

TABOR and the Dynamics of the Ratchet Down

May 22, 2020

Charae McDaniel

Chief Financial Officer



TABOR Agenda



- Which revenue is included in the TABOR calculation
- Which funds are included in the TABOR calculation
- How is the growth in the cap calculated
- How is the “growth factor” calculated
- What does “excess revenue” mean
- What is the “ratchet down”

Which revenue is included in the TABOR calculation



Revenue from all sources are included in the calculation, unless specifically exempted

- Exempted revenue:
 - gifts, federal funds, collections for another government, City reserve transfers, damage awards, capital asset sales

Which funds are included in the TABOR calculation



Included	Not included
General Fund	Grants - federal, private
Grants - State only	TOPS
Ballfield CIP	Conservation Trust
Bicycle Tax	PSST
S.I.M.D's	Enterprise Funds
Lodgers & Auto Rental	
Street Tree	
Senior Programs	
City Funded CIP - interest only	
Radio - non-city revenue only	

How is the growth in the cap calculated



The maximum annual percentage change in the base
= inflation in the prior year + City growth in prior year

How is the “City growth” factor calculated



"City growth" means the net percentage change in assessment roll value from new construction, minus destruction

What does “excess revenue” mean



“Excess revenue” refers to the amount that actual revenue exceeds the TABOR limit, or cap

What is the “ratchet down”



If the actual revenue receipts decline in a particular year, the City’s TABOR base declines. Then going forward can only increase by the growth factor. If the economy rebounds strongly in the next year and the revenue increases at a rate greater than the allowed TABOR growth factor, the City would exceed the TABOR limit and be in a position to either refund the amount over the limit, or ask voters to retain the amount.

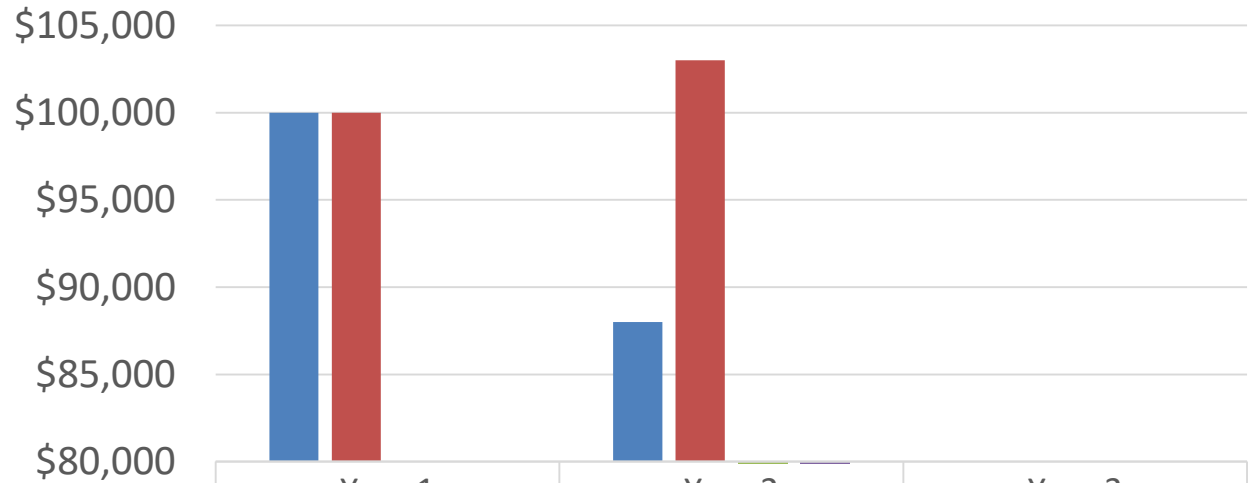
What is the “ratchet down”



	Year 1	Year 2	Year 3
Total Eligible Revenue	\$100,000		
TABOR Cap	\$100,000		
Actual Revenue Growth Rate			
Allowable Growth Rate			

