Proposition 103 proposes amending the Colorado statutes to:

- increase the state income tax rate from 4.63 to 5.0 percent for five years, starting January 1, 2012;
- increase the state sales and use tax rate from 2.9 to 3.0 percent for five years, starting January 1, 2012; and
- require the state legislature to spend the money on public education by increasing funding above the amount in budget year 2011-12.

Summary and Analysis

Proposition 103 temporarily increases the state income and sales and use tax rates and requires the state to spend the money on public education. Public education includes public preschools, kindergarten through 12th grade schools, and colleges and universities.

What is the state income tax? Households and businesses pay taxes on their income to both the state and federal governments. State income taxes are calculated by applying a fixed rate to a taxpayer's Colorado taxable income. The state income tax is the largest source of revenue the state collects to pay for its main programs. The state's current income tax rate is 4.63 percent for both households and businesses, regardless of income level. In 1987, the state moved from a graduated income tax rate to a single tax rate, which was initially set at 5.0 percent. This rate was reduced to 4.75 percent in 1999, and reduced again to 4.63 percent in 2000. The measure returns the rate to 5.0 percent for five years, after which it will be restored to 4.63 percent.

What is the state sales and use tax? The state sales tax is paid on the purchase price of most items. Some items are exempt, such as food bought at grocery stores, prescription drugs, and household electricity and heat. The tax applies to some services, most notably local telephone service, cell phone service, food and drink service at restaurants and bars, and lodging. The state use tax is paid on taxable items for which the sales tax was not collected, such as items bought from sellers outside the state. In addition to the state sales and use tax, local governments also have sales and use taxes, although local rates may be different and may apply to different items than the state tax. In 2000, the state legislature reduced the sales and use tax rate from 3.0 to 2.9 percent. Proposition 103 returns the rate to 3.0 percent for five years, after which it will be restored to 2.9 percent. The measure does not affect local tax rates.
How much money will the state collect under Proposition 103? Over the five-year period of the tax rate increase, the state will collect about $2.9 billion in new tax revenue for public education. Table 1 shows the estimated increase in individual income tax, business income tax, and sales and use tax collections from 2012 through 2016.

Table 1. Estimated Increase in Tax Collections under Proposition 103*  
(in millions of dollars)

<table>
<thead>
<tr>
<th>Year</th>
<th>Individual Income Tax</th>
<th>Business Income Tax</th>
<th>Sales and Use Tax</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>$398.8</td>
<td>$39.8</td>
<td>$76.1</td>
<td>$514.7</td>
</tr>
<tr>
<td>2013</td>
<td>$423.3</td>
<td>$44.7</td>
<td>$79.5</td>
<td>$547.5</td>
</tr>
<tr>
<td>2014</td>
<td>$447.0</td>
<td>$47.9</td>
<td>$83.0</td>
<td>$577.9</td>
</tr>
<tr>
<td>2015</td>
<td>$472.1</td>
<td>$51.3</td>
<td>$86.8</td>
<td>$610.2</td>
</tr>
<tr>
<td>2016</td>
<td>$498.7</td>
<td>$55.0</td>
<td>$90.7</td>
<td>$644.4</td>
</tr>
</tbody>
</table>

*Amounts are shown for calendar years. The ballot title reflects budget year amounts.

How much will state income taxes increase under Proposition 103? Currently, Colorado taxpayers pay $46.30 in state income taxes for each $1,000 of taxable income. Under Proposition 103, taxpayers will pay $50.00 in state income taxes for each $1,000 of taxable income, or about 8 percent more than under current law. Taxpayers will pay the higher rate for five years, beginning with the tax payment due in April 2013 for the 2012 tax year. An individual's taxable income is equal to the person's gross income minus deductions, exemptions, or other adjustments. It varies based on marital status, the number of dependents, business exemptions, and other factors such as deductions for mortgage interest, charitable contributions, or interest paid on student loans.

