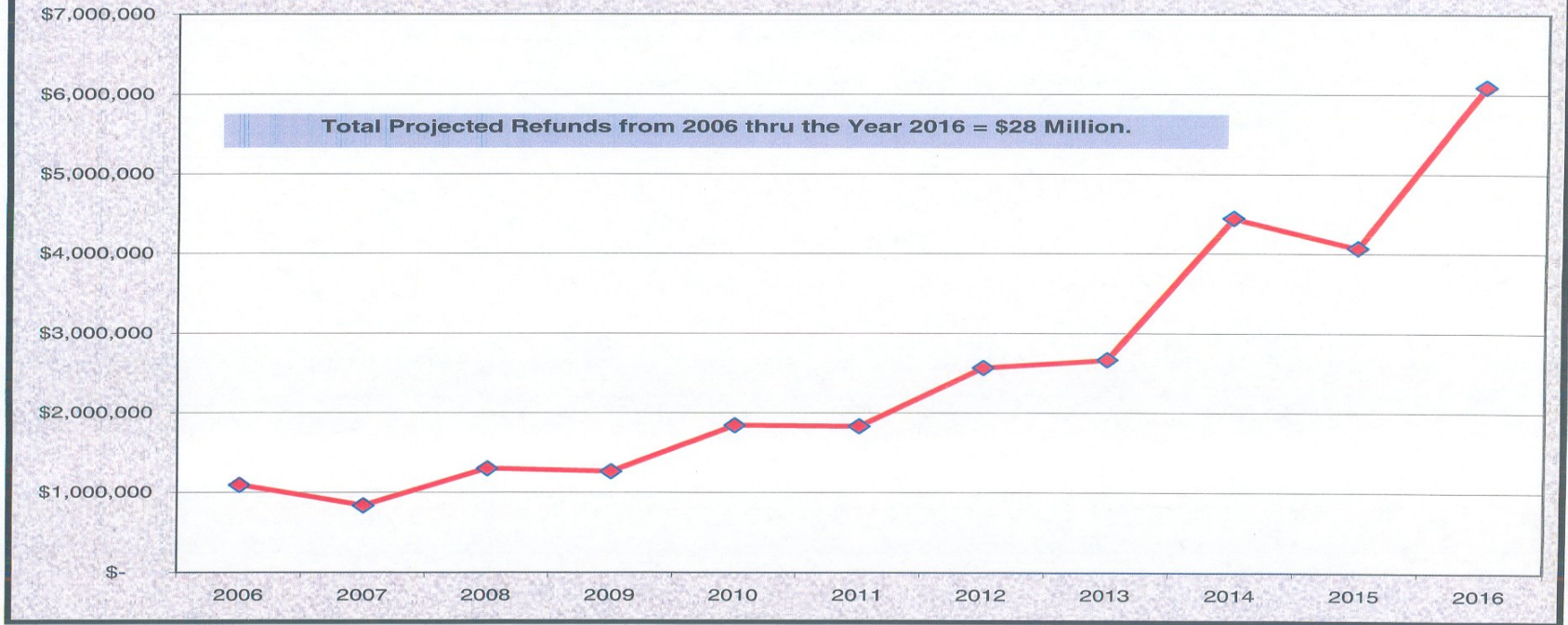
Residential property owners will receive 37% of the refund. An average of **\$9.84** per household.

Refund Based on Home Value		
Market Value		Refund
\$ 100,000	\$	4.53
\$ 150,000	\$	6.80
\$ 200,000	\$	9.06
\$ 250,000	\$	11.33
\$ 300,000	\$	13.59
\$ 350,000	\$	15.86
\$ 400,000	\$	18.12
\$ 450,000	\$	20.39

Businesses will receive 54% of the Tabor Refund.

