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Two Decades of Colorado's Taxpayer's Bill of Rights

by Fred Holden

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Executive Summary

Over two decades have passed since Colorado voters adopted The Taxpayer's Bill of Rights in 1992. TABOR allows government spending to grow each year at the rate of inflation-plus-population. Government can increase faster whenever voters consent. Likewise, tax rates can be increased whenever voters consent. This Issue Paper analyzes TABOR's effect on state government spending and taxes by examining three decades: The 1983-92 pre-TABOR decade; the first decade of TABOR, 1993-2002; and the second decade, 2003-12. The final decade included the largest tax increase in Colorado history, enacted as Referendum C in 2005. Decade-2 was also marked by increasing efforts to evade TABOR by defining nearly 60% of the state budget as "exempt" from TABOR. The three decades of data show:

> Cumulatively, TABOR refunds have been over $800 per Coloradan, or $3,200 for a family of four.

- The Taxpayer's Bill of Rights requires that excess government revenues be refunded to taxpayers, unless taxpayers vote to let the government keep the revenue. Cumulatively, TABOR refunds have been over $800 per Coloradan, or $3,200 for a family of four.
- Before TABOR, state government taxes and spending were rising at more than double the rate of inflation plus population growth. That trend was halted in TABOR Decade-1. Rapid government growth resumed in Decade-2, mainly because of Referendum C.
- Private sector job growth was slightly below government job growth in the pre-TABOR decade. In Decade-1, private job growth was much greater. In Decade-2, private sector job growth was much smaller.
- During all three decades, state government taxing and spending grew faster than the income of Coloradans. The disparity was relatively small in TABOR Decade-1, and quite large in the pre-TABOR decade and in TABOR Decade-2.
- Compared to national income growth, Coloradans' personal income growth was significantly greater in Decade-1, and about the same in the other decades.
- Compared to national output growth, Colorado's economic growth was better than national in Decade-1, and much worse in the other decades.
- If Colorado government had continued growing at the same high rate (8.56% compound annual rate) as in 1983-92, the average Coloradan would have paid an additional $442 taxes in 2012. The cumulative two-decade savings per Coloradan are $6,173—or more than $24,000 for a family of four.

Appendices A and B provide economic data used in this Issue Paper. Appendix C provides the full text of the Taxpayer's Bill of Rights.

TABOR effects on government revenue and spending

In the decade before the enactment of The Taxpayer's Bill of Rights, Colorado's population and inflation grew by a combined 50%. Yet state government revenues grew by 133%, and state government spending by 119%. In other words, government taxes and spending were growing at over twice the rate of the population and the price level increase.

During the first decade of TABOR ("Decade-1"), population-plus-inflation grew 71%. In this same period, government revenue rose 77%, and spending rose 85%. Thus, TABOR achieved its objective of bringing tax growth and spending growth closer in line with the economic environment. Of course TABOR allows extra taxes and spending whenever the voters consent.

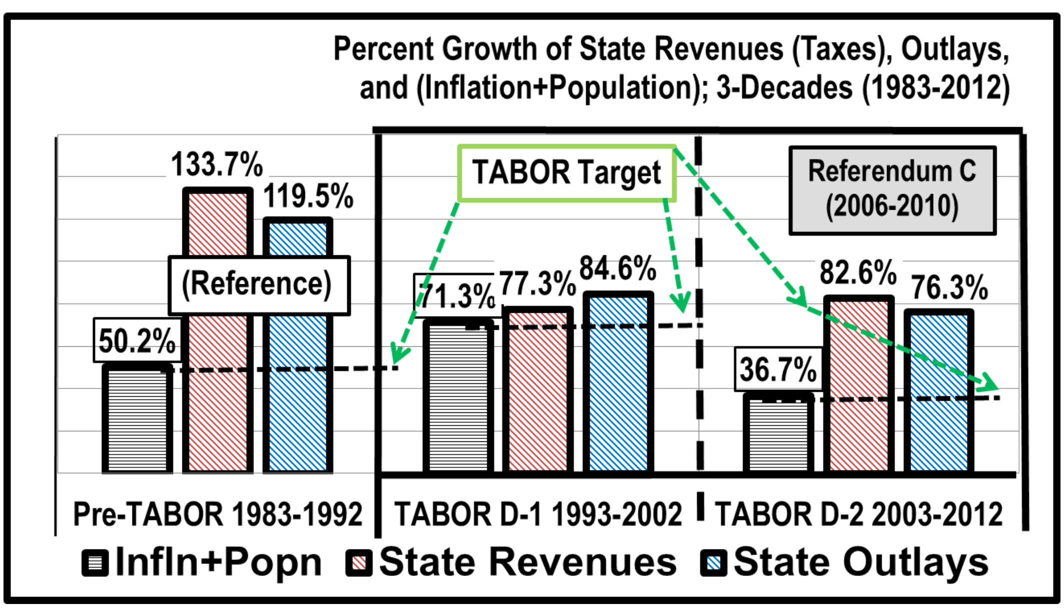
Pursuant to TABOR, whenever state government revenue growth exceeds population-plus-inflation, the excess revenue must be refunded to the taxpayers. (Unless the government asks to keep the excess revenue, and the voters approve.) During the first years of TABOR, the State did not exceed the revenue limitation.[1] In Fiscal Years 1996-97 through 2000-01, State revenues exceeded the TABOR limitation by $139.0 million, $563.2 million, $679.6 million, $941.1 million, and $927.2 million, respectively. The economic downturn in Fiscal Years 2001-02 and 2002-03 and adjustments for inaccurate population estimates applied in Fiscal Year 2003-04 precluded TABOR refunds in those years. The State was required to refund $41.1 million in Fiscal Year 2004-05. The cumulative refunds of excess revenue were $3.3 billion.[2] Per capita, this was over $800 per taxpayer—more than $3,200 for a family of four.

During the second decade of TABOR ("Decade-2") from 2003 to 2012, Colorado voters were asked to approve the largest tax increase in Colorado history, via Referendum C, a so-called "Five-year TABOR timeout." At the same time, voters were asked to approve major new state government borrowing, in anticipation of the extra tax revenue. This was Referendum D. The voters rejected Referendum D (borrowing) and approved Referendum C (spending).

Thus, in Decade 2, population-plus-inflation rose 37%, tax revenues rose 83%, and spending rose 76%. Figure 1 shows these results. According to the state's 2014 *Comprehensive Annual Financial Report*, Referendum C resulted in the State gaining $3.6 billion in extra revenue during the five-year TABOR "time-out." When that "time-out" technically ended, Referendum C reset the baseline for government revenues (the Excess State

> [During the first decade] ...TABOR achieved its objective of bringing tax growth and spending growth closer in line with the environment.

