

TABOR: WHY IT’S BAD

by
Craig Bonnot

Contents

What is TABOR.....	2
Governments Effectuated.....	2
TABOR Requirements	2
Tax Bans	2
Spending Cap	3
Problems With the Revenue Cap Formula	3
Tabor Refunds.....	3
Tabor Overrides.....	4
Debrucing	4
Loveland is Debruced.....	5
Voter Approval to Raise Taxes.....	5
Statewide Tax Initiatives.....	6
Local Tax Initiatives	6
Loveland Tax Measures.....	6
Fees Are Okay	7
It’s Okay to Lower Taxes	7
Overall Effects	7
Education Funding	8
Colorado is the Only State to Enact a Taxpayer’s Bill of Rights.....	8
Strangling Government.....	8

What is TABOR

[The Taxpayer's Bill of Rights \(TABOR\)](#) is an Amendment to the Colorado State Constitution that voters passed in 1992. It places budget limitations on governments throughout Colorado.

Governments Effectuated

TABOR applies to the following jurisdictions:

- The State Government
- Counties
- City Councils
- School Districts
- Specialty Districts

TABOR Requirements

The Jefferson County, Colorado [website](#) lists the following TABOR provisions:

- State and local governments are prohibited from raising taxes without voter approval through ballot measures.
- Requires specific language in all ballot measures involving tax increases.
- Limits the amount of money state and local governments can collect in taxes.
- Requires all revenue above that level to be refunded to the taxpayers.
- Requires the State Government to maintain a 3% emergency reserve.

Tax Bans

According to [The Bell Policy Center](#), TABOR bans the state government from introducing a graduated income tax – in effect mandating a flat tax. [The Tax Foundation](#) lists the current state income tax at 4.4 percent meaning regardless of whether you are a family of four earning \$20 thousand a year or a single person earning \$500 thousand a year, you are still only taxed at 4.4 percent.

TABOR also bans:

- Local income taxes
- A statewide property tax

Spending Cap

TABOR places strict limits on the amount of revenue the State and local governments are allowed to spend or save. The [Colorado Virtual Library](#) states the “allowable growth rate is equal to prior year inflation measured in the Denver-Aurora-Lakewood [consumer price index](#) plus the estimated prior year change in the state’s population.”

$$\begin{aligned} \text{Spending limit} &= \text{previous year's base} \\ &\times (\text{annual change in inflation} + \text{population}) \\ &+ \text{voter-approved revenue changes} \end{aligned}$$

Source: [The Colorado Virtual Library](#)

Problems With the Revenue Cap Formula

This formula is woefully inaccurate in addressing inflation as it applies to government budgets. The TABOR formula is calculated using the [consumer price index](#). As its name implies, this index is designed to measure the cost of goods and services for individual consumers. These include things like shoes, electronics and food.

However, governments don’t buy groceries or gas. Most state and local expenditures are dedicated to transportation, health care and education, and the cost of these have risen at a higher rate than the general rate of inflation.