■ Total Eligible Revenue ■ TABOR Cap

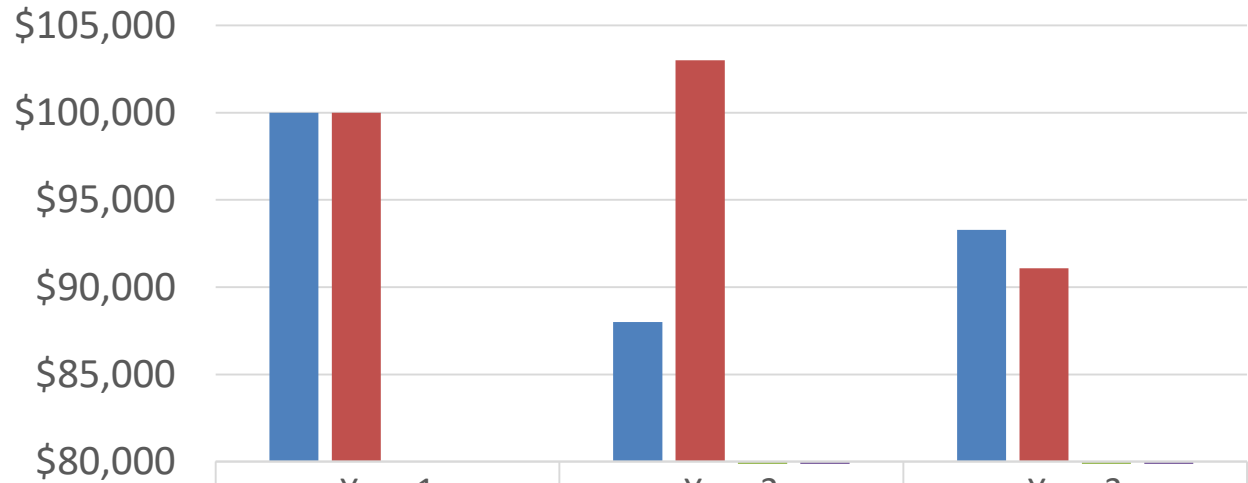
What is the “ratchet down”



	Year 1	Year 2	Year 3
Total Eligible Revenue	\$100,000	\$88,000	
TABOR Cap	\$100,000	\$103,000	
Actual Revenue Growth Rate		-12.0%	
Allowable Growth Rate		3.0%	

■ Total Eligible Revenue ■ TABOR Cap

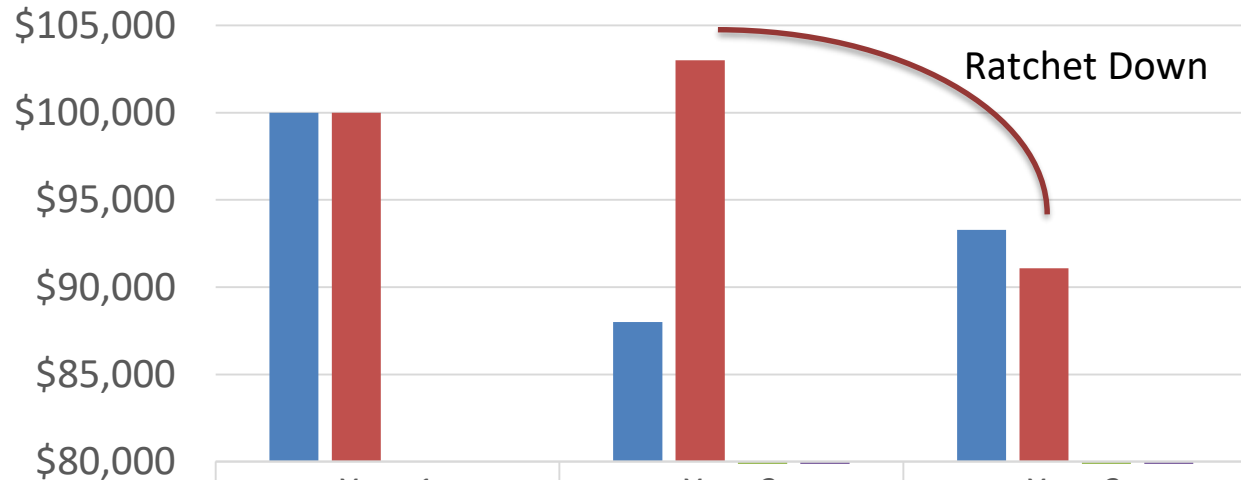
What is the “ratchet down”



	Year 1	Year 2	Year 3
■ Total Eligible Revenue	\$100,000	\$88,000	\$93,280
■ TABOR Cap	\$100,000	\$103,000	\$91,080
■ Actual Revenue Growth Rate		-12.0%	6.0%
■ Allowable Growth Rate		3.0%	3.5%

