

DRAFT – NOVEMBER 20

Be it Enacted by the People of the State of Colorado. Article X of the constitution is amended by the addition of a new section to read:

Section 21. Fiscal stabilization.

(1) **Statement of purpose.** THE PURPOSE OF THIS SECTION IS TO ENHANCE THE ABILITY OF THE STATE OF COLORADO AND LOCAL DISTRICTS, WHICH INCLUDE CITIES, COUNTIES, SPECIAL DISTRICTS AND SCHOOL DISTRICTS, TO SUPPORT ESSENTIAL SERVICES THROUGHOUT ECONOMIC UPTURNS AND DOWNTURNS, WHILE PRESERVING THE REQUIREMENT FOR VOTER APPROVAL OF NEW TAXES AND TAX RATE INCREASES.

(2) **Preservation of requirement of voter approval for tax increases.** THIS SECTION IS INTENDED TO PRESERVE AND AFFIRM THE REQUIREMENTS OF SECTION 20(4) OF THIS ARTICLE, INCLUDING THE REQUIREMENT OF VOTER APPROVAL OF NEW TAXES AND INCREASES IN TAX RATES.

(3) **State of Colorado spending limit.** FISCAL YEAR SPENDING BY THE STATE OF COLORADO SHALL NOT EXCEED THE LEVEL OF SPENDING IN FISCAL YEAR 1992, MEASURED AS A PERCENTAGE OF TOTAL PERSONAL INCOME FOR COLORADO, UNLESS VOTERS APPROVE A REVENUE CHANGE IN A STATE AUTHORIZED ELECTION. THIS SHALL BE THE ONLY LIMITATION ON STATE AND LOCAL DISTRICT SPENDING AND REVENUE UNDER SECTION 20 OF THIS ARTICLE.

(4) **Rainy Day Fund created.** THERE IS HEREBY CREATED IN THE STATE TREASURY A STATE RAINY DAY FUND WHICH WILL BE FUNDED FROM REVENUE COLLECTED IN EXCESS OF THE STATE OF COLORADO SPENDING LIMIT AND APPROPRIATIONS AND TRANSFERS APPROVED BY THE COLORADO GENERAL ASSEMBLY.

(A) DEPOSITS TO THE RAINY DAY FUND:

1) THE FIRST ONE HUNDRED MILLION DOLLARS IN REVENUE COLLECTED IN EXCESS OF THE STATE SPENDING LIMIT, IN ANY FISCAL YEAR, SHALL BE DEPOSITED IN THE RAINY DAY FUND. BALANCES IN THE RAINY DAY FUND SHALL NOT EXCEED FIFTEEN PERCENT OF TOTAL STATE GENERAL FUND APPROPRIATIONS FOR THE PRIOR FISCAL YEAR. IF A DEPOSIT OF EXCESS REVENUE WOULD RESULT IN A BALANCE HIGHER THAN FIFTEEN PERCENT OF TOTAL STATE GENERAL FUND APPROPRIATIONS FOR THE PRIOR YEAR, INCLUDING INTEREST INCOME RETAINED IN THE RAINY DAY FUND, EXCESS REVENUE OVER THE AMOUNT REQUIRED TO MEET THE FIFTEEN PERCENT MAXIMUM SHALL BE REFUNDED TO TAXPAYERS PURSUANT TO SECTION 20 OF THIS ARTICLE.

2) THE GENERAL ASSEMBLY SHALL DEPOSIT MONEY IN THE RAINY DAY FUND WHEN GENERAL FUND REVENUES EXCEED GENERAL FUND EXPENDITURES.

(B) REVENUE HELD IN THE RAINY DAY FUND MAY BE SPENT ONLY IF:

1) TOTAL PERSONAL INCOME FOR COLORADO INCREASED BY LESS THAN 4.5% IN THE PRIOR FOUR QUARTERS, OR

2) THE COLORADO GENERAL ASSEMBLY AUTHORIZES SUCH AN APPROPRIATION BY AN AFFIRMATIVE VOTE OF THREE-FIFTHS OF THE VOTING MEMBERS OF EACH HOUSE.