Table 2 shows the estimated change in the yearly state income tax bill for three sample households as a result of Proposition 103.
Table 2. Estimated Annual Income Tax Increases for Selected Households under Proposition 103

<table>
<thead>
<tr>
<th>Household description</th>
<th>Tax Paid under Current Law</th>
<th>Tax Paid under Proposition 103</th>
<th>Amount of Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single person</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual income of $35,000</td>
<td>$1,268</td>
<td>$1,369</td>
<td>$101</td>
</tr>
<tr>
<td>Colorado taxable income of $27,379</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single person with children</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual income of $70,000</td>
<td>$2,248</td>
<td>$2,428</td>
<td>$180</td>
</tr>
<tr>
<td>Colorado taxable income of $48,571</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Married couple filing jointly</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Annual combined income of $125,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Colorado taxable income of $85,283</td>
<td></td>
<td>$3,949</td>
<td>$4,264</td>
</tr>
</tbody>
</table>

How much will state sales taxes increase under Proposition 103? Table 3 shows the estimated change in the amount of state sales tax paid for four different purchases as a result of Proposition 103. Consumers will pay about 3.4 percent more in state sales tax on purchases than under current law. Local sales taxes are not affected.

Table 3. Comparison of State Sales Taxes Paid under Current Law and Proposition 103

<table>
<thead>
<tr>
<th>Purchase Price</th>
<th>Current State Sales Tax (2.8%)</th>
<th>Proposed State Sales Tax (6.0%)</th>
<th>Total Tax Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>$50</td>
<td>$1.45</td>
<td>$1.50</td>
<td>$0.05</td>
</tr>
<tr>
<td>$100</td>
<td>$2.90</td>
<td>$3.00</td>
<td>$0.10</td>
</tr>
<tr>
<td>$500</td>
<td>$14.50</td>
<td>$15.00</td>
<td>$0.50</td>
</tr>
<tr>
<td>$5,000</td>
<td>$145.00</td>
<td>$150.00</td>
<td>$5.00</td>
</tr>
</tbody>
</table>

What does the state spend on public education? For budget year 2011-12, the state’s portion of public school funding is currently set at $3.7 billion for preschool through high school education and $624 million for higher education. This amount may change, for example, when mid-year adjustments are made to balance the budget. Combined, spending on public education represents about 50 percent of the General Fund, which pays for the state’s general operating expenses. Direct state funding for public education has declined in the past few years, although some of these reductions have been offset with other sources of money. Local communities contribute taxes and fees, and universities and colleges charge tuition and fees and
seek private donations. In addition, the federal government provides funding for a
variety of education programs. The combination of these funds pays for programs
and services such as classroom instruction, preschool programs, administrative
services provided by the state, and financial aid to students attending public
universities and colleges.

*How does Proposition 103 impact state spending on education?* The
measure sets budget year 2011-12 state funding for public education — currently
about $4.3 billion — as a minimum funding level for five years. It requires that the
money raised through the tax increase be allocated in addition to, not as a substitute
for, this amount. Although Proposition 103 requires that the money raised be spent on
public education, it does not specify how the money is to be split between the various
preschool through high school and higher education programs.

For information on those issue committees that support or oppose the
measures on the ballot at the November 1, 2011, election, go to the
Colorado Secretary of State’s elections center web site hyperlink for
ballot and initiative information:

www.sos.state.co.us/pubs/elections/Initiatives/InitiativesHome.html

**Arguments For**

1) Public education is important to Colorado’s economic future. This
investment may lead to a speedier economic recovery and help maintain a competitive
business climate. Businesses value a robust public education system that provides an
educated workforce, and employees want to live in communities with good schools for
their children. In addition, Coloradans need access to affordable education and
retraining offered by public community colleges and universities to be prepared to
meet the demands of a 21st century economy. Proposition 103 provides the state
with the opportunity to invest in job-training programs for Colorado citizens who are
struggling to find employment.

2) The additional education funding provided by Proposition 103 will help
reverse the recent trend of education budget cuts, which is hindering the state’s ability
to provide a quality education to all of its citizens. School districts have been forced to
close schools, lay off educators, increase class sizes, and cut programs that are
important to students and families. State funding for higher education is often the first
item to be cut during tough economic times, even as enrollment and costs continue to
increase. Since 2006, tuition costs for in-state students have increased 43 percent, on
average, making higher education unaffordable for some students. In the absence of
additional funding, these trends will continue.
3) Proposition 103 raises tax rates only a fraction of a percentage point, restoring them to 1999 levels. This temporary increase provides relief from further education funding cuts, allowing policymakers time to implement a long-term solution. Colorado spends $1,781 less per K-12 student than the national average. Colorado's higher education institutions receive, on average, about 63 percent of the state funding received by similar institutions in other states. The measure's small contributions from a large pool of Colorado citizens will amount to approximately $2.9 billion in funding over five years that can be used to bolster the state's public education system.