■ Total Eligible Revenue ■ TABOR Cap

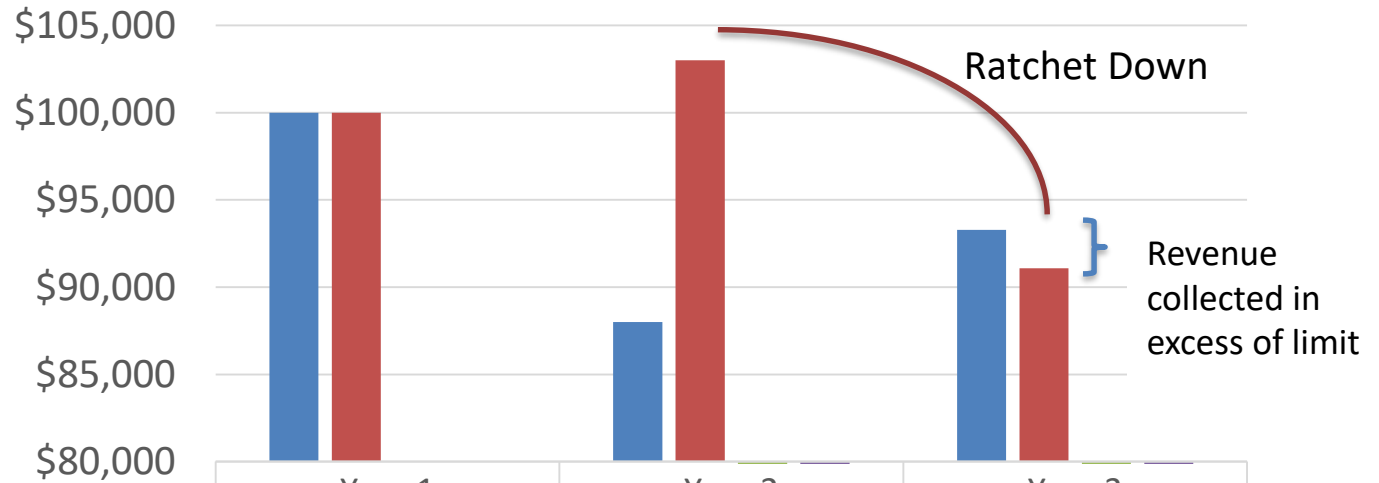
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■ Total Eligible Revenue ■ TABOR Cap

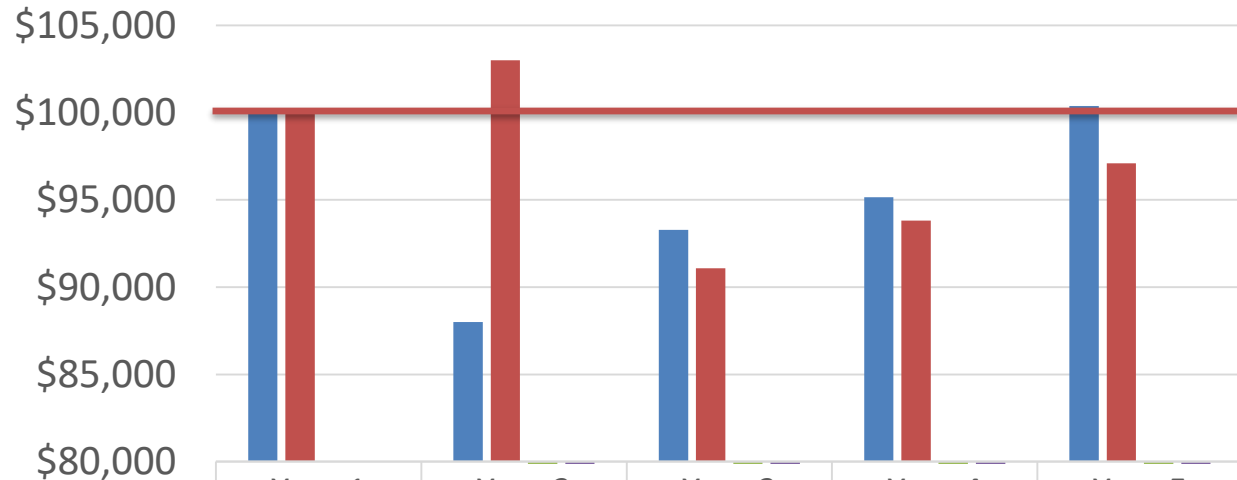
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■ Total Eligible Revenue ■ TABOR Cap

What is the “ratchet down”



	Year 1	Year 2	Year 3	Year 4	Year 5
Total Eligible Revenue	\$100,000	\$88,000	\$93,280	\$95,146	\$100,379
TABOR Cap	\$100,000	\$103,000	\$91,080	\$93,812	\$97,096
Actual Revenue Growth Rate		-12.0%	6.0%	2.0%	5.5%
Allowable Growth Rate		3.0%	3.5%	3.0%	3.5%

■ Total Eligible Revenue ■ TABOR Cap

Questions?