PROPERTY TAX REVENUE LIMIT CALCULATIONS WORKSHEET

("5.5%" limit in 29-1-301, C.R.S., and the TABOR limits, Art. X, Sec. 20(4)(a) and (7)(c), Colo. Const.)

The following worksheet can be used to calculate the limits on local government property tax revenue. Data can be found on the Certification of Valuation (CV) sent by the county assessor on August 25, unless otherwise noted. The assessor can revise the valuation one time before Dec. 10; if so, you must perform the calculation again using the revised CV data. (**Note for multi-county entities**: If a taxing entity is located in two or more counties, the mill levy for that entity must be the same throughout its boundaries, across all county boundaries (Uniform Taxation, Article X, Section 3, Colo. Const.). This worksheet can be used by multi-county entities when the values of the same type from all counties are added together.)

Data required for the "5.5%" calculation (assessed valuations certified by assessor):

1.	Previous year's net total assessed valuation[1]	$
2.	Previous year's revenue[2]	$
3.	Current year's total net assessed valuation	$
4.	Current year's increases in valuation due to annexations or inclusions, if any	$
5.	Current year increase in valuation due to new construction, if any	$
6.	Total current year increase in valuation due to other excluded property[3]	$
7.	"Omitted Property Revenue" from current year CV[4]	$
8.	"Omitted Property Revenue" from previous year CV[5]	$
9.	Current year's "unauthorized excess revenue," if any[6]	$

Data required for the TABOR calculations (actual valuations certified by assessor):

10.	Total actual value of all real property	$
11.	Construction of taxable real property	$
12.	Annexations/Inclusions	$
13.	Increase in mining production	$
14.	Previously exempt property	$
15.	Oil or gas production from new wells	$
16.	Taxable property omitted (from current year's CV)	$
17.	Destruction of Property improvements	$
18.	Disconnections/Exclusions	$
19.	Previously taxable property	$

20. Inflation ______ % (The U.S. Bureau of Labor Statistics (http://www.bls.gov/cpi/home.htm) will not release this number, the Consumer Price Index (CPI) for the Denver-Boulder Area, until February of next year. Forecasts of this inflation figure may be obtained by contacting the Dept. of Local Affairs (DOLA) at (303) 866-2156. or at www.dola.colorado.gov)

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[1] There will be a difference between **net** assessed valuation and **gross** assessed valuation only if there is a "tax increment financing" entity, such as a Downtown Development Authority or Urban Renewal Authority, within the boundaries of the jurisdiction.

[2] **For the "5.5%" limit only** (Part A of this Form), this is the lesser of: **(a)** the total amount of dollars **levied for general operating purposes** on the **net assessed valuation** before deducting any Temporary Tax Credit [if Form DLG 70 was used to certify levies in the previous year, this figure is on Line 1], or **(b)** last year's "5.5%" revenue limit.

[3] Increased production of a producing mine, previously exempt federal property, or new primary oil or gas production from any oil and gas leasehold or land. **NOTE: These values may not be used in this calculation until certified to, or applied for, by filing specific forms with the Division of Local Government** [forms can be found in the *Financial Management Manual* , published by/on the **State Auditor's Office web page** or contact the **Division of Local Government**].

[4] Taxes paid by properties that had been previously omitted from the tax roll. This is identified on the CV as **"taxes collected last year on omitted property as of Aug. 1."**

[5] This figure is available on the CV that you received from the assessor last year.

[6] This applies only if an "Order" to reduce the property tax revenue was issued to the government in the spring of the current year by the Division of Local Government, pursuant to 29-1-301(6), C.R.S.

