

STAFF REPORT

BUDGET ADJUSTMENTS FOR MANAGING THE BUSINESS AND OCCUPATION TAX REFUND TO TELECOMMUNICATIONS PROVIDERS.

At the Jan. 26 Regular City Council Meeting, City Council approved [Ordinance 2026-01](#) authorizing a supplemental appropriations of up to \$42.1 million for the 2026 Annual Budget. This change to the budget is needed to refund the city's Business and Occupations Tax paid by telecommunications providers that the Colorado Supreme Court recently ruled the city is prohibited from collecting. At the time of the Jan. 26 meeting, staff were still evaluating the best way to manage the financial impact of this unexpected expense across multiple funds. Staff have now identified the specific budgetary reductions for 2026, which are outlined below

BUDGETARY IMPACTS

Funds for the \$42.1 million in supplemental appropriations will come from \$29 million in the TABOR Fund, and \$13.1 million will come from the General Fund. The TABOR Fund is being used because \$29 million in improperly collected B&O Tax flowed into the TABOR Fund, and the court ruled those funds must come back out of the TABOR Fund. The \$13.1 million from the General Fund is to pay interest as a penalty for improperly collecting the B&O Tax from the telecommunications providers.

The TABOR Fund is used to pay for public safety, open space and park needs as well as transportation infrastructure, and the adjustments shown below will be made to compensate for the refund. While these reductions have been established, other unresolved factors could cause these reductions to be restructured later in the year. The first factor is that telecommunications providers might not claim all of the \$42 million in refunds, which would also reduce the amount of interest paid. The second factor is that the amount of TABOR Funds collected during the year isn't known until the following year. The final amount of TABOR Funds collected in 2025 will not be available until June after the city's financial audit is completed, and these 2025 funds could positively affect the savings, known as fund balances, in each section of the TABOR Fund and the General Fund.

TABOR Public Safety: \$9.7 million

- Savings known as the fund balance.

TABOR Parks: \$9.7 million

- Annual parks acquisition budget.
- Porter Park, delaying development of the park until 2027.
- Savings known as the fund balance.

TABOR Infrastructure: \$9.7 million

- W-Line bridge lighting savings.
- US6 and Wadsworth interchange improvements grant match.
- West Colfax Avenue water main replacement.
- Traffic signal installations.
- Savings known as the fund balance.

General Fund: \$13.1 million

- Savings known as the fund balance.