Arguments Against

1) Raising taxes may slow Colorado's economic recovery. Coloradans are struggling with stagnant incomes, a weak housing market, and high gas and food prices. Charging more in taxes may result in less consumer spending and business investment, which may further weaken the economy. In addition, raising sales taxes burdens lower- and middle-income consumers the most because they spend a higher percentage of their overall budget on everyday necessities that are subject to sales tax.

2) Proposition 103 lacks accountability to taxpayers. It does not provide a plan for how more than $575 million in additional taxpayer money each year will improve public education. The state government already spends about $4.3 billion of its General Fund operating budget on education each year, and increasing the tax burden on Colorado's citizens does not guarantee a higher quality public education for students. Education is a local issue, and schools are accountable to their communities. Communities can seek local options and private resources if they feel that their schools need more funding. Similarly, pursuing higher education is an individual choice and should not be further subsidized by the state.

3) Proposition 103 is a fiscally irresponsible approach to increase education funding. If the economy fails to recover during the five-year period of the tax increase, larger cuts to other programs may be necessary to meet the minimum education funding levels set in the measure. On the other hand, if the economy improves during the five-year period, money that could have been used to increase education funding may now be used to increase the size of other state government programs, as education will be funded from the tax increase. Finally, regardless of how the economy fares during the five-year period, Proposition 103 is a temporary tax increase and substantial spending cuts will be required in 2016 when the tax rate returns to the previous level.

Estimate of Fiscal Impact

This is a summary of the measure's estimated fiscal impact. For more detailed information, please refer to the fiscal impact statement located here: http://www.colorado.gov/cs/bbfiscal.
State revenue and spending. Proposition 103 is expected to increase state tax revenue by $2.9 billion over the next five years, as indicated in Table 1. The proposition requires that all new revenue from the tax rate increases be spent on public education.

Impact on taxpayers. Individuals and businesses pay sales taxes, use taxes, and income taxes. Visitors to the state also pay sales taxes. The additional amount of taxes paid by each Colorado household or business will depend on its spending habits, consumption, and the amount of taxable income it receives. For examples, please refer to Table 2 and Table 3. For instructions on estimating your household’s or business’s tax changes under Proposition 103, please refer to the measure’s more detailed fiscal impact statement online.

State Spending and Tax Increases

The state constitution requires that the following fiscal information be provided when a tax increase question is on the ballot:

1) the estimated or actual state spending under the constitutional spending limit for the current year and each of the past four years with the overall percentage and dollar change; and

2) for the first full year of the proposed tax increase, an estimate of the maximum dollar amount of the tax increase and of state fiscal year spending without the increase.

Table 4 shows the dollar amount of state spending under the constitutional spending limit.

<table>
<thead>
<tr>
<th>Table 4. State Spending</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2008-09</td>
</tr>
<tr>
<td>State Spending</td>
</tr>
<tr>
<td>Four-Year Dollar Change in State Spending: -$37 million</td>
</tr>
<tr>
<td>Four-Year Percent Change in State Spending: -0.4%</td>
</tr>
</tbody>
</table>

*FY = fiscal year. The state’s fiscal (or budget) year runs from July through June.

The numbers in Table 4 show state spending from 2008 through 2012 for programs that were subject to the constitutional spending limit during those years. However, the constitution allows a program that operates similar to a private business to be exempt from the limit if it meets certain conditions. Because the exempt status of some programs has changed during the last five years, the numbers in Table 4 are not directly comparable to each other.
Table 5 shows the revenue expected from the increased tax rates; state fiscal year spending without these taxes for FY 2012-13, the first full fiscal year for which the increase would be in place; and the sum of the two.