FIGURE 1

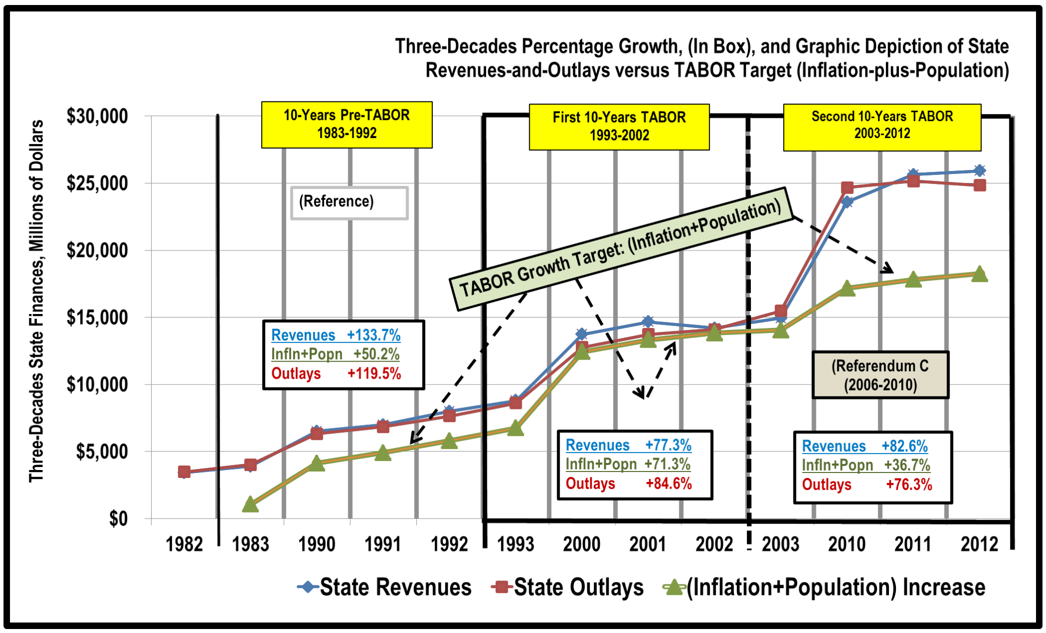


Revenue Cap) at a permanently higher level. As result, taxes were $6.2 billion higher from Fiscal Year 2010-11 through 2013-14.[3] Thus, the state government had $9.8 billion more to spend as it chose, and taxpayers had $9.8 billion less to spend as they chose.[4] On a per-person basis, this was a $1,909 tax increase. Or $7,637 for a family of four.

As will be detailed below, Colorado's economy performed significantly better than the national economy during TABOR Decade-1. This was not true for the pre-TABOR decade, nor was it true during TABOR Decade-2, the decade of the largest tax increase in Colorado history.

Figure 2 shows Colorado's state government growth from $4 billion in 1982 to over $25 billion in 2012.[5] It is noteworthy that in 30 years, state revenues declined only in one (2002).

FIGURE 2



TABOR effects on government and private sector job growth

Figure 3 shows the percentage growth in government employment and in private employment in the pre-TABOR decade, TABOR's first decade, and TABOR's second decade. As discussed above, the second decade included the largest tax increase in Colorado history, which was approved by the voters. Figure 4 shows the numbers of additional jobs in the government and private sectors during these same three decades.

The pre-TABOR decade saw slightly more government job growth, 20.4%, than in private sector, 19.0%. In TABOR Decade-1, private sector growth was nearly double government job growth: 37.8% to 22.0%. In Decade-2, with the voter-approved tax increase, private sector job growth fell to 4.5%; government job growth was more than double: 11.0%.

While government and private jobs were growing, how much was the population growing? Figure 5 presents the data. Job growth greatly exceeded population growth in the pre-TABOR decade and in TABOR Decade-1. Population growth exceeded job growth in TABOR Decade-2.