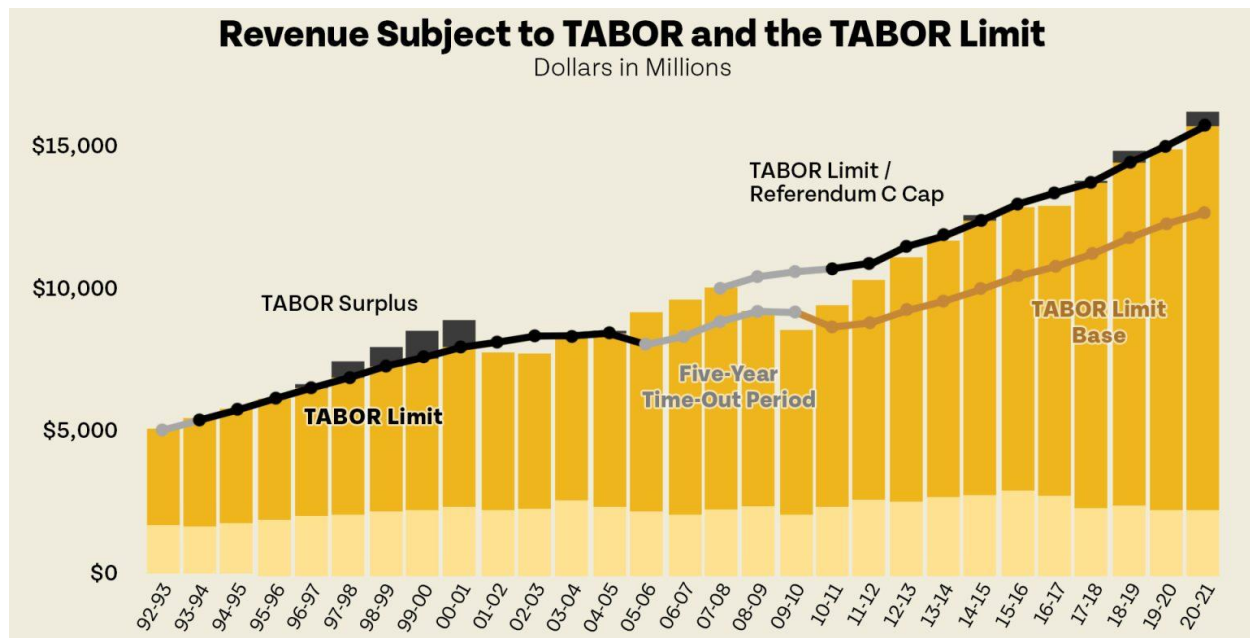
The [Bell Policy Center](#) explains this thusly:

A look at long-term changes in the cost of healthcare – a significant government expenditure – highlight the problems with a reliance on pegging the revenue cap to inflation. Since October 2000, medical inflation has grown 110.1 percent, while the CPI has only increased 71.3 percent over the same time period.

Tabor Refunds

All revenue collected above this cap, referred to as TABOR surpluses, must be refunded to voters. This is why you get a TABOR refunded.

In 2022, the [Bell Policy Center](#) reported “even as core public services remained underfunded, more than \$3.5 billion had to be sent to Coloradans in the form of tax credits, income tax cuts, and cash.”



Tabor Overrides

The State and local governments can keep revenue above the TABOR limit to spend on funding essential services as long as they get voter approval in the form of ballot measures, known as TABOR overrides. Before these can be put before voters, local government entities must approve the ballot language and formally request it be added to the ballot.