Table 5. Estimated State Fiscal Year Spending and the Proposed Tax Rate Increases

<table>
<thead>
<tr>
<th></th>
<th>FY 2012-13 Estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Spending Without New Taxes</td>
<td>$10,576 million</td>
</tr>
<tr>
<td>New Sales Tax Increase</td>
<td>$78 million</td>
</tr>
<tr>
<td>New Income Tax Increase</td>
<td>$455 million</td>
</tr>
<tr>
<td>State Spending Plus the New Taxes</td>
<td>$11,109 million</td>
</tr>
</tbody>
</table>
Last Draft Comments from Interested Parties

Proposition 103
Temporary Tax Increase for Public Education

Bullets:

No comments received

Summary and Analysis:

Submitted by Dick Brown, representing himself

There are a few points that I am not totally comfortable with - not enough to object, but enough to comment on.

Table 3 is accurate, but I am not sure that it provides the voter with a good picture of the effect of the increase. It is pretty abstract and is essentially a picture of what happens with a single purchase of the retail sales price noted. But, people do not always make single purchases, they make purchases of multiple items thus generating a larger income outlay. Perhaps a better way to show the effect is to take the market basket of consumer items used for CPI and create a hypothetical example. The market basket is useful because it would be easy to distinguish non-taxable items such as food for home consumption.

On Page 4, lines 6-12, I am a bit uncomfortable that there is no discussion of the effect of Amendment 23. I think the voters should be made aware that there is a constitutional amendment that drives certain revenues into school finance and that this measure would be in addition to that priority.

The omission is material.

Submitted by Thomas Graham, representing himself

Following Line 15, page 3, below Table 2: As households and businesses plan their finances and activities for longer than one year in advance, and although taxpayers can add the yearly increases for themselves, it would be convenient and useful to show the total impact over the whole length of the measure for each of the selected households.

Following Line 27, page 3 below Table 3: Although the State sales tax is only a portion of total sales taxes, all increases in sales taxes have a harmful effect on sales volume, especially retail. This seems to be not always obvious to managers of small businesses. This total impact is appropriate in order that managers may make rational decisions.

Council: To do as recommended above would go beyond mere numbers, however the effect of said statutory measure would be to take such a large amount out of the economy as to cause such a negative impact on individual businesses, that it is the duty of State government to publicize it.
Arguments For:

Submitted by David J. McDermott, Colorado State Controller

I suspect the sentence copied below (from Lines 34 and 35 on page 4) means that tuition costs have increased 43 in total since 2006. However, with use of "on average" it is likely to be misinterpreted to mean the average annual increase in tuition has been 43 percent. It is not clear whether the "on average" relates to an average of yearly increases or an average across institutions. I suspect it is the latter but the sentence makes no mention of individual or average institutional increases.

34 Since 2006, tuition costs for in-state students have increased 43 percent, on 35 average, making higher education unaffordable for some students.

Submitted by Terry Scanlon, Colorado Fiscal Policy Institute

1. On Page 4, Line 32 after "families," insert, "As Table 4 shows, in the first year of the tax increase the total spending in the state budget will still be lower than it was four years ago and that does not take into account inflation and Colorado's growing student population."

2. On Page 5, Line 6, after "states," insert, "In addition, the added revenue from Proposition xxx could also offset the fees taxpayers are already paying for schools, whether it's for buses and computers in grade schools or tuition and fees on college campuses."

Arguments Against:

Submitted by Thomas Graham, representing himself

Following Line 26, page 5: add:
Some districts have largely increased their teaching staffs, and especially administrative staffs, regardless of shrinking enrollment. Studies show that savings can best be achieved by increasing class size reasonably, with no reduction in student or teacher performance. Such solutions have been resisted by administrations and staffs.

It should be emphasized that performance is often dismal. For example, several high schools have more than 90% of 10th graders not proficient in math. Past spending increases have not improved performance.

Following Line 36, page 5: add:
4) Proposition? would impose an additional taxpayer burden, on top of the $2 billion to $4 billion taxes estimated by the Governor and the Attorney General, to be looming in the background if the plaintiff prevails in the current Lobato vs. Colorado lawsuit. School districts plan aggressive bond and mill levy override campaigns for 2012 elections, threatening an addition to the already heavy property tax burden. The State may not have direct control of this, however the hardship created is there and should
not be added to. The Funding for Public Schools Act, popularly known as Amendment 23, providing for automatic increases beyond those related to population and inflation, has been a contributor to current budget shortfall. The absence of measures to extend these provisions past this fiscal year would mean relief for taxpayers and the economy. A proposition resulting from Initiative 25 would threaten to cancel such relief. Many school district employees are members of the PERA pension plan, which promises very large pensions, with a maximum up to 100% of salary. Current benefit-based figures are calculated on unrealistic estimates of investment returns, which certainly will result in additional tax burden. Another tax increase initiated through this proposed measure, on top of this questionably-funded pension plan would be unreasonable.