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FIGURE 3

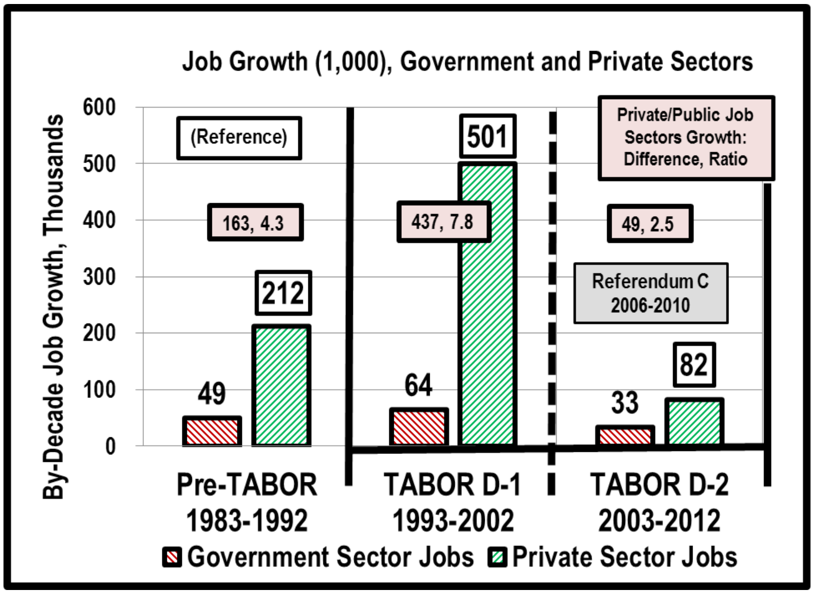


FIGURE 4

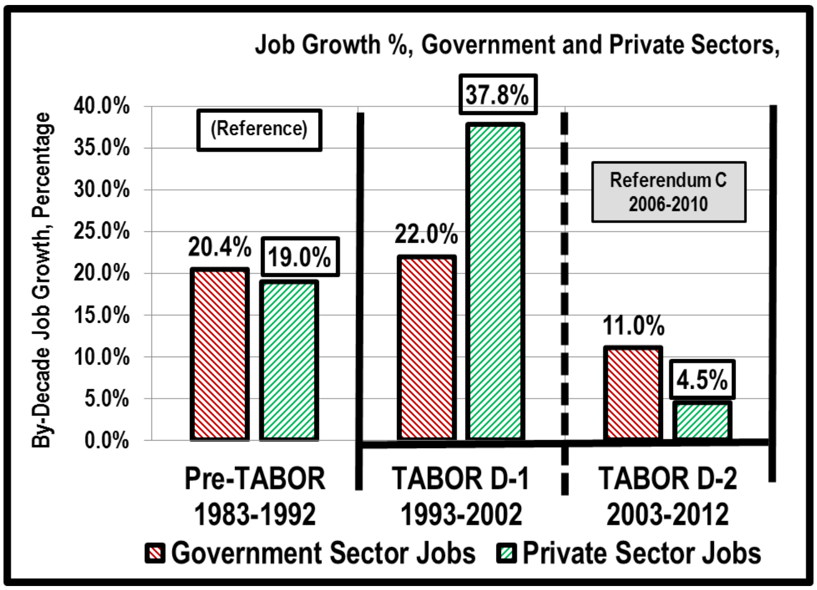
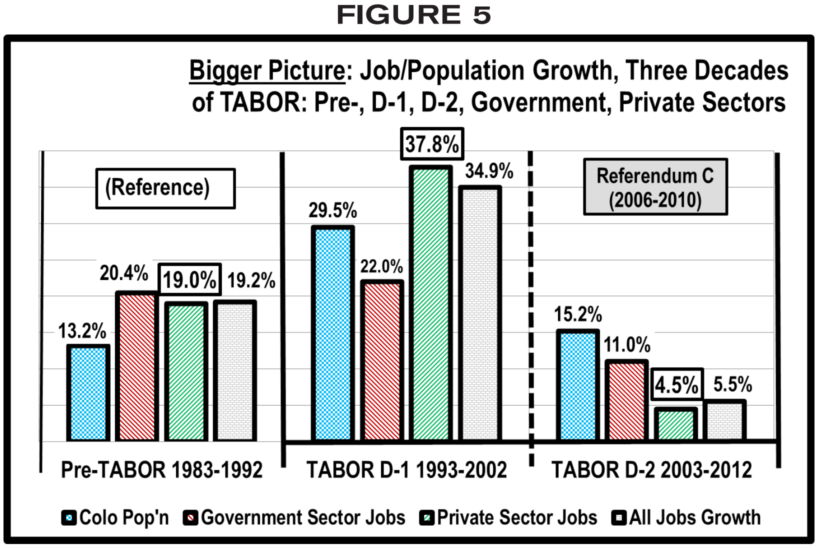


FIGURE 5



Government spending growth compared to personal income growth

In Figure 6, we compare per-capita changes in personal income with changes in per-capita government revenue and spending. Figure 6 also shows how Colorado's increases in personal income compared to national changes. Throughout the three decades, the revenue and spending of the Colorado government grew much more than did the personal income of Colorado's taxpayers. The disparity existed even in TABOR Decade-1, although the disparity was less than in the preceding and succeeding decades. During Decade-1, Coloradans' personal income grew significantly more than did personal income in the rest of the United States. In the pre-TABOR decade, and in TABOR Decade-2, Colorado personal income growth was slightly less than national income growth. Figure 7 displays the per-capita data in a line chart showing 30-year long-term

> During Decade-1 [of TABOR], Coloradans' personal income grew significantly more than did personal income in the rest of the United States.

FIGURE 6

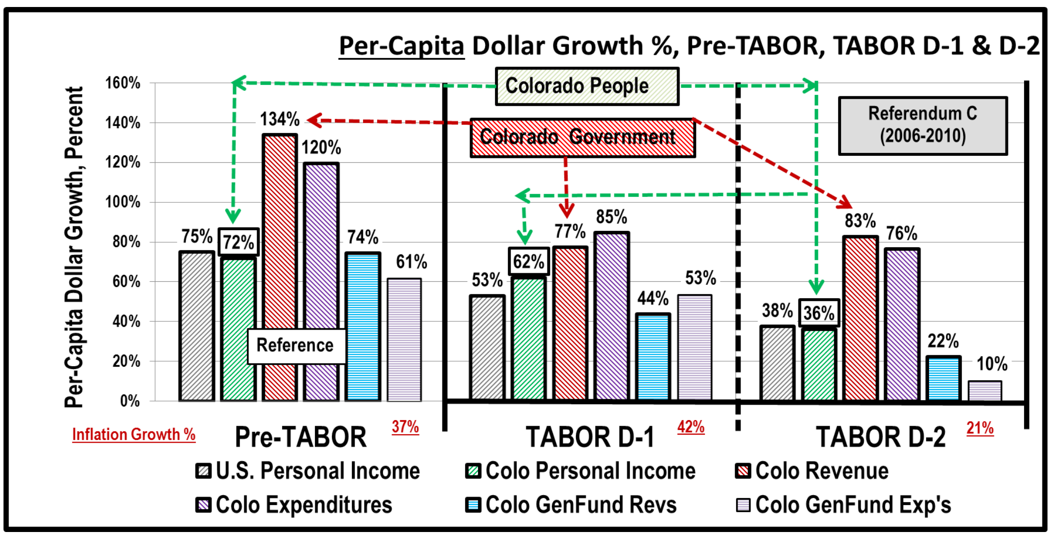
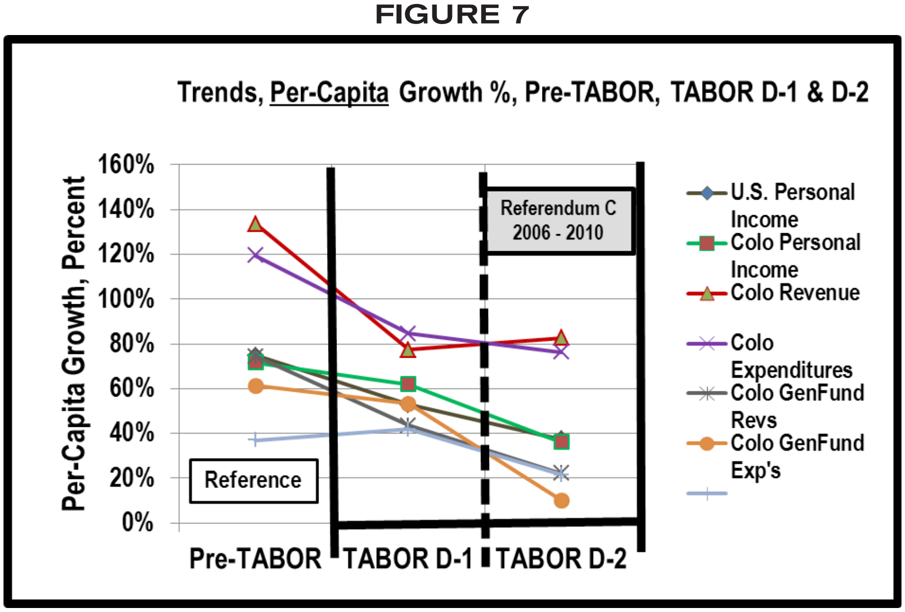


FIGURE 7



trends. Across the board, in Colorado and nationally, growth rates trend downward. One of the few exceptions is that in TABOR Decade-2, Colorado revenue (taxes) increased slightly, even while Colorado personal income dropped sizably.

Figure 8 shows a subset of the information from Figure 6: a direct comparison of the personal income growth of Colorado citizens compared to the income growth of the Colorado government. The government's income (taken from the people) has always been growing much faster than the people's income. But the gap was lessened during TABOR Decade-1.

In Figure 9, we compare two other items from Figure 6: ration of per-capita income growth in Colorado versus nationally. Colorado far outperforms the rest of the country in TABOR Decade-1, while closely matching national growth rates in the other decades.