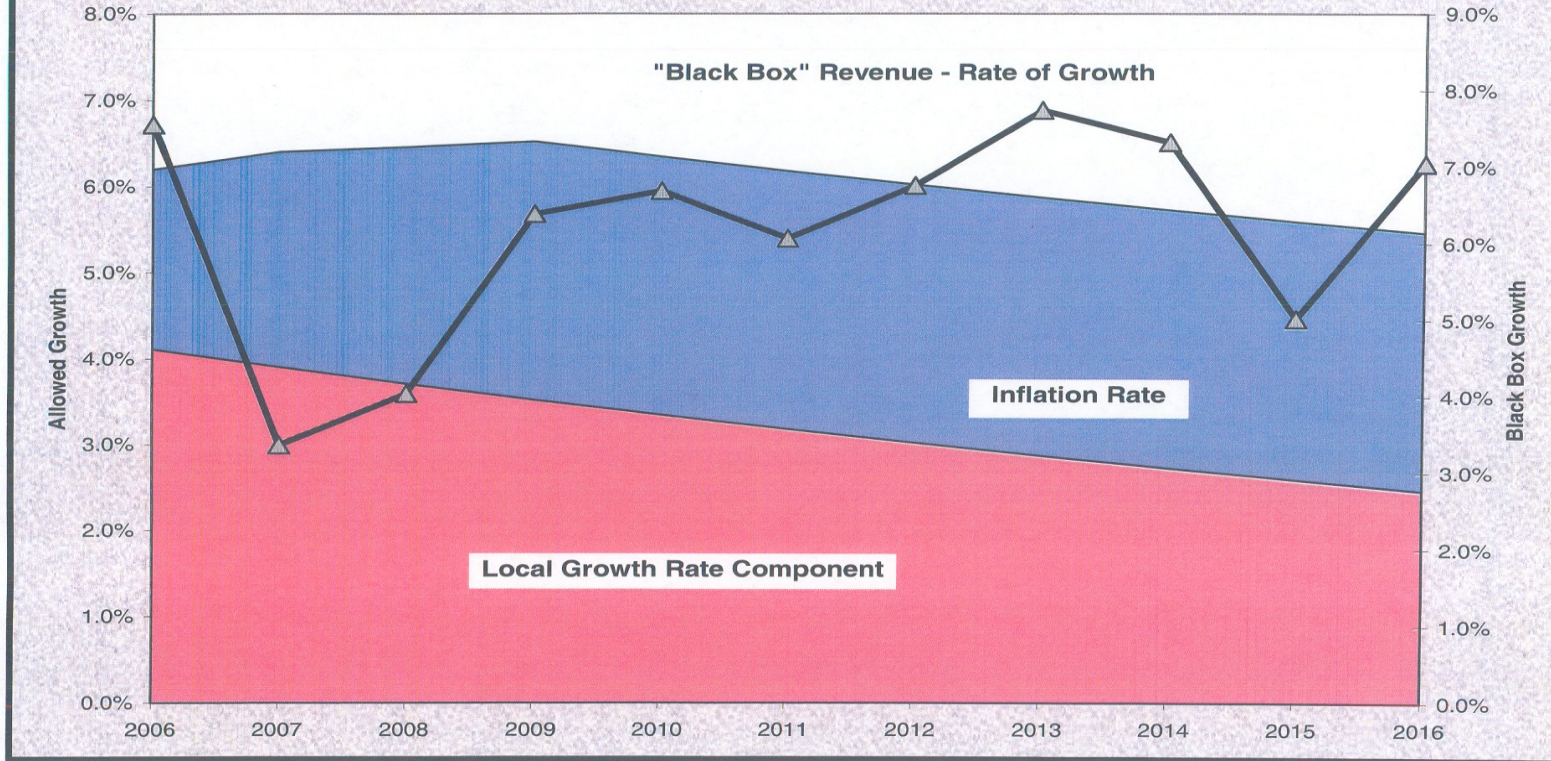
Ten of the Largest Property Values / Refunds	
Name	Headquarters
Qwest Corp.	Denver, CO
Wal-Mart / Sam's Club	Bentonville, AR
SDG Macerich - Mesa Mall	Santa Monica, CA
Public Service Co.	Minneapolis, MN
Coors Porcelain	Golden, CO
Sundstrand	Windsor Locks, CT
Grand Mesa Center	Birmingham, AL
Lowe's Companies, Inc.	Mooreville, NC
MSPA Acquisition - DoubleTree	United Kingdom
Target Corp.	Minneapolis, MN

Projected Tabor Refunds 2006 thru 2016



H:\EXCEL\MISC\BLACKBOX.XLSChart1-Refunds/LP

Tabor Growth Rate Projections 2006 thru 2016



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TABOR Issues to Discuss

BACKDROP

- ❖ Historical growth rates pushing 10% growth in sales tax are not expected to continue, although it looks very likely for 2006.
- ❖ Sales tax growth of 7.5% and higher will result in significant refunds.
- ❖ Based on our assumptions of the real property growth from construction and annexation, and the Denver / Boulder C.P.I. projections, Grand Junction could experience a 6.5% sales tax growth without exceeding TABOR limitations (besides property taxes) for the next 7 years or 2013.
- ❖ A 7.5% tax growth rate shows total revenues exceeding TABOR, and causes a refund in addition to property tax as early as 2011.
- ❖ Long-term, the growth limit will approach the Denver / Boulder C.P.I. only, because the real property growth contribution will get smaller and smaller (the math problem).
- ❖ A long-term de-brucing strategy at this time may be needed due to the rapid growth in the economy, and companion growth in service demand.

PROJECTS / PROGRAMS

The following could benefit from a tax, debt and / or de-brucing strategy.

- ❖ To keep pace with growing service delivery demands in many departments. Services cannot be provided without tax revenue to support them.
- ❖ To fund needed infrastructure projects, such as:
 - Safety services new office facility.
 - New regional and neighborhood parks.
 - New Public Works campus.
 - New recreation center or center(s).
 - New safety training facility.
- ❖ To retire outstanding debt early.

STRATEGIES

Initiatives could be brought before the voters of Grand Junction during any November election or our local April election in odd-numbered years.