Submitted by Herb Homan, representing himself

Just a comment. Seems to me Argument 3 is a specious bit of logic and of weak relevance. Projecting what may happen if the economy improves or declines further and laying blame for any upsetting results on Amend. 25 is an unacceptable stretch, in my opinion. Further, predicting what a future mix of legislators will do budget-wise is hazardous!

Estimate of Fiscal Impact:

No comments received

State Spending and Tax Increases:

Submitted by David J. McDermott, Colorado State Controller

Legislative Council should consider whether the text copied below (from Lines 31 through 36 on page 6) is adequate disclosure of the impact of enterprise qualifications on Fiscal Year Spending. For example the Fiscal Year Spending Limit was lowered $424.3 million between FY2008-09 and FY 2009-10 for the qualification of two Higher Ed enterprises and the Unemployment Insurance Fund as an enterprise.

31 The numbers in Table 4 show state spending from 2008 through 2012 for programs that were subject to the constitutional spending limit during those years.
32 However, the constitution allows a program that operates similar to a private business to be exempt from the limit if it meets certain conditions. Because the exempt status of some programs has changed during the last five years, the numbers in Table 4 are not directly comparable to each other.
DICK BROWN'S COMMENTS ON LAST DRAFT OF PROPOSITION 103

Overall, I think that the analysis would be OK for the Blue Book.

1. There are a few points that I am not totally comfortable with - not enough to object, but enough to comment on.

Table 3 is accurate, but I am not sure that it provides the voter with a good picture of the effect of the increase. It is pretty abstract and is essentially a picture of what happens with a single purchase of the retail sales price noted. But, people do not always make single purchases, they make purchases of multiple items thus generating a larger income outlay. Perhaps a better way to show the effect is to take the market basket of consumer items used for CPI and create a hypothetical example. The market basket is useful because it would be easy to distinguish non-taxable items such as food for home consumption.

On Page 4, lines 6-12, I am a bit uncomfortable that there is no discussion of the effect of Amendment 23. I think the voters should be made aware that there is a constitutional amendment that drives certain revenues into school finance and that this measure would be in addition to that priority.

The omission is material.

Dick Brown
THOMAS GRAHAM'S COMMENTS ON LAST DRAFT OF PROPOSITION 103

Members and Staff of the Legislative Council:

I have carefully read the text of 3rd Draft of the proposition to amend the Statutes as per Initiative 25, which I find excellent, and I have made myself quite familiar with public education needs, costs and performance. I respectfully request your consideration of the following additions to the text of the analysis.

Following Line 15, page 3, below Table 2:
As households and businesses plan their finances and activities for longer than one year in advance, and although taxpayers can add the yearly increases for themselves, it would be convenient and useful to show the total impact over the whole length of the measure for each of the selected households.

Following Line 27, page 3 below Table 3:
Although the State sales tax is only a portion of total sales taxes, all increases in sales taxes have a harmful effect on sales volume, especially retail. This seems to be not always obvious to managers of small businesses. This total impact is appropriate in order that managers may make rational decisions.

Council: To do as recommended above would go beyond mere numbers, however the effect of said statutory measure would be to take such a large amount out of the economy as to cause such a negative impact on individual businesses, that it is the duty of State government to publicize it.

Following Line 26, page 5: add:
Some districts have largely increased their teaching staffs, and especially administrative staffs, regardless of shrinking enrollment. Studies show that savings can best be achieved by increasing class size reasonably, with no reduction in student or teacher performance. Such solutions have been resisted by administrations and staffs. It should be emphasized that performance is often dismal. For example, several high schools have more than 90% of 10th graders not proficient in math. Past spending increases have not improved performance.