FIGURE 8

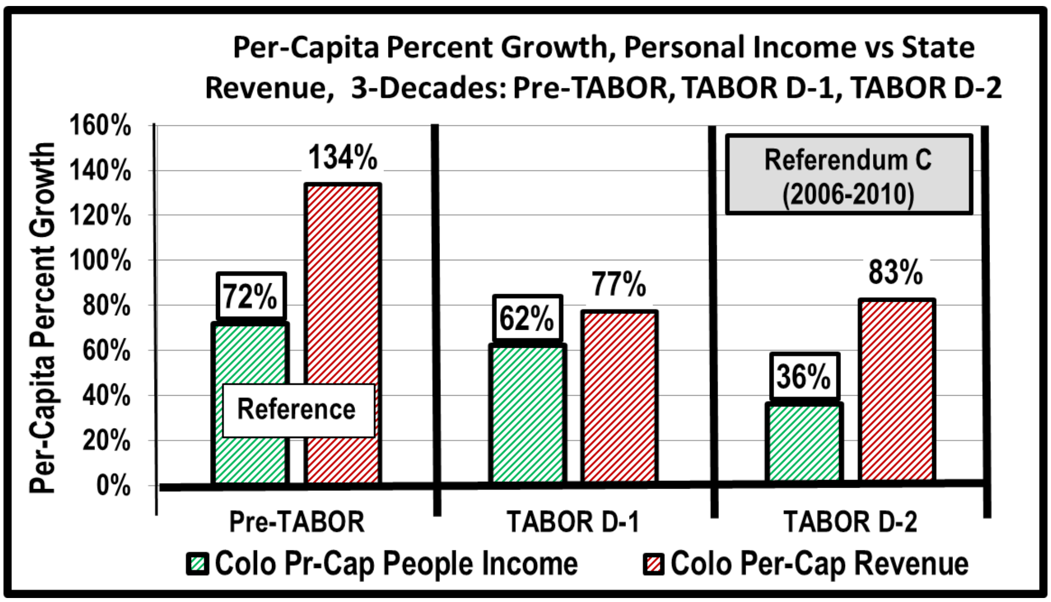


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FIGURE 9

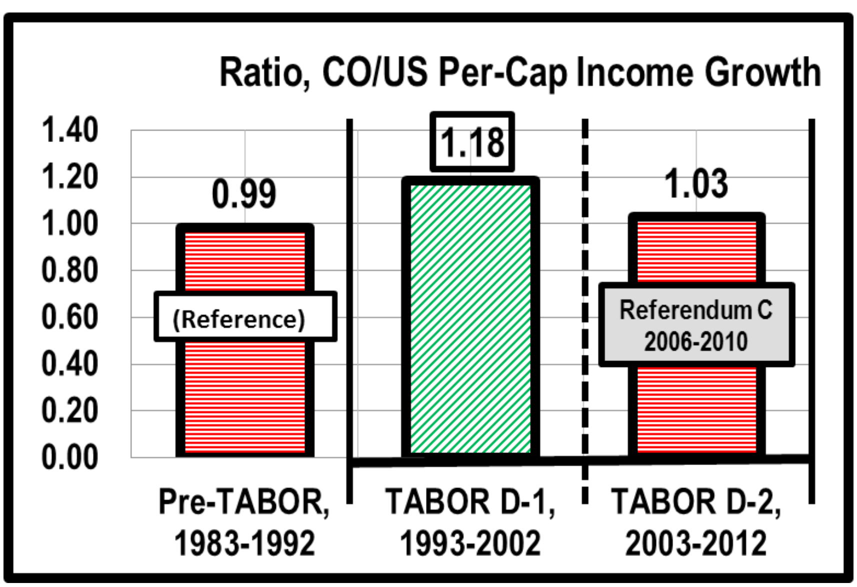
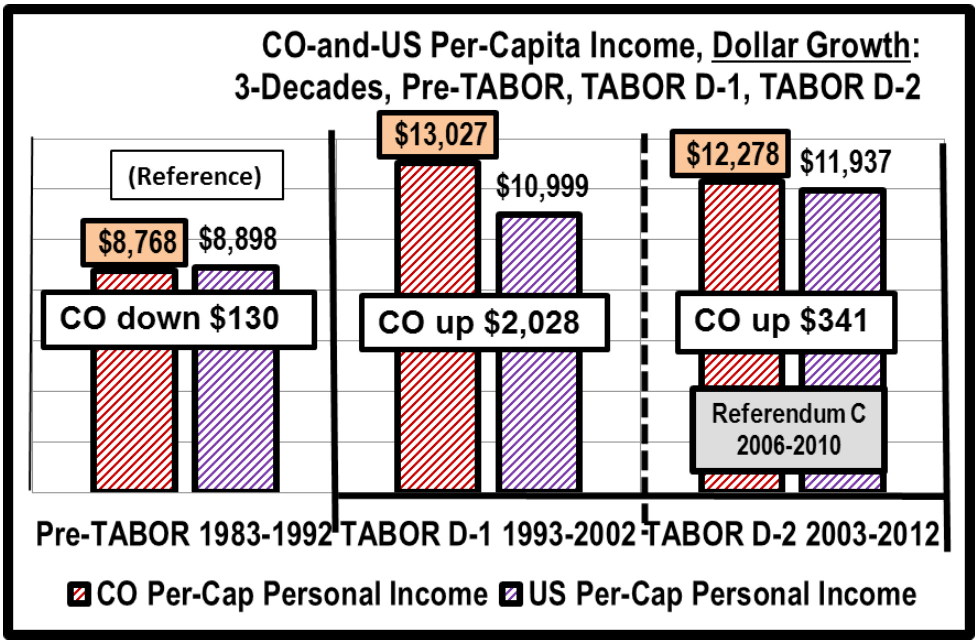


Figure 10 shows Colorado vs. national per-capita income growth in terms of dollars. In the pre-TABOR decade, Coloradans' per-capita income growth was $130 more than growth for the average American. In TABOR Decade-1, Coloradans gained $2,078 more income than the national average. In Decade-2, the relative gain was $341.