- ❖ Ask to retain the current and projected general government revenues in excess of what is allowed under TABOR, which is currently property taxes estimated at approximately \$1million per year. This strategy will allow us to meet the service demands of our growing community.
- ❖ Ask for a Sales & Use Tax increase of say ¼ % to fund capital infrastructure improvements in the community, such as a Safety Services building, a Recreation Center, etc.
- ❖ Ask to issue an additional 20-year Bond Issue to fund the various needed infrastructure improvements.
- ❖ Ask to retain property tax revenues in excess of TABOR limits for capital or capital debt service.
- ❖ Permanently trade our City's 8 mill levy on property tax for a ¼ cent sales tax increase, and permanently eliminate the TABOR revenue limits on general government. This will reduce the overall tax burden on City residents.

The strategies alone are not mutually exclusive, and the City Council could select several to pursue in combination, to accomplish various of the programs and projects listed alone.

RECOMMENDATIONS

1. Prepare a ballot question and campaign strategy to permanently retain all general government revenues (including those in excess of the TABOR limits) with no tax increases. The current estimated amount of revenue retained, might average \$1 million per year.

These resources, although not significant to our overall budget, could be very important and used for both needed infrastructure and operational services to the public. At the same time, it would remove the cloud of TABOR uncertainty from future long-range financial projections. Both the future financial projections, and projections of the growth allowed parameters, are difficult to predict and manage.

2. Prepare a ballot question and campaign strategy to permanently retain all government revenues in excess of TABOR limits to be used exclusively for capital infrastructure and/or capital debt repayment.

This approach may be more attractive to the City Council and the voters of Grand Junction, as it focuses the resources on capital needs.

TABOR REFUND PROJECTIONS

Prepared For: CC Workshop 07/17/06
Version #1
Print Date: 6/21/2006

"BLACK BOX" HISTORICAL DATA											Average Growth Rates			
	Actual 1997	Actual 1998	Actual 1999	Actual 2000	Actual 2001	Actual 2002	Actual 2003	Actual 2004	Actual 2005					
Revenue History														
"Black Box" Revenue	38,779,149	41,875,616	44,715,776	47,350,130	49,552,042	53,825,766	57,304,509	61,036,746	63,194,967					
Plus: Debt Service	647,062	752,111	577,308	569,356	548,981	570,755	1,346,395	2,415,749	4,910,677					
Base Revenue (Net of Exceptions)	39,426,211	42,627,727	45,293,084	47,919,486	50,101,023	54,396,521	58,650,904	63,452,495	68,105,644					
Growth Rate, Base Revenue		8.1%	6.3%	5.8%	4.6%	3.8%	7.8%	8.2%	7.3%					
Less: Sales & Use Taxes	(23,322,462)	(25,844,868)	(28,187,938)	(30,658,358)	(32,514,732)	(34,663,852)	(36,420,315)	(38,266,363)	(41,647,641)					
Growth Rate, Sales & Use Tax		10.8%	9.1%	8.8%	6.1%	6.6%	5.1%	5.1%	8.8%					
Equals "Other" Revenue	16,103,749	16,782,859	17,105,146	17,263,128	17,586,291	19,732,669	22,230,589	25,185,532	26,458,003	7.1%	10.0%			
Growth Rate, Other Revenue		4.2%	1.9%	0.9%	1.9%	12.2%	12.7%	13.3%	5.1%	7.5%	6.5%			
Allowed Growth Rate History														
Local Growth Rate	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Average Rates
Inflation Component	10.20%	5.04%	6.75%	7.67%	3.50%	3.30%	2.90%	4.18%	5.85%	4.50%	4.68%	4.69%	4.50%	5.42%
Total Allowed Growth	14.40%	9.44%	11.05%	11.17%	7.67%	5.66%	6.96%	8.14%	10.53%	6.40%	5.79%	4.61%	8.49%	3.06%

Rate of Growth for 2005
10.0%
45,812,405

"BLACK BOX" PROJECTIONS											Average Rates			
	Projected Chng.	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016		
Allowed Growth Rate Projection														
Local Growth Rate	-5.00%	4.11%	3.90%	3.71%	3.52%	3.35%	3.18%	3.02%	2.87%	2.73%	2.59%	2.46%		
Inflation Component	2.09%	2.50%	2.75%	3.00%	3.00%	3.00%	3.18%	3.02%	3.00%	3.00%	3.00%	3.00%		
Total Allowed Growth	6.20%	6.40%	6.46%	6.52%	6.55%	6.18%	6.02%	5.87%	5.73%	5.59%	5.46%	5.46%		