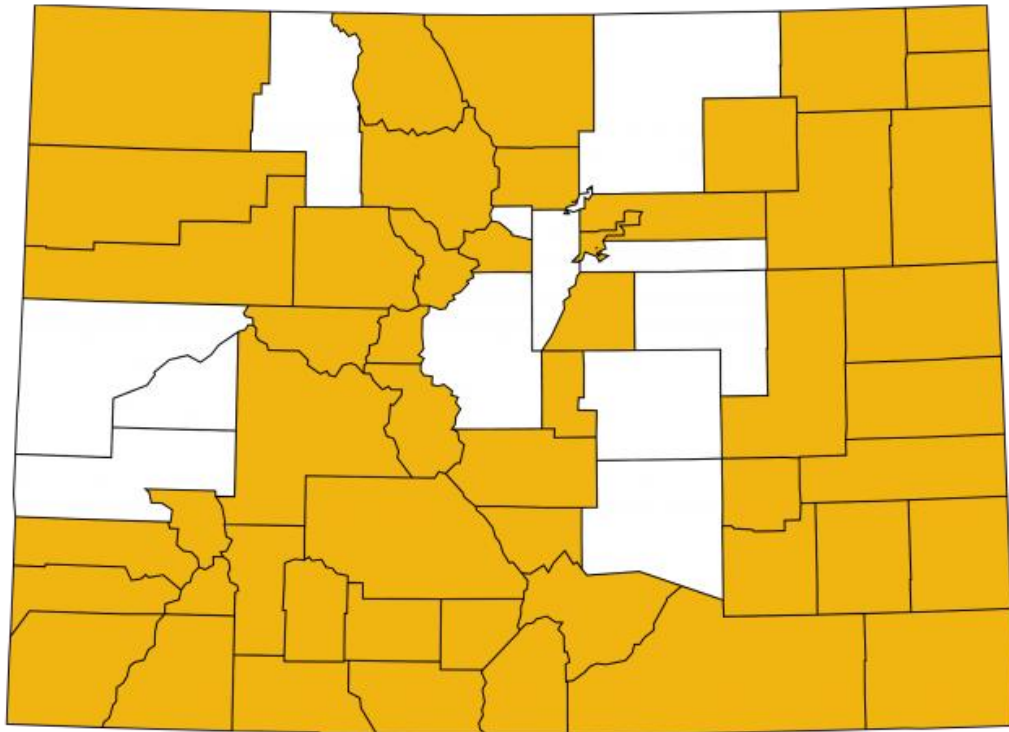
Debrucing

Spending caps can be eliminated for counties, municipalities and school districts provided they receive voter approval in the form of ballot measures. This process is referred to as Debrucing, a reference to TABOR author Douglas Bruce.

According to the [Bell Policy Center](#), Debrucing efforts have been successful in

- 51 of 64 counties
- 230 of 274 municipalities
- 177 of 178 school districts

DEBRUCED COLORADO COUNTIES



**Yellow denotes a debruced county*

Source: Information from Colorado Counties, Inc.

Loveland is Debruced

According to the [City of Loveland](#) in 2024, a Debrucing measure, Ballot Measure 2G, was approved by voters. As such, the City is not currently subject to the TABOR spending cap. The measure remains in effect for 12 years after which voters will have to extend it. The City states the funding will be used to “support services like street maintenance, public safety, and parks.”

Voter Approval to Raise Taxes

Lawmakers in Colorado at both the state and local level are prohibited from raising taxes without first receiving voter approval. TABOR requires specific ballot language. An example of this ballot language recently used by the [City of Loveland](#) is as follows:

SHALL CITY OF LOVELAND TAXES BE INCREASED \$22 MILLION
ANUALLY IN THE FIRST FULL FISCAL YEAR AND BY WHATEVER
ADDITONAL AMOUTNS AS ARE GENERATED ANNUALLY
THEREAFTER FROM THE IMPOSITION OF AN ADDITIONAL 1.00%
SALES TAX TO BE USED FOR ANY MUNICIPAL PURPOSE INCLDING

BUT NOT LIMITED TO, ENABLING THE CITY TO CONTINUE TO PROVIDE VALUABLE CITY SERVICES AND INFRASTRUCTURE; AND SHALL THE CITY BE AUTHORIZED TO COLLECT, RETAIN, AND SPEND ALL REVENUES FROM SUCH TAXES AND THE EARNING FROM THE INVESTMENT OF SUCH REVENUE AS A VOTER-APPROVED REVENUE CHANGE UNDER ARTICLE X, SECTION 20 OF THE COLORADO CONSTITUTION OR ANY OTHER LAW?

Unlike spending caps, local governments are not able to vote to suspend this requirement in local elections.

Statewide Tax Initiatives.

According to [CRP](#) since TABOR was enacted “Ten different statewide tax hikes have failed in Colorado under TABOR, whether they were meant to pay for [transportation](#), [education](#) or [health care](#). Only smaller “sin” taxes — on [nicotine](#), [cannabis](#) and [gambling](#) — have succeeded.”

This shows that voters are willing to raise taxes discouraging behavior they disagree with but will not raise taxes they themselves expect to pay.

Part of this has to do with the prescribed ballot language which requires tax increases be described in “ALL CAPS on voters’ ballots, with the primary emphasis on the millions, or billions, of dollars that each measure will collectively cost taxpayers — leading people to reflexively vote no.”

Local Tax Initiatives

However, not all ballot initiatives fail at the local level. For example, the [Bell Policy reported](#) that in Adams County between 2003 and 2021, “there were 58 questions in Adams County about increasing property or sales taxes and 31 of them passed.”