FIGURE 10



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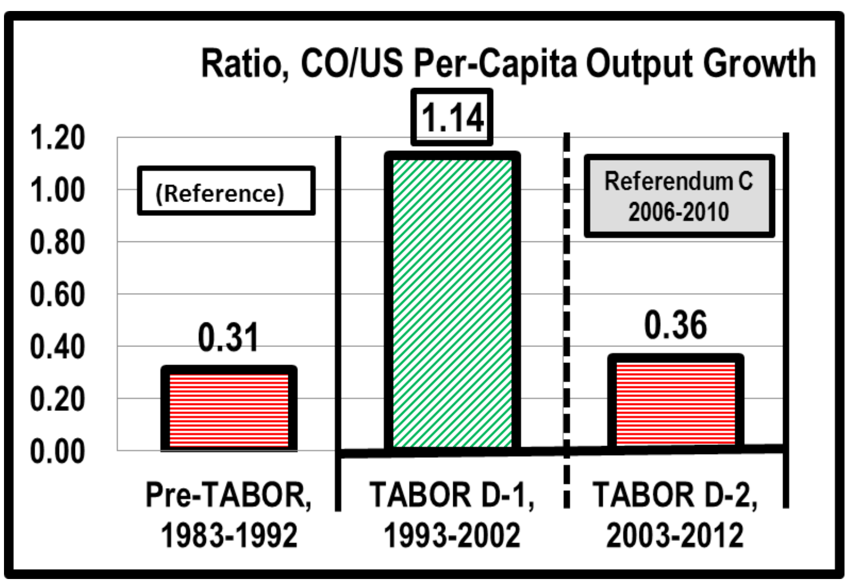
Output Growth

This section examines Colorado vs. national changes in economic productivity. On a per-capita basis, what was the growth in productivity nationally (Gross Domestic Product, GDP) versus the growth in Colorado productivity (Gross State Product, GSP)?

As Figure 11 shows, Colorado's economic growth rate was far below the national rate

FIGURE 11



pre-TABOR, and in TABOR Decade-2. Colorado's TABOR Decade-1 economic growth rate was over three times greater than the national rate in the other two decades.

Figure 12 shows the Colorado and national economic growth rates for each decade. Pre-TABOR, Colorado's per-capita GSP grew 29.5%, compared to national growth of 95.5%. In TABOR D-1, Colorado's 78.4% growth exceeded the national growth of U.S. 67%. Then in D-2, Colorado reverted to its lagging status, growing only 29.9%, compared to national growth of 47.2%.

Another way to consider this information is the Compound Annual Growth Rate (CAGR). Figure 13 shows the average Compound Annual Growth Rate of Colorado GSP versus national GDP in

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FIGURE 12

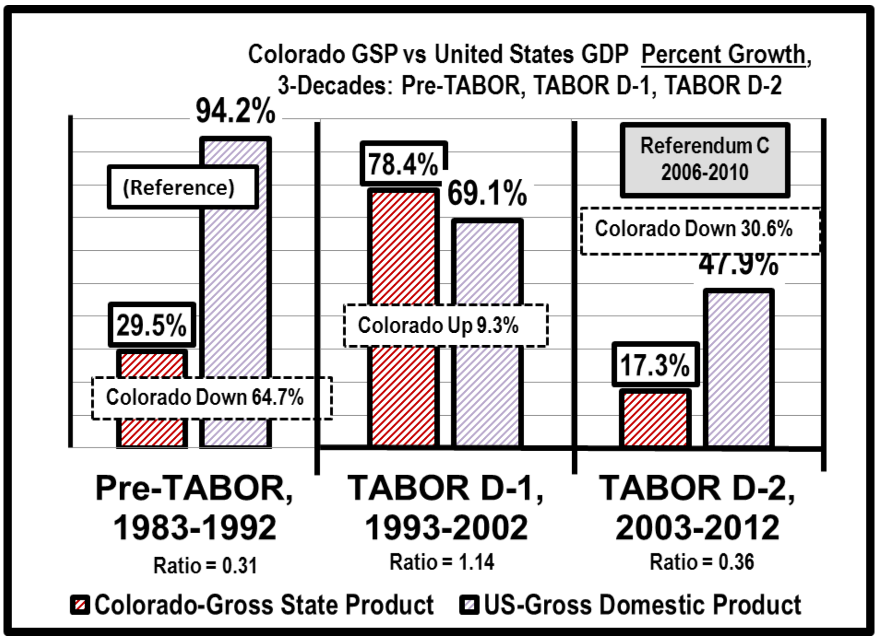
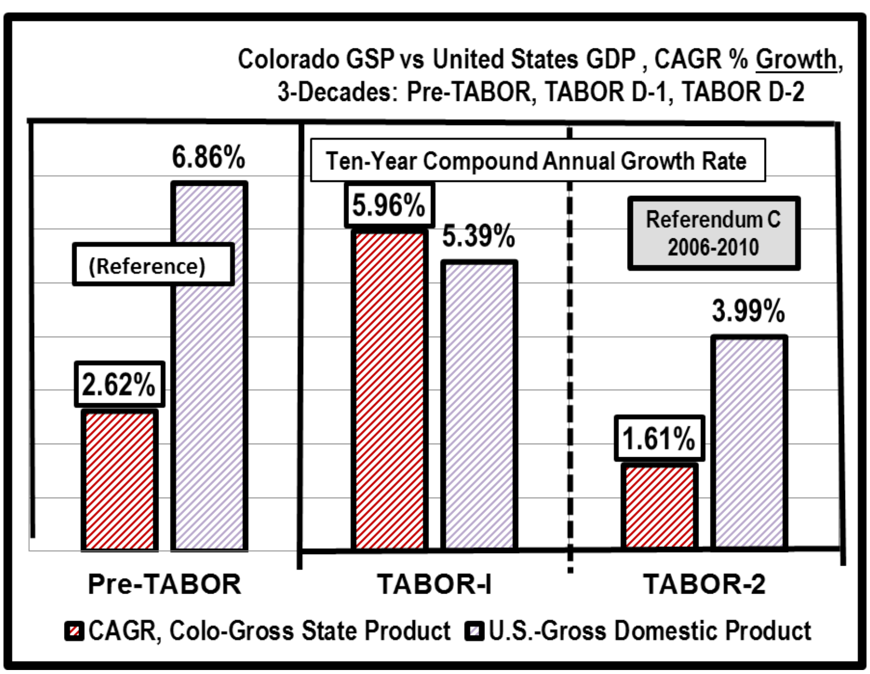


FIGURE 13



each decade. Pre-TABOR, Colorado's productivity growth rate was 2.62%, much less than the U.S. rate of 6.86%. During TABOR D-1, Colorado pulled ahead, with a 5.96% CAGR, compared to 5.39% nationally. Then in D-2, Colorado fell behind again, with 1.61% annual growth, versus 3.99% nationally.

How "exempt" revenues drive Colorado government growth

TABOR has a loophole for some government revenue which does not come directly from the taxpayers:

> *"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."*[6]

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The executive branch's interpretation of the constitutional provision is: "The exceptions include revenues from federal funds, gifts, property sales, refunds, damage recoveries, transfers, voter-approved revenue changes, and qualified enterprise fund revenues."[7]

A second TABOR loophole is for government "enterprises": "'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." Colo. Constitution, art. X, §20(1)(d).

The state government's *Comprehensive Annual Financial Report* (CAFR) began reporting "exempt" versus "non-exempt" revenue in 1995. Figure 14 shows the total exempt revenue and spending in the second decade of total: 25 billion dollars.