Base Revenue											TIF Expires	
	2006-PROJ	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	
"Other" Revenue	27,191,713	28,687,257	30,265,056	31,929,634	33,685,764	35,538,481	37,493,098	39,555,218	41,730,755	44,025,947	46,447,374	
Sales & Use Taxes	45,012,405	48,790,211	51,961,575	55,339,078	58,936,118	62,756,965	66,846,818	71,191,861	75,819,332	80,747,589	85,996,182	
Base Revenue	73,004,118	77,477,469	82,226,631	87,268,712	92,621,882	98,305,447	104,339,916	110,747,079	117,550,087	124,773,536	132,443,556	
Growth Rate	7.2%	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%	6.1%	
Less: Debt Service												
Matchett COP's	(285,390)	-	-	-	-	-	-	-	-	-	-	
TIF (2003 Bonds, Revenue Proj. 2007-2012)	(809,463)	(1,280,500)	(1,331,720)	(1,384,989)	(1,440,388)	(1,498,004)	(1,557,954)	-	-	-	-	
Dunn Note	(42,000)	(42,000)	(42,000)	(42,000)	(42,000)	(42,000)	(42,000)	(42,000)	(42,000)	(42,000)	(42,000)	
Parkway Series 2004	(3,893,888)	(4,346,388)	(2,561,388)	(2,561,388)	(2,561,388)	(2,561,388)	(2,561,388)	(2,561,388)	(2,561,388)	(2,561,388)	(2,561,388)	
Parkway Series # 2-Projected	-	(481,500)	(4,350,500)	(4,241,125)	(4,368,625)	(4,375,000)	(4,404,750)	(4,366,250)	-	-	-	
Future Debt	-	-	-	-	-	-	-	-	-	-	-	
Subtotal: Debt Service	(5,030,741)	(6,120,388)	(8,285,608)	(8,187,502)	(8,370,401)	(8,434,392)	(8,524,062)	(8,917,638)	(6,203,013)	(6,201,513)	(6,205,138)	
Less: Prior Year's Refund	-	(1,092,563)	(835,692)	(1,302,570)	(1,265,730)	(1,846,866)	(1,839,298)	(2,573,014)	(2,674,286)	(4,445,185)	(4,072,572)	
"BLACK BOX" REVENUE	67,973,377	70,264,517	73,105,331	77,778,640	82,985,750	86,024,189	93,976,856	101,256,427	108,672,789	114,126,837	122,165,846	
Growth Rate	7.6%	3.4%	4.0%	6.4%	6.7%	6.1%	6.8%	7.7%	7.3%	5.0%	7.0%	

TABOR MARGIN (REFUND)											
	2006-Actual	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenue Limit:	63,194,967	67,113,055	70,264,517	73,105,331	77,778,640	82,715,733	87,827,763	93,116,073	98,582,141	104,227,603	110,054,265
Lower of Prior Year Revenue or Limit	63,194,967	67,113,055	70,264,517	73,105,331	77,778,640	82,715,733	87,827,763	93,116,073	98,582,141	104,227,603	110,054,265
Allowed Growth Rate	6.20%	6.40%	6.46%	6.52%	6.35%	6.18%	6.02%	5.87%	5.73%	5.59%	5.46%
Limit	67,113,055	71,411,311	74,803,096	77,874,985	82,715,733	87,827,763	93,116,073	98,582,141	104,227,603	110,054,265	116,064,118

"BLACK BOX" MARGIN											
	2006-Actual	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
"BLACK BOX" REFUND	\$ 860,322	\$ 1,146,793	\$ 1,697,765	\$ 95,945	\$ -	\$ 270,017	\$ 196,425	\$ 860,483	\$ 2,674,286	\$ 4,445,185	\$ 4,072,572
Cumulative Refund	860,322	860,322	860,322	860,322	1,130,339	1,326,765	2,187,248	4,861,533	9,306,719	13,379,291	19,481,018

PROPERTY TAX PROJECTIONS												
	Coll. Year 2005-Actual	2006-Actual	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Assessed Value	529,459,970	637,918,800	637,918,800	730,735,985	763,180,663	874,223,450	913,038,971	1,045,886,141	1,092,323,486	1,251,256,553	1,306,812,344	1,496,953,540
Growth Rate		20.48%	4.44%	14.55%	4.44%	14.55%	4.44%	14.55%	4.44%	14.55%	4.44%	14.55%
Assessment @ 8.000 Mills	\$ 4,235,680	\$ 5,103,350	\$ 5,103,350	\$ 5,845,888	\$ 6,105,445	\$ 6,993,788	\$ 7,304,312	\$ 8,367,089	\$ 8,738,588	\$ 10,010,052	\$ 10,454,499	\$ 11,975,628
Allowed Growth Rate	4.61%	6.20%	6.40%	6.46%	6.52%	6.35%	6.18%	6.02%	5.87%	5.73%	5.59%	5.46%
Property Tax Limit	\$ 3,776,636	\$ 4,010,787	\$ 4,267,658	\$ 4,543,318	\$ 4,839,715	\$ 5,146,922	\$ 5,465,014	\$ 5,794,075	\$ 6,134,197	\$ 6,485,481	\$ 6,848,041	\$ 7,221,999
PROPERTY TAX MARGIN	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
PROPERTY TAX REFUND	\$ 459,044	\$ 1,092,563	\$ 835,692	\$ 1,302,570	\$ 1,265,730	\$ 1,846,866	\$ 1,839,298	\$ 2,573,014	\$ 2,604,391	\$ 3,524,571	\$ 3,606,458	\$ 4,753,623
Cumulative Refund	459,044	1,092,563	1,928,256	3,230,826	4,496,556	6,343,422	8,182,720	10,755,734	13,360,125	16,884,696	20,491,154	25,244,783
TOTAL (REFUND)	\$ 459,044	\$ 1,092,563	\$ 835,692	\$ 1,302,570	\$ 1,265,730	\$ 1,846,866	\$ 1,839,298	\$ 2,573,014	\$ 2,674,286	\$ 4,445,185	\$ 4,072,572	\$ 6,101,727
Cumulative Projected Refund	459,044	1,092,563	1,928,256	3,230,826	4,496,556	6,343,422	8,182,720	10,755,734	13,430,019	17,875,204	21,947,776	28,049,504

