

vide analysis. Although Colorado voters and policymakers ultimately are the ones to set the course and drive state government forward, the process initially must not be geared toward promoting a public policy agenda or political ideology. It should produce only facts and options for improvement.

The analysis should focus on:

- Equity – Are some forms of business activity or some taxpayers in different economic circumstances treated unfairly?
- Efficiency – Does the structure of the fiscal system correspond to the structure of the state’s economy?
- Productivity – Does the system produce sufficient revenues to sustain the delivery of appropriate governmental services?
- Elasticity – Does the system respond too severely to changes in the business cycle?
- Sustainability – Are sufficient monitoring and accountability gauges in place to alert elected officials and voters to systemic problems so that adjustments can be made?

So why hasn’t a study like this been done? It has. Colorado has a long history of comprehensive evaluations that led to overhauls of its fiscal system. Each study was undertaken at a critical time in our state’s history. Each was instrumental in casting light on the state’s path to a more stable future.

The first study was published in 1930, just after the stock market crash of 1929 as Colorado and the nation entered the Great Depression. It was authored by a professor at the University of Kansas and funded by local chambers of commerce throughout the state. The study examined proposals to create a local sales tax and a state income tax, and it evaluated the property tax limitation that existed at that time.

Dr. Eugene Halaas of the Bureau of Business and Social Research at the University of Denver conducted the second study. Published in 1938, it evaluated the rapid tax law changes of the 1930s.

A series of studies in 1946 and 1947, following World War II, constituted the third effort. Com-

missioned by the University of Colorado, they evaluated each major state and local tax source.

The fourth and most recent study was published in February 1959, after the state’s long post-war economic expansion. It was commissioned during the 1957-58 recession by Gov. Steve McNichols and conducted jointly by experts at DU and CU. This was the most comprehensive examination of the state’s economy, the structure of state and local government, and the state and local tax system ever undertaken in Colorado. It took two years to complete at a cost of \$2 million in today’s dollars and produced 27 recommendations for improving Colorado’s economic health, 22 of which were implemented over a 23-year period from 1960 through 1983. The study recommended several tax reforms and a reorganization of 138 semi-autonomous boards, commissions and agencies of state government into 20 principal departments.

The four previous studies differed in scope, but in each case Colorado’s leaders sought ways to evaluate the state’s financing system and the public sector investments necessary for a healthier Colorado. These studies provided roadmaps for policymakers that proved useful decades into the future.

Once again, Colorado finds itself at a pivotal moment in history. Now is the time to look to the future and meet the challenges that lie there with intelligence and foresight. On this, the 50th anniversary of the last comprehensive examination of the state’s fiscal engine, it is once again time to take a critical look at where we are and start the process of a much-needed overhaul.

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The Center for Colorado’s Economic Future at the University of Denver is an independent, nonpartisan organization that conducts research on matters related to Colorado’s fiscal health, trends affecting the state’s economy and proposed legislation relating to taxation and public spending.