



## Legislation Text

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**File #:** 17-1211, **Version:** 2

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Ordinance No. 17-77 amending Ordinance No. 16-116 (2017 Appropriation Ordinance) for a supplemental appropriation to the General Fund in the amount of \$2,638,264 and to the Lodgers and Auto Rental Tax (LART) Fund in the amount of \$66,219 for the refund of 2016 fiscal year revenue above the 2016 fiscal year revenue and spending limitations (TABOR cap), representing the amount over what was approved by voters to be retained in the April 2017 municipal election

**Presenter:**

Charae McDaniel, Acting Budget Director

**Summary:**

The attached ordinance is a supplemental appropriation for the refunding of the 2016 revenue in excess of the fiscal year revenue and spending limitations (TABOR cap).

**Previous Council Action:**

On November 22, 2016, City Council approved the original 2017 Budget per Ordinance No. 16-116.

On April 11, 2017, City Council approved Ordinance 17-40 for a supplemental appropriation of up to \$650,279 to the Colorado Springs Convention & Visitors Bureau (CVB) relating to the 2016 contract. The contract between the City and the CVB in paragraph 3-Funding Agreement, provides that two-thirds of LART revenue collected in excess of the LART revenue budget be paid to the CVB. The actual payment to the CVB for two-thirds of the LART revenue over budget was \$650,278.36.

On July 11, 2017, City Council approved Ordinance 17-53 for a supplemental appropriation for \$6 million which was the amount of the 2016 fiscal year revenue above the 2016 TABOR cap, approved by voters in the April 2017 municipal election to be retained and spent for stormwater projects.

**Background:**

The City's 2016 fiscal year revenue exceeded the fiscal year revenue and spending limitations (TABOR cap) by \$8,836,922.

At the April 2017 general municipal election, the City requested, and the voters approved, the retention and spending of up to \$6 million of revenues received by the City during each of fiscal years 2016 and 2017 which may exceed the amounts otherwise allowed in those years to be retained and spent under City Charter § 7-90 and Colorado Constitution Article X, § 20, known as the Taxpayers' Bill of Rights or "TABOR". That ballot item provided that the funds may only be used for stormwater improvements located within and benefitting the City of Colorado Springs. The \$6 million of 2016 revenue in excess of the 2016 TABOR cap approved to be retained was appropriated on July 11, 2016, by Ordinance 17-53.

The amount over the \$6 million of 2016 fiscal year revenue above the 2016 TABOR cap is \$2,836,922. The General Fund's share of this refund is \$2,638,264, and the LART Fund's share is \$198,658.

The CVB received two-thirds share of the 2016 LART revenue. This is stated as part of the contract between the City and the CVB in paragraph 3-Funding Agreement, which provides that two-thirds of LART revenue collected in excess of the LART revenue budget be paid to the CVB. Because the LART Fund contributed to the City exceeding the 2016 TABOR cap, the LART Fund is responsible for providing a share of the amount that is required to be refunded, which totals \$198,658. Given that the CVB received two-thirds of the LART revenue, they will also provide two-thirds of the amount that is to be refunded, which is \$132,439. This amount, in addition to the LART Fund's share of \$66,219, will provide the total LART Fund share of the refund of \$198,658.

A process to refund the \$2,836,922 is underway. The City is working with Colorado Springs Utilities to refund the amount, less the cost to administer the refund, which will be processed as a credit on electric utility customer accounts. The credit will be applied to customer accounts in September 2017.

**Financial Implications:**

The supplemental appropriation for the refund of 2016 fiscal year revenue above the 2016 TABOR cap increases the 2017 General Fund expenditure budget by \$2,638,264, and the LART expenditure budget by \$66,219. The source of funds for the General and LART Funds is the reserved fund balances of each fund. This will not impact the unreserved, undesignated fund balances.

**Board/Commission Recommendation:**

N/A

**Stakeholder Process:**

N/A

**Alternatives:**

N/A

**Proposed Motion:**

Move approval of the attached ordinance approving a supplemental appropriation to the General Fund in the amount of \$2,638,264 and to the Lodgers and Auto Rental Tax (LART) Fund in the amount of \$66,219 for the refund of 2016 fiscal year revenue above the TABOR cap

Ordinance approving a supplemental appropriation to the General Fund in the amount of \$2,638,264 and to the Lodgers and Auto Rental Tax (LART) Fund in the amount of \$66,219 for the refund of 2016 fiscal year revenue above the TABOR cap