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TABOR REFUND PROJECTIONS

Prepared For: CC Workshop 07/17/06
Version #2 (7.5%)
Print Date: 6/21/2006

"BLACK BOX" HISTORICAL DATA		Actual 1997	Actual 1998	Actual 1999	Actual 2000	Actual 2001	Actual 2002	Actual 2003	Actual 2004	Actual 2005	Average Growth Rates			
Revenue History														
"Black Box" Revenue		38,779,149	41,875,616	44,715,776	47,350,130	49,552,042	53,825,766	57,304,509	61,036,746	63,194,967				
Plus: Debt Service		847,062	752,111	577,308	589,356	548,991	570,755	1,346,395	2,415,749	4,910,677				
Base Revenue (Net of Exceptions)		39,426,211	42,627,727	45,293,084	47,919,486	50,101,033	54,396,521	58,650,904	63,452,495	68,105,644				
	Growth Rate, Base Revenue		8.1%	6.3%	5.8%	4.6%	7.8%	8.2%	7.3%		7.1%			
Less: Sales & Use Taxes		(23,322,462)	(25,844,868)	(28,187,938)	(30,656,358)	(32,514,732)	(34,663,852)	(36,420,315)	(38,266,963)	(41,647,641)				
	Growth Rate, Sales & Use Tax		10.8%	9.1%	8.8%	6.1%	6.6%	5.1%	5.1%	8.8%	7.5%			
Equals "Other" Revenue		16,103,749	16,782,859	17,105,146	17,263,128	17,586,291	19,732,669	22,230,589	25,185,532	26,458,003				
	Growth Rate, Other Revenue		4.2%	1.9%	0.9%	1.9%	12.2%	12.7%	13.3%	5.1%	6.5%			
Allowed Growth Rate History														
		1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Average Rates
Local Growth Rate		10.20%	5.04%	6.75%	7.67%	4.37%	3.26%	4.06%	4.18%	5.85%	4.50%	4.69%	4.50%	5.42%
Inflation Component		4.20%	4.40%	4.30%	3.50%	3.30%	2.40%	2.90%	3.96%	4.68%	1.90%	1.10%	0.11%	3.06%
Total Allowed Growth		14.40%	9.44%	11.05%	11.17%	7.67%	5.66%	6.96%	8.14%	10.53%	6.40%	5.79%	4.61%	8.49%

Rate of Growth
for 2006
10.0%
45,812,405

"BLACK BOX" PROJECTIONS		Projected Chng.	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	Average Rates
Allowed Growth Rate Projection														
Local Growth Rate		-5.00%	4.11%	3.90%	3.71%	3.52%	3.35%	3.18%	3.02%	2.87%	2.73%	2.59%	2.46%	
Inflation Component		2.09%	2.50%	2.75%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	
Total Allowed Growth		6.20%	6.40%	6.46%	6.52%	6.35%	6.18%	6.02%	5.87%	5.73%	5.59%	5.46%		

Base Revenue		Projection Rate	2006-PROJ	2007	2008	2009	2010	2011	TIF Expires 2012	2013	2014	2015	2016
"Other" Revenue		5.5%	27,191,713	28,687,257	30,265,056	31,929,634	33,685,764	35,538,481	37,493,098	39,555,218	41,730,755	44,025,947	46,447,374
Sales & Use Taxes		7.5%	45,812,405	49,248,335	52,941,961	56,912,608	61,181,053	65,769,632	70,702,355	76,005,031	81,705,409	87,833,314	94,420,813
Base Revenue			73,004,118	77,935,593	83,207,017	88,842,242	94,866,818	101,308,114	108,195,452	115,560,249	123,436,164	131,859,261	140,868,187
	Growth Rate		7.2%	6.8%	6.8%	6.8%	6.8%	6.8%	6.8%	6.8%	6.8%	6.8%	6.8%
Less: Debt Service													
Matchett COP's			(285,390)	-	-	-	-	-	-	-	-	-	-
TIF (2003 Bonds, Revenue Proj. 2007-2012)			(809,463)	(1,280,500)	(1,331,720)	(1,384,989)	(1,440,388)	(1,498,004)	(1,557,924)	-	-	-	-
Dunn Note			(42,000)	(42,000)	(42,000)	-	-	-	-	-	-	-	-
Parkway Series 2004			(3,893,888)	(4,346,388)	(2,561,388)	(2,561,388)	(2,561,388)	(2,561,388)	(2,561,388)	(2,561,388)	(6,203,013)	(6,201,513)	(6,205,138)
Parkway Series # 2-Projected			-	(451,500)	(4,350,500)	(4,241,125)	(4,368,625)	(4,375,000)	(4,404,750)	(4,356,250)	-	-	-
Future Debt			-	-	-	-	-	-	-	-	-	-	-
Subtotal: Debt Service			(5,030,741)	(6,120,388)	(8,285,608)	(8,187,502)	(8,370,401)	(8,434,392)	(8,524,062)	(8,917,638)	(6,203,013)	(6,201,513)	(6,205,138)
Less: Prior Year's Refund			-	(1,092,563)	(835,692)	(1,302,570)	(1,265,730)	(1,846,866)	(1,911,477)	(3,278,695)	(5,336,493)	(6,141,005)	(7,849,005)
"BLACK BOX" REVENUE			67,973,377	70,722,641	74,085,716	79,352,170	85,230,686	91,026,856	97,759,914	105,363,917	111,896,658	119,516,743	126,814,043
	Growth Rate		7.6%	4.0%	4.8%	7.1%	7.4%	6.8%	7.4%	7.8%	6.2%	6.8%	6.1%