Following Line 36, page 5: add:
  4) Proposition would impose an additional taxpayer burden, on top of the $2 billion to $4 billion taxes estimated by the Governor and the Attorney General, to be looming in the background if the plaintiff prevails in the current Lobato vs. Colorado lawsuit. School districts plan aggressive bond and mill levy override campaigns for 2012 elections, threatening an addition to the already heavy property tax burden. The State may not have direct control of this, however the hardship created is there and should not be added to. The Funding for Public Schools Act, popularly known as Amendment 23, providing for automatic increases beyond those related to population and inflation, has been a contributor to current budget shortfall. The absence of measures to extend these provisions past this fiscal year would mean relief for taxpayers and the economy. A proposition resulting from Initiative 25 would threaten to cancel such relief. Many school district employees are members of the PERA pension plan, which promises very large pensions, with a maximum up to 100% of salary. Current benefit-based figures are calculated on unrealistic estimates of investment returns, which certainly will result in additional tax burden. Another tax increase initiated through this proposed measure, on top of this questionably-funded pension plan would be unreasonable.
Respectfully submitted,

Thomas Graham
6080 Routt St.
Arvada, Colorado 80004
303-420-6588
coloradothomas@aol.com
HERB HOMAN'S COMMENTS ON LAST DRAFT OF PROPOSITION 103

Just a comment.

Seems to me Argument 3 is a specious bit of logic and of weak relevance. Projecting what may happen if the economy improves or declines further and laying blame for any upsetting results on Amend. 25 is an unacceptable stretch, in my opinion. Further, predicting what a future mix of legislators will do budget-wise is hazardous!
DAVID MCDERMOTT'S COMMENTS ON LAST DRAFT OF PROPOSITION 103

Legislative Council Staff,

The following is in response to the 3rd draft of Initiative #25.

I suspect the sentence copied below (from Lines 34 and 35 on page 4) means that tuition costs have increased 43 in total since 2006. However, with use of “on average” it is likely to be misinterpreted to mean the average annual increase in tuition has been 43 percent. It is not clear whether the “on average” relates to an average of yearly increases or an average across institutions. I suspect it is the latter but the sentence makes no mention of individual or average institutional increases.

34 Since 2006, tuition costs for in-state students have increased 43 percent, on average, making higher education unaffordable for some students.

Legislative Council should consider whether the text copied below (from Lines 31 through 36 on page 6) is adequate disclosure of the impact of enterprise qualifications on Fiscal Year Spending. For example the Fiscal Year Spending Limit was lowered $424.3 million between FY2008-09 and FY 2009-10 for the qualification of two Higher Ed enterprises and the Unemployment Insurance Fund as an enterprise.

31 The numbers in Table 4 show state spending from 2008 through 2012 for 32 programs that were subject to the constitutional spending limit during those years. 33 However, the constitution allows a program that operates similar to a private business 34 to be exempt from the limit if it meets certain conditions. Because the exempt status 35 of some programs has changed during the last five years, the numbers in Table 4 are 36 not directly comparable to each other.

David J. McDermott, CPA
Colorado State Controller
Department of Personnel & Administration
633 17th Street Suite 1500
Denver, CO 80202

Phone 303-866-2739
FAX 303-866-4233
Email david.mcdermott@state.co.us
TERRY SCANLON'S COMMENTS (COLORADO FISCAL POLICY INSTITUTE) ON LAST DRAFT OF PROPOSITION 103

My organization, the Colorado Fiscal Policy Institute, did not originally submit a response to the third draft of the ballot analysis for Initiative 25. We understand that the original deadline has passed. Nonetheless, we are submitting two proposed changes today. We ask that you please give these changes consideration, but we also understand that you may not be able to include our suggestions given that we missed the original deadline. Here are our two proposed changes:

1. On Page 4, Line 32 after "families," insert, "As Table 4 shows, in the first year of the tax increase the total spending in the state budget will still be lower than it was four years ago and that does not take into account inflation and Colorado's growing student population."

2. On Page 5, Line 6, after "states," insert, "In addition, the added revenue from Proposition xxx could also offset the fees taxpayers are already paying for schools, whether it's for buses and computers in grade schools or tuition and fees on college campuses."

Thank you for your consideration,

Terry

Terry Scanlon
Fiscal Policy Analyst
Colorado Fiscal Policy Institute
(303) 573-5669 ext. 311
(303) 957-8137 (cell)
www.cclponline.org
Proposition ? proposes amending the Colorado statutes to:

- increase the state income tax rate from 4.63 to 5.0 percent for five years, starting January 1, 2012;

- increase the state sales and use tax rate from 2.9 to 3.0 percent for five years, starting January 1, 2012; and

- require the state legislature to spend the money on public education by increasing funding above the amount in budget year 2011-12.