FIGURE 14

COLORADO COMPREHENSIVE ANNUAL FINANCIAL REPORT

TABOR REVENUES, EXPENDITURES, FISCAL YEAR SPENDING LIMITATIONS, AND REFUNDS

Last Ten Fiscal Years
(Dollars in thousands, 2011-12)

DISTRICT REVENUES:
Exempt District Revenues: $15,017,772
Nonexempt District Revenues: $10,273,184
TOTAL DISTRICT REVENUES: $25,290,956

Figure 15 shows how "exempt" revenues have increased in the two decades of TABOR: from 43% of revenue in 1995 to 59% in 2012.

Figure 16 shows the dollar growth in exempt revenues, from $5.7 billion to $15.0 billion.

FIGURE 15

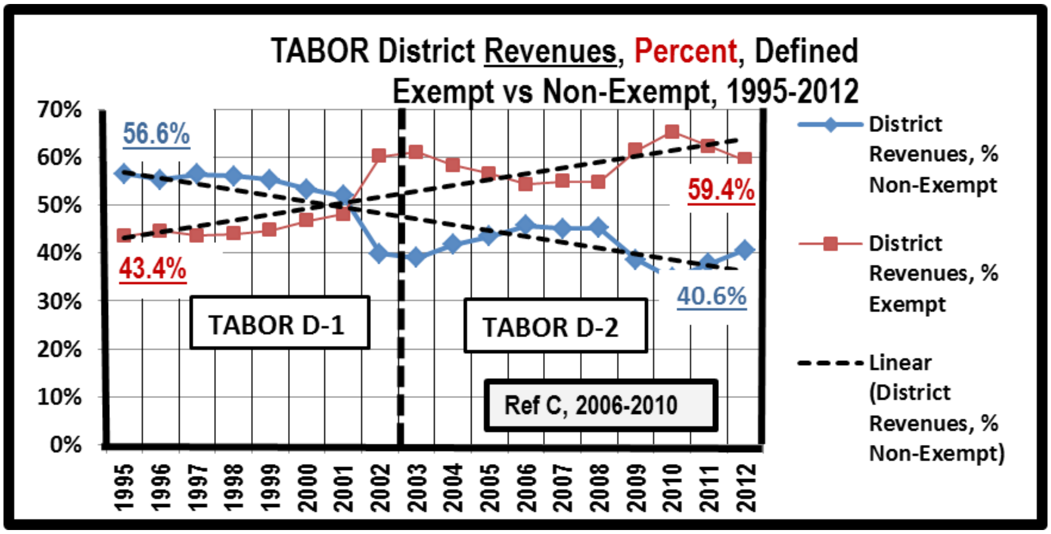
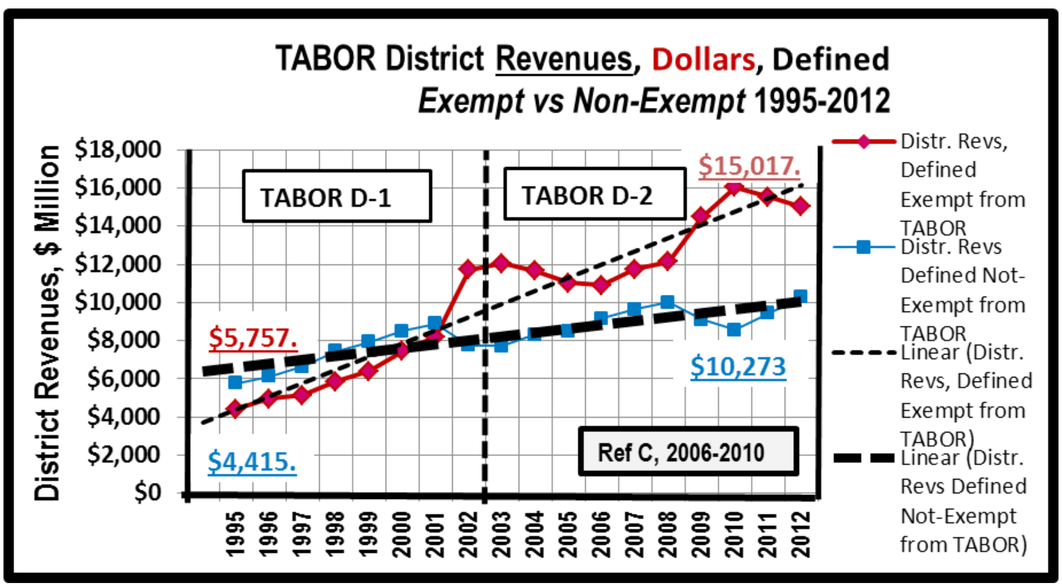


FIGURE 16



With No TABOR, What Would Colorado State Revenues Have Been?

During the pre-TABOR decades, Colorado State Revenues had a compound annual growth rate (CAGR) of 8.86%. What if the Taxpayer's Bill of Rights had not slowed this high growth rate?

Figure 17 shows the big picture. The blue line is the annual state revenues for the two decades of TABOR. The red line shows what would have been the results of a continuing 8.86% CAGR. The difference between the two lines is the savings to Colorado taxpayers.

For example, in 2012, the Colorado State Government took $4,995 per-capita in taxes from Coloradans.[8] If not for TABOR, an addition $442 per person would have been taken. In two decades, TABOR's restraint of government spending growth cumulatively saved each person in Colorado about $6,173.

Suppose that taxpayers had invested their savings, earning an annual return of 2 or 3 percent? Figure 18 shows the results. An individual would have about $7,460 (2% return) or $8,229 (3% return).

Of course for a family of four, the above figures would be multiplied by four. Cumulatively, the savings are quite large: enough to pay for several semesters of college tuition (depending on the school), or purchase of one or two good-quality used cars.