TABOR MARGIN (REFUND)		2006-Actual	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenue Limit:		63,194,967	67,113,055	70,722,641	74,085,716	78,918,929	83,928,403	89,115,379	94,481,219	100,027,424	105,755,652	111,667,737
Lower of Prior Year Revenue or Limit		63,194,967	67,113,055	70,722,641	74,085,716	78,918,929	83,928,403	89,115,379	94,481,219	100,027,424	105,755,652	111,667,737
Allowed Growth Rate		6.20%	6.40%	6.46%	6.52%	6.35%	6.18%	6.02%	5.87%	5.73%	5.59%	5.46%
Limit		67,113,055	71,411,311	75,290,811	78,918,929	83,928,403	89,115,379	94,481,219	100,027,424	105,755,652	111,667,737	117,765,699

"BLACK BOX" MARGIN		2006-Actual	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
"BLACK BOX" REFUND		\$ 860,322	\$ -	\$ -	\$ 433,241	\$ 1,302,283	\$ 1,911,477	\$ 3,278,695	\$ 5,336,493	\$ 6,141,005	\$ 7,849,005	\$ 9,048,344
Cumulative Refund		860,322	860,322	860,322	1,293,563	2,595,846	4,507,323	7,786,017	13,122,510	19,263,516	27,112,521	36,160,866

PROPERTY TAX PROJECTIONS		Coll. Year	2006-Actual	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Assessed Value		2005-Actual	629,459,970	637,918,800	637,918,800	730,735,985	763,180,663	874,223,450	913,038,971	1,045,886,141	1,092,323,486	1,251,256,553	1,306,812,344
Growth Rate			20.48%	4.44%	14.55%	4.44%	14.55%	4.44%	14.55%	4.44%	14.55%	4.44%	14.55%
Assessment @ 8.000 Mills			\$ 4,235,680	\$ 5,103,350	\$ 5,103,350	\$ 5,845,888	\$ 6,105,445	\$ 6,993,788	\$ 7,304,312	\$ 8,367,089	\$ 8,739,588	\$ 10,010,052	\$ 10,454,499
Allowed Growth Rate			4.61%	6.20%	6.40%	6.40%	6.35%	6.19%	6.02%	5.87%	5.73%	5.59%	5.46%
Property Tax Limit			\$ 3,776,636	\$ 4,010,787	\$ 4,267,658	\$ 4,543,318	\$ 4,839,715	\$ 5,146,922	\$ 5,465,014	\$ 5,794,075	\$ 6,134,197	\$ 6,485,481	\$ 6,848,041

PROPERTY TAX MARGIN		2006-Actual	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
PROPERTY TAX REFUND		\$ 459,044	\$ 1,092,563	\$ 835,692	\$ 1,302,570	\$ 1,265,730	\$ 1,846,866	\$ 1,839,298	\$ 2,573,014	\$ 2,604,391	\$ 3,524,571	\$ 3,606,458
Cumulative Refund		1,092,563	1,928,256	3,230,826	4,496,556	6,343,422	8,182,720	10,755,734	13,360,125	16,884,696	20,491,154	25,244,783

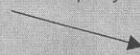
TOTAL (REFUND)		2006-Actual	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Cumulative Projected Refund		\$ 1,092,563	\$ 1,928,256	\$ 3,230,826	\$ 4,496,556	\$ 6,343,422	\$ 8,254,898	\$ 11,533,593	\$ 16,870,086	\$ 23,011,091	\$ 30,860,096	\$ 39,908,441

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CITY OF GRAND JUNCTION REPORT ON TABOR