Summary and Analysis

Proposition ? temporarily increases the state income and sales and use tax rates and requires the state to spend the money on public education. Public education includes public preschools, kindergarten through 12th grade schools, and colleges and universities.

**What is the state income tax?** Households and businesses pay taxes on their income to both the state and federal governments. State income taxes are calculated by applying a fixed rate to a taxpayer’s Colorado taxable income. The state income tax is the largest source of revenue the state collects to pay for its main programs. The state’s current income tax rate is 4.63 percent for both households and businesses, regardless of income level. In 1987, the state moved from a graduated income tax rate to a single tax rate, which was initially set at 5.0 percent. This rate was reduced to 4.75 percent in 1999, and reduced again to 4.63 percent in 2000. The measure returns the rate to 5.0 percent for five years, after which it will be restored to 4.63 percent.

**What is the state sales and use tax?** The state sales tax is paid on the purchase price of most items. Some items are exempt, such as food bought at grocery stores, prescription drugs, and household electricity and heat. The tax applies to some services, most notably local telephone service, cell phone service, food and drink service at restaurants and bars, and lodging. The state use tax is paid on taxable items for which the sales tax was not collected, such as items bought from sellers outside the state. In addition to the state sales and use tax, local governments also have sales and use taxes, although local rates may be different and may apply to different items than the state tax. In 2000, the state legislature reduced the sales and use tax rate from 3.0 to 2.9 percent. Proposition ? returns the rate to 3.0 percent for five years, after which it will be restored to 2.9 percent. The measure does not affect local tax rates.
Last Draft as Mailed to Interested Parties

How much money will the state collect under Proposition ?? Over the five-year period of the tax rate increase, the state will collect about $2.9 billion in new tax revenue for public education. Table 1 shows the estimated increase in individual income tax, business income tax, and sales and use tax collections from 2012 through 2016.

Table 1. Estimated Increase in Tax Collections under Proposition ?? (in millions of dollars)

<table>
<thead>
<tr>
<th>Year</th>
<th>Individual Income Tax</th>
<th>Business Income Tax</th>
<th>Sales and Use Tax</th>
<th>Totals</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>$398.8</td>
<td>$39.8</td>
<td>$76.1</td>
<td>$514.7</td>
</tr>
<tr>
<td>2013</td>
<td>$423.3</td>
<td>$44.7</td>
<td>$79.5</td>
<td>$547.5</td>
</tr>
<tr>
<td>2014</td>
<td>$447.0</td>
<td>$47.9</td>
<td>$83.0</td>
<td>$577.9</td>
</tr>
<tr>
<td>2015</td>
<td>$472.1</td>
<td>$51.3</td>
<td>$86.8</td>
<td>$610.2</td>
</tr>
<tr>
<td>2016</td>
<td>$498.7</td>
<td>$55.0</td>
<td>$90.7</td>
<td>$644.4</td>
</tr>
</tbody>
</table>

*Amounts are shown for calendar years. The ballot title reflects budget year amounts.

How much will state income taxes increase under Proposition ??

Currently, Colorado taxpayers pay $46.30 in state income taxes for each $1,000 of taxable income. Under Proposition ?, taxpayers will pay $50.00 in state income taxes for each $1,000 of taxable income, or about 8 percent more than under current law. Taxpayers will pay the higher rate for five years, beginning with the tax payment due in April 2013 for the 2012 tax year. An individual's taxable income is equal to the person's gross income minus deductions, exemptions, or other adjustments. It varies based on marital status, the number of dependents, business exemptions, and other factors such as deductions for mortgage interest, charitable contributions, or interest paid on student loans.

Table 2 shows the estimated change in the yearly state income tax bill for three sample households as a result of Proposition ?.
Table 2. Estimated Annual Income Tax Increases for Selected Households under Proposition?