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FIGURE 17

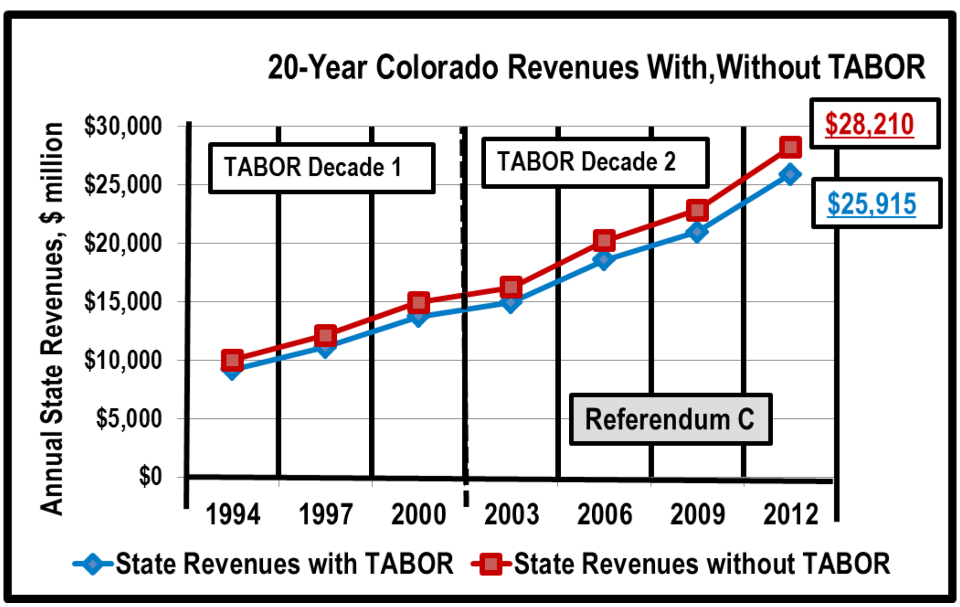
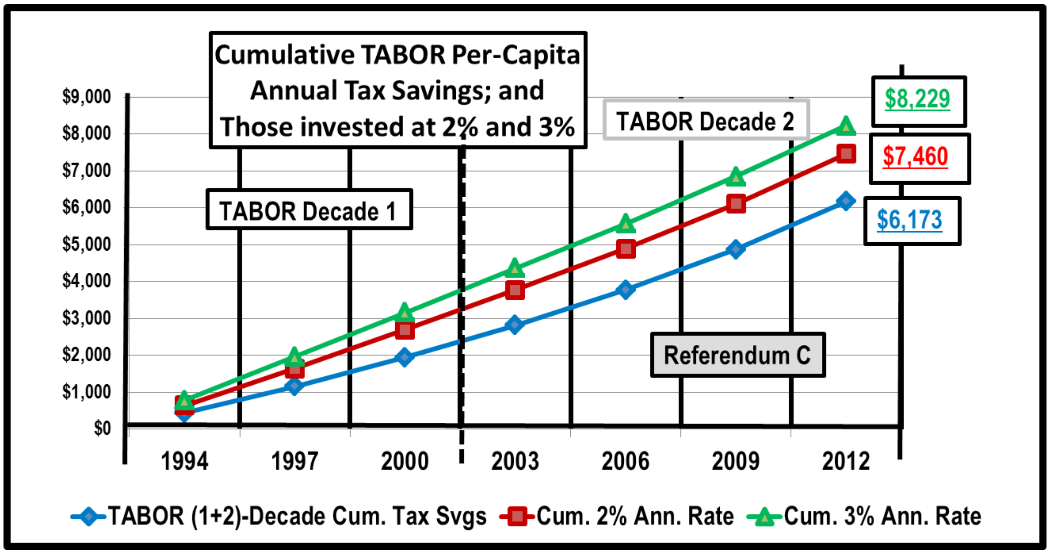


FIGURE 18



Conclusion

Tax-and-Spending Limitation Results

The Taxpayer's Bill of Rights Amendment has worked well to achieve its stated intention to "slow government growth." Although government has still continued to grow significantly faster than the rate of population-plus-inflation, the Taxpayer's Bill of Rights did partially dampen excess government growth. It did not cut or reduce reasonable government growth.

In terms of economic vitality, Colorado's Decade-1 was best for Colorado. Unlike in the pre-TABOR decade, or in TABOR Decade-2 with its record increase in taxes and spending, because of Referendum C, Colorado's first TABOR decade saw the state economy far outperform the national economy.

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Appendix A: Comprehensive Master Colorado Growth Chart

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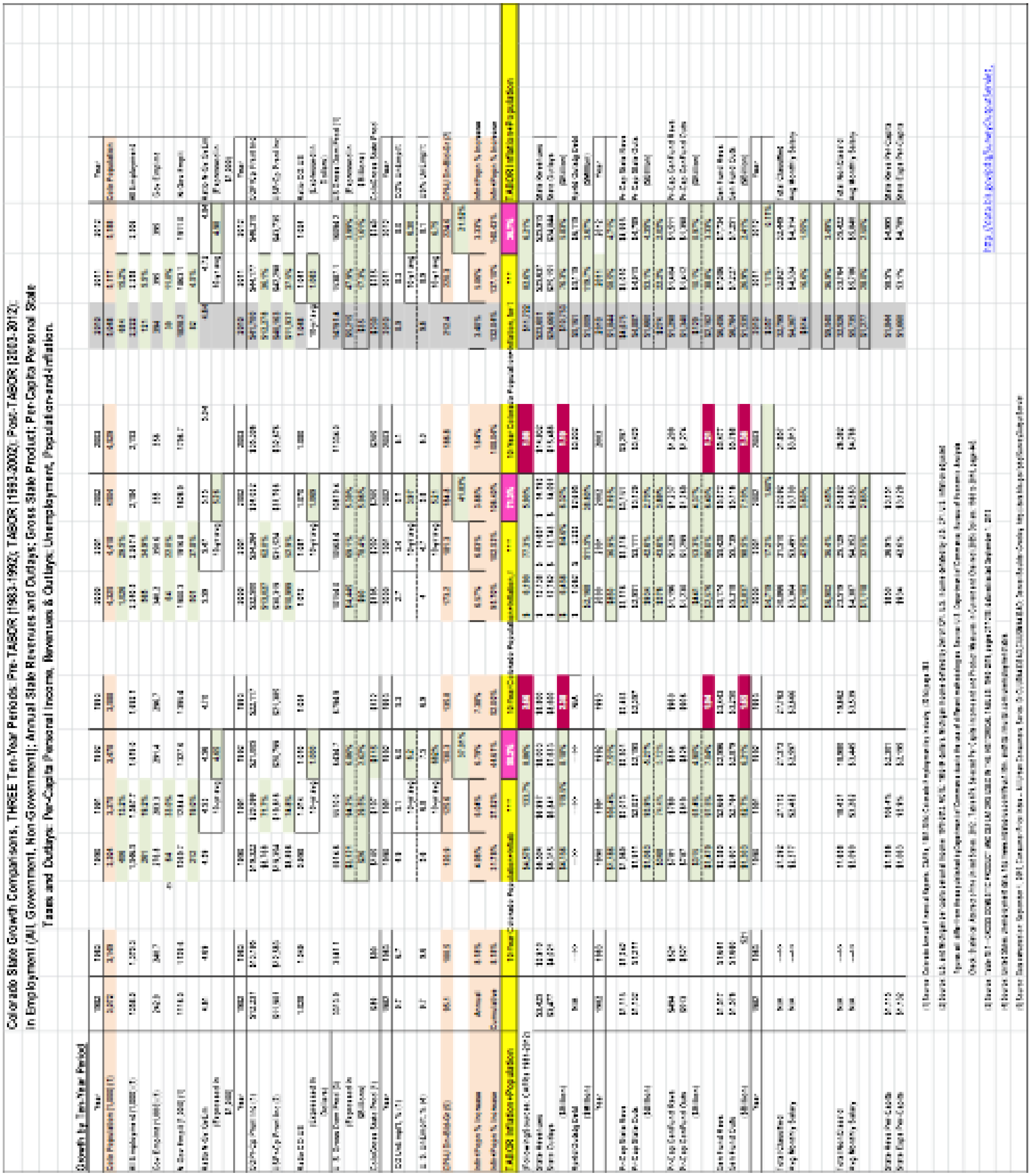
Pre-TABOR* (1983-1992), TABOR* Decade 1 (1993-2002) and Post-TABOR*Decade 2 (2003-2012), 10-Year Data Comparisons