- ❖ TABOR requires an election to raise taxes in any way (not a problem for GJ).
- ❖ TABOR requires an election to issue additional general government debt (not a problem for GJ).
- ❖ TABOR also restricts our ability to retain revenues generated from our growth in population, property values, new construction, retail sales activity; which then restricts our ability long-term to provide the infrastructure needed by our citizens, and the services they demand.
- ❖ TABOR requires two different revenue growth calculations annually. The first applies to property tax revenue, and the second applies to all general government revenues including property tax.
- ❖ The annual allowed growth percentage is the total of the Denver / Boulder C.P.I. for the immediate previous calendar year, plus the certified growth in actual value of all real property due to new construction, as well as annexations.
- ❖ TABOR is not a spending limitation, since any revenues that you are allowed to keep under the above calculation can be simply reserved for future needs, and expended at that time.
- ❖ Long term, the problem with TABOR is that we would be retaining less and less of our revenue growth to meet the needs of our community. The actual mechanics and math calculations of the model ensure that eventually, we will only be retaining approximately the Denver / Boulder C.P.I. This number has little to do with the growing needs of a dynamic community, such as Grand Junction.
- ❖ Only our refunds under TABOR have been a small property tax refund of \$300,000 to \$400,000 since 1998, except for 1999, when we refunded \$600,000 (most of which was overall revenues from Sales Tax.).
- ❖ Since 2001, our overall general government revenues have been growing slower than the allowed growth under TABOR, causing a ratchet-down effect of our revenue base that we can never recover.

Tabor Growth Rate Calculation

LOCAL GROWTH COMPONENT		<u>Example</u>
Change In Real Property Value Due To ANNEXATIONS		\$ 50,000,000
+ Change In Real Property Value Due To NEW CONSTRUCTION		\$ 4,000,000
= Net Growth In Real Property Value		\$ 54,000,000
		
	<hr style="width: 50%; margin: auto;"/> Net Growth In Real Property Value	\$ 54,000,000
Divided By	Prior Years Actual Value Of Real Property	\$ 1,900,000,000
= Local Growth Rate		2.84%

INFLATION GROWTH COMPONENT		<u>Example</u>
Prior Year's DENVER/BOULDER CPI-U		2.90%

CURRENT YEAR TAVOR GROWTH LIMIT		<u>Example</u>
Local Growth Rate		2.84%
+ Inflation Growth Rate		2.90%
= TAVOR GROWTH LIMIT		5.74%

Text of Amendment 1—Taxpayer's Bill of Rights (Bruce)

Be it Enacted by the People of the State of Colorado:

Article X, Section 20

The Taxpayer's Bill of Rights. (1) General provisions. This section takes effect December 31, 1992 or as stated. Its preferred interpretation shall reasonably restrain most the growth of government. All provisions are self-executing and severable and supersede conflicting state constitutional, state statutory, charter, or other state or local provisions. Other limits on district revenue, spending, and debt may be weakened only by future voter approval. Individual or class action enforcement suits may be filed and shall have the highest civil priority of resolution. Successful plaintiffs are allowed costs and reasonable attorney fees, but a district is not unless a suit against it be ruled frivolous. Revenue collected, kept, or spent illegally since four full fiscal years before a suit is filed shall be refunded with 10% annual simple interest from the initial conduct. Subject to judicial review, districts may use any reasonable method for refunds under this section, including temporary tax credits or rate reductions. Refunds need not be proportional when prior payments are impractical to identify or return. When annual district revenue is less than annual payments on general obligation bonds, pensions, and final court judgments, (4) (a) and (7) shall be suspended to provide for the deficiency.

(2) Term definitions. Within this section: (a) "Ballot issue" means a non-recall petition or referred measure in an election.

(b) "District" means the state or any local government, excluding enterprises.

(c) "Emergency" excludes economic conditions, revenue shortfalls, or district salary or fringe benefit increases.

(d) "Enterprise" means a government-owned business authorized to issue its own revenue bonds and receiving under 10% of annual revenue in grants from all Colorado state and local governments combined.

(e) "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.

(f) "Inflation" means the percentage change in the United States Bureau of Labor Statistics Consumer Price Index for Denver-Boulder, all items, all urban consumers, or its successor index.

(g) "Local growth" for a non-school district means a net percentage change in actual value of all real property in a district from construction of taxable real property improvements, minus destruction of similar improvements, and additions to, minus deletions from, taxable real property. For a school district, it means the percentage change in its student enrollment.

(3) Election provisions. (a) Ballot issues shall be decided in a state general election, biennial local district election, or on the first Tuesday in November of odd-numbered years. Except for petitions, bonded debt, or charter or constitutional provisions, districts may consolidate ballot issues and voters may approve a delay of up to four years in voting on ballot issues. District actions taken during such a delay shall not extend beyond that period.

(b) 15-25 days before a ballot issue election, districts shall mail at the least cost, and as a package where districts with ballot issues overlap, a titled notice or set of notices addressed to "All Registered Voters" at each address of one or more active registered electors. Titles shall have this order of preference: "NOTICE OF ELECTION TO INCREASE TAXES/TO INCREASE DEBT/ON A CITIZEN PETITION/ON A REFERRED MEASURE." Except for district voter-approved additions, notices shall include only:

(i) The election date, hours, ballot title, text, and local election office address and telephone number.

(ii) For proposed district tax or bonded debt increases, the estimated or actual total of district fiscal year spending for the current year and each of the past four years, and the overall percentage and dollar change.

