

Talking Points – Referred Ballot Measure for Retaining Voter Approved DPP Sales and Use Tax Increment

Background

- In November of 2014, Denver voters approved a sales and use tax increase to the dedicated tax for the Denver Preschool Program (from 0.12 to 0.15)
- Total collections for the increment of the increase in first year of collections were \$3,525,759
- Under TABOR, refunds are triggered if tax collections exceed certain estimates provided by the city in election materials
- Due to the unprecedented growth in the overall economy collections exceeded Fiscal Year Spending estimates, triggering need for action
- TABOR allows a city to retain taxes with “later voter approval”

Ballot Measure

- Following TABOR procedures, the city will ask voters to be allowed to retain and spend the increment of sales tax increase, as previously approved by the voters.
- A council bill will refer a measure to the November 2016 ballot that reads:
MAY THE CITY AND COUNTY OF DENVER RETAIN AND SPEND ALL 2015 REVENUES DERIVED FROM THE THREE ONE-HUNDREDTHS OF ONE PERCENT (.03%) SALES AND USE TAX RATE INCREASE IN SUPPORT OF THE DENVER PRESCHOOL PROGRAM AS ORIGINALLY APPROVED BY THE VOTERS ON NOVEMBER 4, 2014, AND CONTINUE TO IMPOSE AND COLLECT THE TAX TO THE FULL EXTENT PERMITTED BY THE ORIGINAL VOTER APPROVAL THROUGH DECEMBER 31, 2026?

What Happens Next

- If ballot measure is approved: status quo. Taxes are retained and there is no need for refunds or any further action.
- If ballot measure is not approved: All \$3.5 million collected in 2015 must be refunded by Dec. 31, 2016 and we would need to address TABOR requirements for having the tax “thereafter reduced.”
 - We do not need to identify refund mechanism in the ballot measure and will continue discussing appropriate options for refund in coming months
 - DPP will not lose funds already provided to them by contract and spent for programming