A. Steps to calculate the "5.5%" Limit (refer to numbered lines on the previous page):

A1. Adjust the previous year's revenue to correct the revenue base, if necessary:

$ ________ (Line 2) + $ ________ (Line 8) **= A1.** $ ________ (Adjusted property tax revenue base)

A2. Calculate the previous year's tax rate, based upon the adjusted revenue base:

$ ________ (Line A1) ÷ $ ________ (Line 1) **= A2.** ________ (Adjusted Tax Rate[7] (round to 6 decimal places))

A3. Total the assessed valuation of all the current year "growth" properties:[8]

$ ________ (Line 4) + $ ________ (Line 5)

\+ $ ________ (Line 6) **= A3.** $ ________ (Total "growth" properties[9])

A4. Calculate the revenue that "growth" properties would have generated:

$ ________ (Line A3) **X** ________ (Line A2) **= A4.** $ ________ (Revenue from "growth" properties)

A5. Expand the adjusted revenue base (Line A1) by the "revenue" from "growth" properties:

$ ________ (Line A1) + $ ________ (Line A4) **= A5.** $ ________ (Expanded revenue base)

A6. Increase the Expanded Revenue Base (Line A5) by allowable amounts:

[$ ________ (Line A5) **X** **1.055**[10]]

\+ $ ________ (DLG-Approved Revenue Increase) + $ ________ (Voter-Approved Revenue Increase[11]) **= A6.** $ ________ (Increased Revenue Base)

A7. Current Year's "5.5%" Revenue Limit:

$ ________ (Line A6) **-** $ ________ (Line 7) **= A7.** $ ________ (Current Year's "5.5%" Revenue Limit[12])

A8. Reduce Current Year's "5.5%" Revenue Limit by any amount levied over the limit in the previous year:

$ ________ (Line A7) **-** $ ________ (Line 9) **= A8.** $ ________ (Reduced Current Year's "5.5%" Limit. This is the maximum allowed to be levied this year[13])

A9. Calculate the mill levy which would generate the Reduced Revenue Limit (Line A8):

$ ________ (Line A8) ÷ $ ________ (Line 3) X 1,000 **= A9.** 0.000 (Mill Levy (round to 3 decimals))

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[7] If this number were multiplied by 1,000 and rounded to three decimal places, it would be the mill levy necessary in the previous year to realize the revenue in line A1.

[8] The values of these properties are "excluded" from the "5.5%" limit, according to 29-1-301(1)(a) C.R.S.

[9] This revenue is the amount that the jurisdiction theoretically would have received had those "excluded" or "growth" properties been on the tax roll in the previous year.

[10] This is the "5.5%" increase allowed in 29-1-301(1), C.R.S.

[11] This figure can be used if an election was held to increase property tax revenue **above the "5.5%"** limit.

[12] Rounded to the nearest whole dollar, this is the "5.5%" statutory property tax revenue limit.

[13] DLG will use this amount to determine if revenue has been levied in excess of the statutory limit.

Steps to calculate the TABOR Limit (refer to numbered lines on page one):[14]

B. TABOR "Local Growth" Percentage

B1. Determine net growth valuation:

$	-	$	=	$
Lines 11+12+13+14+15+16		Lines 17+18+19		Net Growth Value

B2. Determine the (theoretical) valuation of property which was on the tax roll last year:

$	-	$	=	$
Line 10		Line B1		

B3. Determine the rate of "local growth":

$	÷	$	=	
Line B1		Line B2		Local Growth Rate (round to 6 decimal places)

B4. Calculate the percentage of "local growth":

	X 100	=	
Line B3			(round to 2 decimal places)

C. TABOR Property Tax Revenue Limit

C1. Calculate the growth in property tax revenue allowed:

$	X		=	$
Line 2[15]		Line B4 + line 20		Increase allowed

C2. Calculate the TABOR property tax revenue limit:

$	+	$	=	$
Line 2		Line C1		TABOR Property Tax Revenue Limit

C3. Calculate the mill levy which would generate the TABOR Property Tax Revenue Limit (Line C2):

[$	÷	$] X 1,000	=	0.000
Line C2		Line 3		Mill Levy (round to 3 decimal places)

D. Which One To Use? There is general agreement among practitioners that the most restrictive of the two revenue limits ("5.5%" or TABOR) must be respected, disallowing the levying of the greater amount of revenue which would be allowed under the other limit. Therefore, one must decide which of the two limits is more restrictive.

Compare Line A7 (Current Year's 5.5% Revenue Limit) to Line C2 (TABOR Property Tax Revenue Limit). The lesser of the two is the more restrictive revenue limit.