(iii) For the first full fiscal year of each proposed district tax increase, district estimates of the maximum dollar amount of each increase and of district fiscal year spending without the increase.

(iv) For proposed district bonded debt, its principal amount and maximum annual and total district repayment cost, and the principal balance of total current district bonded debt and its maximum annual and remaining total district repayment cost.

(v) Two summaries, up to 500 words each, one for and one against the proposal, of written comments filed with the election officer by 30 days before the election. No summary shall mention names of persons or private groups, nor any endorsements of or resolutions against the proposal. Petition representatives following these rules shall write this summary for their petition. The election officer shall maintain and accurately summarize all other relevant written comments.

(c) Except by later voter approval, if a tax increase or fiscal year spending exceeds any estimate in (b) (iii) for the same fiscal year, the tax increase is thereafter reduced up to 100% in proportion to the combined dollar excess, and the combined excess revenue refunded in the next fiscal year. District bonded debt shall not issue on terms that could exceed its share of its maximum

repayment costs in (b) (iv). Ballot titles for tax or bonded debt increases shall begin, "SHALL (DISTRICT) TAXES BE INCREASED (first, or if phased in, final, full fiscal year dollar increase) ANNUALLY...?" or "SHALL (DISTRICT) DEBT BE INCREASED (principal amount), WITH A REPAYMENT COST OF (maximum total district cost)...?"

(4) Required elections. Starting November 4, 1992, districts must have voter approval in advance for (a) Unless (1) or (6) applies, 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.

(b) Except for refinancing district bonded debt at a lower interest rate or adding new employees to existing district pension plans, creation of any multiple-fiscal year direct or indirect district debt or other financial obligation whatsoever without adequate present cash reserves pledged irrevocably and held for payments in all future fiscal years.

(5) Emergency reserves. To use for declared emergencies only, each district shall reserve for 1993 1% or more, for 1994 2% or more, and for all later years 3% or more of its fiscal year spending excluding bonded debt service. Unused reserves apply to the next year's reserve.

(6) Emergency taxes. This subsection grants no new taxing power. Emergency property taxes are prohibited. Emergency tax revenue is excluded for purposes of (3) (c) and (7), even if later ratified by voters. Emergency taxes shall also meet all of the following conditions (a) A 2/3 majority of the members of each house of the general assembly or of a local district board declares the emergency and imposes the tax by separate recorded roll call votes.

(b) Emergency tax revenue shall be spent only after emergency reserves are depleted, and shall be refunded within 180 days after the emergency ends if not spent on the emergency.

(c) A tax not approved on the next election date 60 days or more after the declaration shall end with that election month.

(7) Spending limits. (a) The maximum annual percentage change in state fiscal year spending equals inflation plus the percentage change in state population in the prior calendar year, adjusted for revenue changes approved by voters after 1991. Population shall be determined by annual federal census estimates and such number shall be adjusted every decade to match the federal census.

(b) 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 and (8) (b) and (9) reductions.

(c) The maximum annual percentage change in each district's property tax revenue equals inflation in the prior calendar year plus annual local growth, adjusted for property tax revenue changes approved by voters after 1991 and (8) (b) and (9) reductions.

(d) If revenue from sources not excluded from fiscal year spending exceeds these limits in dollars for that fiscal year, the excess shall be refunded in the next fiscal year unless voters approve a revenue change as an offset. Initial district bases are current fiscal year spending and 1991 property tax collected in 1992. Qualification or disqualification as an enterprise shall change district bases and future year limits. Future creation of district bonded debt shall increase, and retiring or refinancing district bonded debt shall lower, fiscal year spending and property tax revenue by the annual debt service so funded. Debt service changes, reductions, (1) and (3) (c) refunds, and voter-approved revenue changes are dollar amounts that are exceptions to, and not part of, any district base. Voter-approved revenue changes do not require a tax rate change.

(8) Revenue limits. (a) New or increased transfer tax rates on real property are prohibited. No new state real property tax or local district income tax shall be imposed. Neither an income tax rate increase nor a new state definition of taxable income shall apply before the next tax year. Any income tax law change after July 1, 1992 shall also require all taxable net income to be taxed at one rate, excluding refund tax credits or voter-approved tax credits, with no added tax or surcharge.

(b) Each district may enact cumulative uniform exemptions and credits to reduce or end business personal property taxes.

(c) Regardless of reassessment frequency, valuation notices shall be mailed annually and may be appealed annually, with no presumption in favor of any pending valuation. Past or future sales by a lender or government shall also be considered as comparable market sales and their sales prices kept as public records. Actual value shall be stated on all property tax bills and valuation notices and, for residential real property, determined solely by the market approach to appraisal.

(9) State mandates. Except for public education through grade 12 or as required of a local district by federal law, a local district may reduce or end its subsidy to any program delegated to it by the general assembly for administration. For current programs, the state may require 90 days notice and that the adjustment occur in a maximum of three equal annual installments.

*Received by Secretary of State, May 8, 1991.
Retyped from the original by Legislative Council staff, June 23, 1992
and by CML July 29, 1992.*