

# TABOR & Ballot Initiative 2A

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## Taxpayer's Bill of Rights (TABOR)

Colorado's TABOR amendment restricts revenues for all levels of government (state, local, and schools). Under TABOR, state and local governments cannot raise tax rates without voter approval and cannot spend revenues collected under existing tax rates if revenues grow faster than the rate of inflation and local growth, without voter approval. Through 2012, 85 percent of Colorado's local jurisdictions had received voter approval to remove some or all of the revenue limits set in place by TABOR.

## Denver's TABOR Experience

In 2000 and 2005, the City and County of Denver asked for and received voter approval to temporarily suspend TABOR's revenue limits on all taxes except property taxes. This allowed the city to retain taxes collected over TABOR limits. The requirement for voter approval of debt issuance and tax increases has remained in place since TABOR was enacted more than two decades ago and the city has never asked for its removal.

On November 6, 2012, just days after the City Council officially adopted the Denver 2013 Annual Budget, 74 percent of the Denver Electorate voted to approve **Ballot Initiative 2A**, which asked voters:

“Without increasing any tax rate or adopting any new tax, and in order to pay for improvements to police, fire, streets, Denver Public Library, parks, after-school and summer programs for children and such services as specified in City Council Bill 12-566 and published on the city's web-site, shall the City and County of Denver be authorized to collect, retain and spend all tax revenue derived from the city's existing gross tax rates to the extent those revenues exceed the constitutional limitation on tax revenue, also known as TABOR, beginning in 2013....”

Passage of initiative 2A resulted in the following changes:

- Permanently removed TABOR restrictions on the city's tax base as has been done by 85 percent of Colorado jurisdictions. The requirement of voting on tax increases remains in place.
- Eliminated four TABOR credited property-tax mills, generating \$42 million in revenue, with 2.222 credited mills still in place. The impact is a revenue increase that allows for the restoration of city services listed below.
- Implemented an anti-spiking provision that prohibits the elimination of the remaining 2.222 mills if assessed property value and local growth exceeds 6 percent.

Measure 2A also requires the Manager of Finance to provide an annual report documenting how 2A revenues are being spent. This section has been added to the annual budget document in 2014 to highlight those changes. In 2015 and beyond it will be available on the Budget and Management Office website for ease of access.

## 2015 2A Overview

The 2015 budget maintains the city's programmatic commitments made within the 2A ballot initiative. In 2013, four property-tax mills, which had been credited to taxpayers in order to remain below TABOR revenue collection limitation, were eliminated. The revenue generated from this change allowed the city to begin restoring essential services lost during the recession.

## 2015 Programmatic Overview

All 2A programs implemented in 2013 will continue in 2015. The following is a summary of the programs that were implemented in 2013 and key highlights of program changes for 2015.

### Parks and Recreation

- **MY Denver Program Expansion** – This expansion has allowed all Denver students – elementary through high school – free access to Denver's recreation centers and outdoor pools. An estimated 50,000 children will be served in 2015.

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- **Parks Maintenance Standards** – Prior to the passage of 2A, Parks only had the budget capacity to meet 70 percent of its maintenance standards for current acreage. Five new positions and equipment have been added to the 2015 budget to increase maintenance standards. This brings the total maintenance positions to fifteen as of 2015.

### Denver Human Services

- **Child Care Assistance and TANF Workforce Funding** – This funding increase allowed Denver Human Services to restore prior program cuts made in the child care program, including increasing the income eligibility for participants and reimbursements paid to providers. The Child Care program no longer has a waitlist and therefore these funds will be used to support the TANF Workforce program to ensure that participants can continue to receive workforce training and job placement services. This Child Care program is estimated to serve 2,500 children in 2015.

### Office of Children's Affairs

- **After-School Programming** – Some \$500,000 in funding will continue to be distributed to support and restore investments in Out-of-School Time programs that take place before and after school and during the summer. It is estimated that this program will serve 1,373 children in 2015.

### Department of Safety

- **Recruit Classes** – Two classes each for police and fire are anticipated in 2015 not including a class for each for additional DIA staff funded by the Airport.

### Fleet

- Safety and non-safety vehicles will continue to be replaced in 2015 consistent with our 2014 investment. It is estimated that 39 percent of the city's fleet is past its useful life entering 2015. The city's goal is to reduce this to 23 percent by the end of 2015.

### Office of Economic Development

- **Business Incentive Fund** – Established in 2005, the Business Incentive Fund provides incentives for companies relocating or expanding with new jobs and tax revenues. Measure 2A increased funding by \$500,000 in 2013, enabling the Office of Economic Development to attract and retain quality jobs in targeted industry sectors. The total budget of \$1,000,000 continues into 2015.
- **Business Personal Property Tax Credit** – Measure 2A included a four-year Business Personal Property Tax exemption to companies that purchase new equipment. This incentive will be offered through the end of 2016 but could be extended by City Council. In 2014, 34 businesses applied for the program. Of the applicants, 33 businesses met the criteria to obtain the four tax credit. The applicant firms employed 2,580 employees in Denver prior to their expansion or relocation activities. Their additional investments of \$234,816,457 resulted in 947 new jobs being created (and thus totaling 3,527 jobs impacted).

### Denver Public Library

- **System-Wide Hours Expansion** – A \$3.3 million annual funding increase is allowing libraries to increase service from an average of 35.5 hours per week to more than 48 hours per week (a 43 percent increase). The system hour increases and funding will continue in 2015 with base growth being applied to this cost in 2015.

### Public Works

- **Street Paving Program** – With \$4.5 million provided by Measure 2A, an additional 300 lane miles of residential streets in poor condition will be paved through 2016. This investment was continued in 2015.

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**Senior and Disabled Rebate Program** – Additional 2A funding of \$1.25 million will continue to support a doubling of the base property-tax rebate offered to qualifying seniors and people with disabilities.

**Technology Services** –\$3.8 million will be used in 2015 to help update the city’s technology infrastructure, including security and other IT infrastructure needs identified in the Technology Strategic Resource Alignment.

**Furlough Days** – Funding from Measure 2A allowed the city to cease employee furlough days in 2013.