Loveland Tax Measures







Loveland voters have consistently rejected tax measures since TABOR was enacted. According to the [City of Loveland](#):

- Sales taxes have been set at 3% since 1984
- The property tax mill levy has been 9.564 since 1992. Loveland has the lowest city property taxes in Northern Colorado

TAXES PAID – COMPARISON BY CITY

For an average household, Loveland has the lowest tax load compared to surrounding Northern Colorado communities.



CITY TAXES PAID ON:						
 \$425,000 ASSESSED VALUE 		 \$13,000 RETAIL SPENDING 		 \$4,600 GROCERIES* 		
Property Tax		Sales Tax		Sales Tax on Food*		TOTAL
Mill Levy	Taxes Paid	Tax Rate	Taxes Paid	Tax Rate	Taxes Paid	City taxes paid/yr
22.147	\$ 549.02	3.50%	\$ 455.00	3.50%	\$ 161.00	\$ 1,165.02
11.274	\$ 279.48	4.11%	\$ 534.30	3.46%	\$ 159.16	\$ 972.94
13.42	\$ 332.68	3.53%	\$ 458.90	3.53%	\$ 162.38	\$ 953.96
12.03	\$ 298.22	3.65%	\$ 474.50	3.65%	\$ 167.90	\$ 940.62
9.797	\$ 242.87	4.35%	\$ 565.50	2.25%	\$ 103.50	\$ 911.87
6.072	\$ 150.52	4.00%	\$ 520.00	4.00%	\$ 184.00	\$ 854.52
12.439	\$ 308.36	3.00%	\$ 390.00	0.00%	\$ -	\$ 698.36
6.688	\$ 165.80	3.00%	\$ 390.00	2.25%	\$ 103.50	\$ 659.30
9.564	\$237.09	3.00%	\$390.00	0.00%	\$ -	\$ 627.09

* Food for home consumption

Fees Are Okay

Since voters have proven unwilling to approve tax increases at the ballot box, Colorado lawmakers have begun adding fees to make up the funding shortfall. Unlike tax increases, fees do not require a vote of the people to be enacted. In 2021, [CPR](#) reported that lawmakers had added fees to services like vehicle registration, gas, ride sharing services, hospitals and insurance companies in order to fund essential services.

It's Okay to Lower Taxes

Even though state and local governments can't raise taxes without voter approval, they can lower them. According to [CPR](#), in 2024, the Colorado legislatures voted to lower property taxes and cap the growth of property tax revenue.

Overall Effects

As a result, Colorado collects less revenue than other states. According to the [Bell Policy Institute](#), Colorado is "45th in the nation in state tax revenue, according to the 2020 Colorado Department of Revenue Tax Profile and Expenditure Report. The national average for state tax revenue, per \$1,000 of personal income is \$58.72. Colorado only collects \$43, according to this metric. The reason why this is important is because statewide tax revenue directly influences

how much money the state can spend on schools, health care, and transportation. Low tax revenue means much less money to provide Coloradans the services they want and need.”

Education Funding

TABOR has had a disastrous effect on both K12 and high education funding. [National Education Association](#) reports that within a decade of TABORS adoption, Colorado:

- Declined from 35th to 49th in the nation in K-12 spending as a percentage of personal income.
- Funding for High Education per resident dropped by 31 percent.
- In 1992, Colorado ranked 30th in the Nation in average teacher pay when compared to other occupations. In 2001, Colorado ranked 50th.

Colorado is the Only State to Enact a Taxpayer’s Bill of Rights

But other states have tried. According to the [National Education Association](#) since 1992 when Colorado voters approved TABOR, 30 states have rejected TABOR Amendments to their constitutions.

Across the country, TABOR Amendments are being proposed by right-wing think tanks like the American Legislative Exchange Council (ALEC).

Strangling Government

Since its inaction, TABOR has successfully strangled the government in Colorado. [Bell Policy Center](#) notes the original text of the amendment states. “*Its preferred interpretation shall reasonably restrain most the growth of government.*”