



Local Impacts

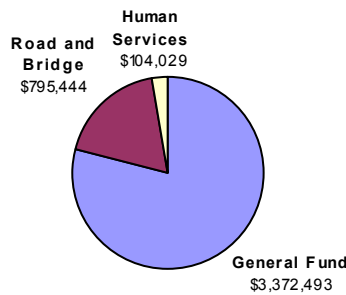
Archuleta County, Colorado: Property Tax Erosion

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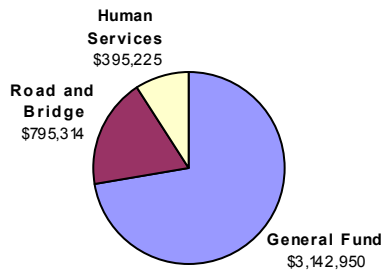
Fall 2006

From before statehood, Coloradans have held closely to the philosophy of “local control” when it comes to taxes and government services. While Colorado’s state taxes are below the national average, our local taxes tend to be higher than the national average. The fiscal constraints in our state constitution have had a profound impact on every government entity in the state but no two are alike. Colorado’s counties, cities, towns, school districts, water districts, fire protection districts and other government entities are each unique in demography, economy, tax base and level of government service.

**Archuleta County
2005 Property Tax Revenue**



**Montezuma County
2005 Property Tax Revenue**



Annual local growth

is defined by TABOR as the inflation rate (CPI) of Denver-Boulder-Greeley plus the net percentage change in real property values of newly constructed property minus destroyed property (net new construction). The TABOR formula does not recognize increases in the actual market value of existing property or other growth factors.

TABOR:

Different Growth Limits for Different Levels of Government:

State

Inflation (CPI) plus % change in population

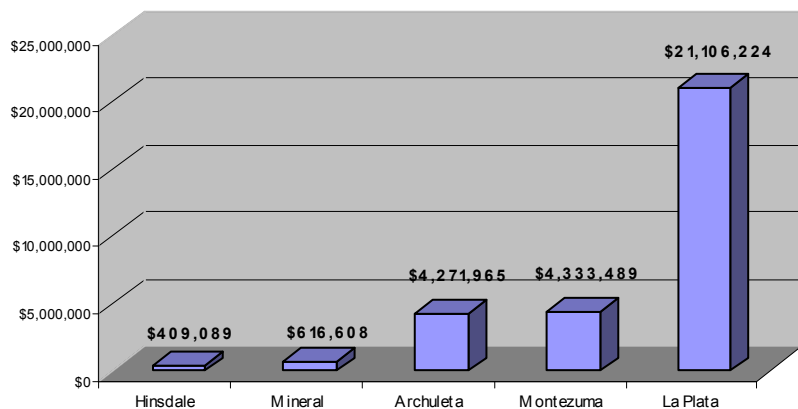
Local

Inflation (CPI) plus % change in net new construction

School District

Inflation (CPI) plus % change in enrollment

2005 County Property Tax Revenues

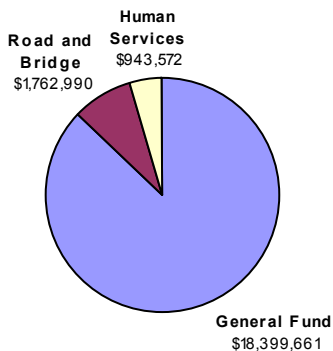


Local Impacts: Archuleta County, Colorado

Debrucing: This term is named after the author of TABOR, Douglas Bruce and refers to elections where voters are asked to allow government to keep and use all or part of the revenue collected beyond the TABOR limit. Local governments (especially school districts) have been successful in debrucing. In fact, about 70% of Colorado school districts have debruced to some extent* since TABOR went into effect, while state government has never successfully debruced completely. Many believe this is because taxpayers have more trust in effective government spending when it takes place closer to home. Debrucing may be done in perpetuity or for a specified period of time.

* 2002 figure

La Plata County 2005 Property Tax Revenue



La Plata County has debruced in perpetuity.

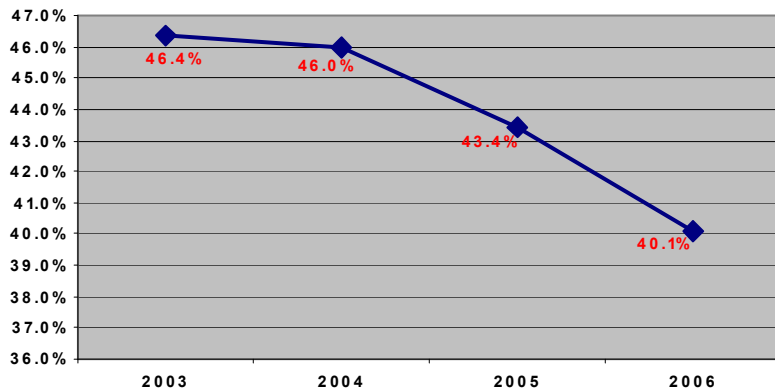
Limitations on Local Revenue

Even before TABOR, Colorado law (the Gallagher Amendment) limited yearly revenue increases for local governments to a 5.5% increase from prior year revenues. In 1993, TABOR modified the local government revenue growth limit to the lesser of the 5.5% limit or the sum of inflation and “annual local growth”. For schools, TABOR caps revenue growth at the rate of inflation plus the increase in student enrollment in each school district. Just as with the statewide TABOR limit, any revenue beyond the local limit must be refunded/credited to the taxpayers and any changes to the limits are subject to a vote of the people.

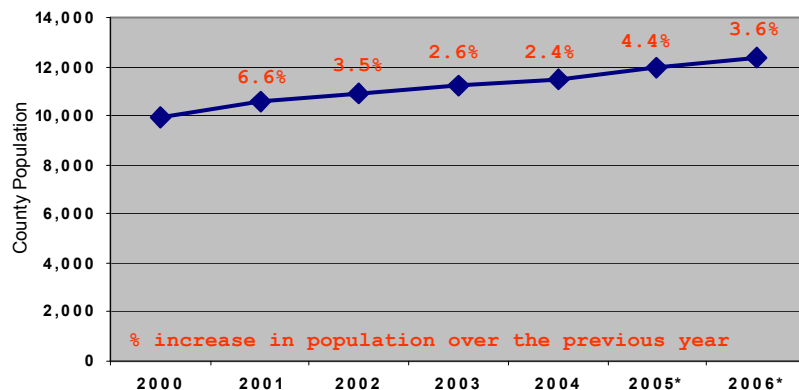
Revenue Trends

Local governments do not levy an income tax and depend primarily on property tax and sales tax. Although the sum of all local tax revenue continues to climb each year, the effect of the Gallagher Amendment combined with TABOR, have caused a steady erosion of local government’s most reliable source of revenue—property tax. Many localities have responded to this trend by increasing reliance on the more volatile sales tax and by “debrucing.”

Archuleta County Property Tax Revenue Decrease as a Portion of Total Revenues (General Fund)



Archuleta County Population Growth



* Dept. of Local Affairs 2005 & 2006 estimates based on historic growth trend