NOTE: TABOR(4)(a) requires prior voter approval to levy a mill levy above that of the prior year. This is a third limit on property taxes that must be respected, independent of the two revenue limitations calculated above. **If the lesser of the two mill levies in A9 and C3 is more than the levy of the prior year, it is possible that neither of the revenue amounts may be generated, and that revenues must be lowered to comply with this third limit.**

[14] This section is offered as a guideline only. The Division is required by law to enforce the "5.5%" limit, but does not have any authority to define or enforce any of the limitations in TABOR.

[15] **NOTE: For the TABOR property tax revenue limit only** (Part C of this form), it may be preferable to use the actual amount levied in the previous year, ignoring footnote #2 on page 1. This is a local option. DLG staff is available to discuss the alternatives.

OTHER LEVIES:

Capital Expenditure Levy

Under the "5.5%" limit, additional revenue greater than that on Line A8 may be levied for capital expenditures, if the specific procedures in 29-1-301(1.2) [counties or municipalities] or 29-1-302(1.5), C.R.S. [special districts or towns under 2000 in population] are followed, or an election is held for this purpose. If such a levy is made, it and the revenue resulting from it must be certified to the county as a separate levy on the Line 5 of Form DLG 70. The amount of revenue derived from this capital levy will not accrue to the "base" upon which next year's calculation will be made.

Refund/Abatement Levy

The refund and abatement revenue, reported by the County Assessor to some local governments on the "Certification of Assessed Valuation" is **not** part of either property tax revenue limitation. This figure, if any, represents revenue that the jurisdiction should have received, but did not. The local government **may** certify mills sufficient to generate the refund and abatement revenue amount[16] in excess of the ones calculated for the property tax revenue limitation. This is an **optional levy** and will not accrue to the base for subsequent years' limit calculations. It can be entered on Line 6 of Form DLG 70 for certifying all levies.

Temporary Tax Credit/Mill Rate Reduction

A temporary mill levy reduction can be made, in order to effect a refund of tax revenue (39-1-111.5 and 29-1-301(6), C.R.S.). If used, it should be certified as a separate levy on Line 2 of Form DLG 70, when certifying tax levies to the County Commissioners.

Annual Incentive Payments

The "5.5%" revenue limitation may be exceeded by **counties** and **municipalities** by the total amount of annual incentive payments made by the local government in accordance with agreements negotiated with certain private business taxpayers pursuant to 30-11-123(6) C.R.S. [counties] and 31-15-903(5) C.R.S. [municipalities]. This is an optional levy and will not accrue to the base for subsequent years' limit calculations. It should be certified to the county commissioners as an "Other levy" on Line 7 of Form DLG 70.

Reappraisals Ordered by the State Board of Equalization

The "5.5%" revenue limitation may be exceeded by counties to pay for the reappraisal of classes or subclasses ordered by or conducted by the State Board of Equalization (29-1-301(1)(a) C.R.S. This levy should be certified as an "Other levy" on Line 7 of Form DLG 70.

Payment to the State for Excess State Equalization Payments.

The "5.5%" revenue limit may be exceeded by counties to make payments to the state when excess state equalization payments are made to school districts due to the undervaluation of taxable property (29-1-301(1)(a) C.R.S. This levy should be certified as an "Other levy" on Line 7 of Form DLG 70.

NOTE: for assistance in using this form, understanding its terms, or suggested improvements, please contact Susanna Lienhard at the Division of Local Government: ☎(303) 866-2354; Email address: susanna.lienhard@state.co.us; street address: 1313 Sherman St., #521, Denver, CO 80203.

[16] 29-1-301(1), C.R.S. and a 1994 Supreme Court case both allow the levying of an amount of revenue above the revenue limits without an election to recoup revenue which was lost in the previous year due to abatements and refunds which might have been granted by various boards and courts. So, for example, if an entity levies $10,000 in one year, but only received $9,000 due to a $1,000 tax abatement granted by a District Court, it could levy an additional $1,000 above either the "5.5%" or TABOR revenue limitation in the following year to offset the loss of revenue.