Colorado *TAxpayer's Bill Of Rights, Colorado Constitution, Article X, Revenue, Section 20, 30-Year Analysis

	A	B	C	D	E	F	G	H	I	J	
Line No.		Pre-TABOR	(Reference)	GROWTH for Three-10-Year Periods		TABOR D1			TABOR D2		Line No.
1		1983-1992				1993-2002			2003-2012		1
2	13.2%	406,000	Jobs / Pop'n	Population, % Growth	29.5%	1,026,000	Jobs / Pop'n	15.2%	684,000	Jobs / Pop'n	2
3	37.0%		46.5%	Colorado Inflation, % Growth	41.8%		48.5%	21.5%		44.4%	3
4	50.2%			Total, Population-plus-Inflation %	71.3%			36.7%			4
5	Total Growth: Revs, Outlays-to-(Popn+Infl)			Total Growth: Revs, Outlays-to-(Popn+Infl)				Total Growth: Revs, Outlays-to-(Popn+Infl)			5
6	133.7%	2.66		State Revenues (Taxes,Fees,More),%	77.3%	1.08		82.6%	2.25	Note: ReferendumC	6
7	119.5%	2.38		State Outlays (Taxpayer Dollars), %	84.6%	1.19		76.3%	2.08	(2006-2010)	7
8	97.5%	1.94		Gen'l Fund Rev's (Txpyr Dollars), %	86.0%	1.21		38.8%	1.06		8
9	82.7%	1.65	Annual Output	Gen'l Fund Outl's (Txpyr Dollars), %	98.5%	1.38	Annual Output	26.9%	0.73	Annual Output	9
10		Ratio	Ratio of %			Ratio	Ratio of %		Ratio	Ratio of %	10
11	29.5%		Colorado-to-U.S.	Colorado Gross State Product, %	78.4%		Colorado-to-U.S.	17.3%		Colorado-to-U.S.	11
12	94.2%		0.31	U.S. Gross Domestic Product, %	69.1%		1.14	47.9%		0.36	12
13											13
14	71.7%	$8,768	$ %	Colo Per-Cap Pers'l Inc. Growth, %, $	62.0%	$13,027	$ %	36.1%	$12,278	$ %	14
15	74.8%	$8,898	98.5%	U.S. Per-Cap Pers'l Inc. Growth, %, $	52.9%	$10,999	118.4%	37.5%	$11,937	102.9%	15
16											16
17	106.4%	$1,186	2.12	Pr-Cap State Revs (Taxes), %, $, Ratio	36.9%	$850	0.52	58.5%	$1,844	1.59	17
18	93.9%	$1,063	1.87	Pr-Cap State Outs (Taxes), %, $, Ratio	42.6%	$934	0.60	53.1%	$1,660	1.45	18
19	74.4%	$368	1.48	Pr-Cap Gen'l Fund Revs, %, $, Ratio	43.6%	$376	0.61	22.2%	$274	0.60	19
20	61.4%	$315	1.22	Pr-Cap Gen'l Fund Outs, %, $, Ratio	53.3%	$441	0.75	10.1%	$129	0.28	20
21	Jobs, Jobs, Jobs		Jobs Creation	Jobs Growth Data	Jobs, Jobs, Jobs		Jobs Creation	Jobs, Jobs, Jobs		Jobs Creation	21
22	19.2%	261,000	Ratio:	All Job Growth, %, Number of Jobs	34.9%	565,300	Ratio:	5.5%	121,200	Ratio:	22
23	19.0%	211,600	Private-to-Gov't	Non-Gov't (Private Sector) Empl't	37.8%	501,300	Private-to-Gov't	4.5%	82,100	Private-to-Gov't	23
24	20.4%	49,400	4.28	Government (Public Sector) Empl't	22.0%	64,000	7.83	11.0%	39,100	2.10	24
25	4.61	4.56	-1.2%	Ratio: N-Gov/Gov, Decade Strt-to-End	4.56	5.15	13.0%	5.15	4.84	-5.9%	25
	A	B	C	D	E	F	G	H	I	J	

Appendix B: Abbreviated Chart of Thirty Years of Colorado CAFRs, Comprehensive Annual Financial Reports of Data


Colorado State Growth Comparisons, THREE Ten-Year Periods: Pre-TABOR (1983-1992); TABOR (1993-2002); Post-TABOR (2003-2012);
In Employment (All Government, Non-Government); Annual State Revenues and Outlays; Gross State Product; Per-Capita Personal State
Taxes and Outlays: Per-Capita Personal Income, Revenues & Outlays; Unemployment, Population and Inflation.

Appendix C: Taxpayer's Bill of Rights

Colorado Constitution, Article X (Revenue), 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) At least 30 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. The districts may coordinate the mailing required by this paragraph (b) with the distribution of the ballot information booklet required by section 1 (7.5) of article V of this constitution in order to save mailing costs. 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 45 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. The provisions of this subparagraph (v) do not apply to a statewide ballot issue, which is subject to the provisions of section 1 (7.5) of article V of this constitution.

(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.

Enacted by the People November 3, 1992 — Section 1 of article V of this constitution provides that initiated measures shall take effect upon the Governor's proclamation. Subsection (1) of this section provides that this section shall take effect December 31, 1992, or as stated. (See subsection (4).) The Governor's proclamation was signed January 14, 1993. (For the text of this initiated measure, see L. 93. p. 2165.); section 20 (3)(b)(v) amended November 8, 1994 — Effective upon proclamation of the Governor, January 19, 1995. (See L. 94, p. 2851.); the introductory portion to section 20 (3)(b) and (3)(b)(v) amended November 5, 1996 — Effective upon proclamation of the Governor, December 26, 1996. (For the text of the amendment and the votes cast thereon, see Laws 1995, p. 1425, and Laws 1997, p. 2393.)

Endnotes

1 2014 Colorado *Comprehensive Annual Financial Report* (CAFR), p. 29.

2 Fred Holden "A Decade of TABOR Ten Years After: Analysis of the Taxpayer's Bill of Rights," Independence Institute Issue Paper no. 8-2003, p. 11, https://i2i.org/articles/tabor2003.PDF.

3 2014 CAFR, p. 31.

4 2014 CAFR, p. 30.

5 The ten-year percentage growth rates were calculated in dollars and Compound Annual Growth Rates. See https://en.wikipedia.org/wiki/Compound_annual_growth_rate, http://www.moneychimp.com/glossary/cagr.htm, http://best-excel-tutorial.com/55-advanced/108-cagr

6 Colo. Constitution, article X, § 20(1)(e).

7 2014 CAFR, p. 27.

8 2012 CAFR, p. 26.

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