

Amendment 35
Tobacco Tax Increase for Health-Related Purposes
Legislative Council Staff Responses to Public Comments

The revisions requested by interested persons are provided below in the following format:

ALL CAPS = Proposed new language

~~Strike Type~~ = Proposed deletions

Standard Type = Current language

All page and line references are to the Final Draft version

1 **BULLET SECTION**

2 **1. Responder:** Maria Coe — Office of State Planning and Budgeting

3 **Suggested change:** Page 1, line 2:

4 ♦ increases the tax on a pack of cigarettes by 64 cents TO 84 CENTS PER
5 PACK;

6 **Basis for suggested change:** Change will make first bullet consistent with second
7 bullet.

8 **Staff comment:** Agree in part. The revised staff language makes the bullets
9 parallel.

10 **Revised staff language:** Page 1, line 2:

11 ♦ increases the tax on a pack of cigarettes ~~by 64 cents;~~ FROM 20 CENTS
12 TO 84 CENTS;

13 *****

14 **ARGUMENTS AGAINST**

15 **2. Responder:** Staff

16 **Suggested change:** Page 3, line 37:

17 If this is THE case,

18 **Staff comment:** Corrects technical error.

19 *****

1 **3. Responder:** Wilson Croom — Colorado Association of Distributors

2 **Suggested change:** Add a fourth argument in opposition to the initiative.

3

4 4) THE STATE CURRENTLY HAS BUDGET PROBLEMS CREATED BY TAXES EITHER
5 IMPOSED OR RESTRICTED BY CONSTITUTIONAL AMENDMENT (GALLAGHER AND
6 AMENDMENT 23 BEING THE PRIME EXAMPLES). THE ELECTED LEGISLATURE
7 CANNOT FIX PROBLEMS CAUSED BY CONSTITUTIONAL AMENDMENTS. THE TAX
8 WOULD FUND HEALTHCARE PROGRAMS AND ORGANIZATIONS AND WOULD
9 CONTINUE EVEN IF THE NEED FOR THOSE PROGRAMS OR ORGANIZATIONS NO
10 LONGER EXISTED. THERE WOULD BE NO LEGISLATIVE OVERSIGHT OF HOW THIS
11 MONEY IS ADMINISTERED OR SPENT.

12 **Basis for suggested change:** The voters need to understand that this is a binding
13 constitutional amendment that locks, in perpetuity, a revenue stream for programs
14 that may not require future funds. The legislature cannot fix the problems caused
15 by constitutional amendments. The measure also creates an unsupervised
16 bureaucracy with no legislative oversight on how the new revenues are administered
17 and spent.

18 **Staff comment:** Agree in part. The proposed constitutional amendment
19 establishes a dedicated tax on specified products. If approved, the legislature will
20 have no control over the distribution of this new tax revenue but it will have
21 oversight on how the moneys are administered. An unsupervised bureaucracy will
22 not result from the measure. Staff recommends incorporating the valid points of the
23 proposed argument into argument 3 against.

24 **Revised staff language:** Page 3, line 35:

25 3) Funding for health care may not increase very much. Current law may result
26 in a large portion of the new tax money being spent on existing programs,
27 rather than expanded programs. If this is THE case, smokers would be paying
28 much higher taxes, but few would receive additional health care services.
29 ~~Further, the proposal aims to reduce tobacco use, while at the same time relying~~
30 ~~on smokers to fund its health care programs. Over time, tax revenue may be~~
31 ~~inadequate to maintain the proposal's health care programs if more and more~~
32 ~~people quit smoking.~~ IN ADDITION, THIS NEW TAX MONEY MAY BE INADEQUATE
33 OVER TIME TO MAINTAIN SOME OF THE PROPOSAL'S PROGRAMS WHILE OTHERS
34 MAY HAVE MORE MONEY THAN THEY REQUIRE. THE LEGISLATURE WILL NOT BE
35 ABLE TO FIX THESE PROBLEMS BECAUSE IT WILL HAVE NO CONTROL OVER THE
36 DISTRIBUTION OF THIS MONEY.

37 *****