<table>
<thead>
<tr>
<th>Household description</th>
<th>Tax Paid under Current Law</th>
<th>Tax Paid under Proposition</th>
<th>Amount of Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Single person</td>
<td>$1,268</td>
<td>$1,369</td>
<td>$101</td>
</tr>
<tr>
<td>Annual income of $35,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Colorado taxable income of $27,379</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Single person with children</td>
<td>$2,248</td>
<td>$2,428</td>
<td>$180</td>
</tr>
<tr>
<td>Annual income of $70,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Colorado taxable income of $48,571</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Married couple filing jointly</td>
<td>$3,949</td>
<td>$4,264</td>
<td>$315</td>
</tr>
<tr>
<td>Annual combined income of $125,000</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Colorado taxable income of $85,283</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

How much will state sales taxes increase under Proposition? Table 3 shows the estimated change in the amount of state sales tax paid for four different purchases as a result of Proposition?. Consumers will pay about 3.4 percent more in state sales tax on purchases than under current law. Local sales taxes are not affected.

Table 3. Comparison of State Sales Taxes Paid under Current Law and Proposition?

<table>
<thead>
<tr>
<th>Purchase Price</th>
<th>Current State Sales Tax (2.9%)</th>
<th>Proposed State Sales Tax (6.0%)</th>
<th>Total Tax Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>$50</td>
<td>$1.45</td>
<td>$1.50</td>
<td>$0.05</td>
</tr>
<tr>
<td>$100</td>
<td>$2.90</td>
<td>$3.00</td>
<td>$0.10</td>
</tr>
<tr>
<td>$500</td>
<td>$14.50</td>
<td>$15.00</td>
<td>$0.50</td>
</tr>
<tr>
<td>$5,000</td>
<td>$145.00</td>
<td>$150.00</td>
<td>$5.00</td>
</tr>
</tbody>
</table>

What does the state spend on public education? For budget year 2011-12, the state's portion of public school funding is currently set at $3.7 billion for preschool through high school education and $624 million for higher education. This amount may change, for example, when mid-year adjustments are made to balance the budget. Combined, spending on public education represents about 50 percent of the General Fund, which pays for the state's general operating expenses. Direct state funding for public education has declined in the past few years, although some of these reductions have been offset with other sources of money. Local communities contribute taxes and fees, and universities and colleges charge tuition and fees and
Last Draft as Mailed to Interested Parties

seek private donations. In addition, the federal government provides funding for a
variety of education programs. The combination of these funds pays for programs
and services such as classroom instruction, preschool programs, administrative
services provided by the state, and financial aid to students attending public
universities and colleges.

How does Proposition 601 impact state spending on education? The
measure sets budget year 2011-12 state funding for public education — currently
about $4.3 billion — as a minimum funding level for five years. It requires that the
money raised through the tax increase be allocated in addition to, not as a substitute
for, this amount. Although Proposition 601 requires that the money raised be spent on
public education, it does not specify how the money is to be split between the various
preschool through high school and higher education programs.

For information on those issue committees that support or oppose the
measures on the ballot at the November 1, 2011, election, go to the
Colorado Secretary of State’s elections center web site hyperlink for
ballot and initiative information:

http://www.sos.state.co.us/pubs/elections/Initiatives/InitiativesHome.html

Arguments For

1) Public education is important to Colorado’s economic future. This
investment may lead to a speedier economic recovery and help maintain a competitive
business climate. Businesses value a robust public education system that provides an
educated workforce, and employees want to live in communities with good schools for
their children. In addition, Coloradans need access to affordable education and
retraining offered by public community colleges and universities to be prepared to
meet the demands of a 21st century economy. Proposition 601 provides the state with
the opportunity to invest in job-training programs for Colorado citizens who are
struggling to find employment.

2) The additional education funding provided by Proposition 601 will help reverse
the recent trend of education budget cuts, which is hindering the state’s ability to
provide a quality education to all of its citizens. School districts have been forced to
close schools, lay off educators, increase class sizes, and cut programs that are
important to students and families. State funding for higher education is often the first
item to be cut during tough economic times, even as enrollment and costs continue to
increase. Since 2006, tuition costs for in-state students have increased 43 percent, on
average, making higher education unaffordable for some students. In the absence of
additional funding, these trends will continue.
3) Proposition 7 raises tax rates only a fraction of a percentage point, restoring them to 1999 levels. This temporary increase provides relief from further education funding cuts, allowing policymakers time to implement a long-term solution. Colorado spends $1,781 less per K-12 student than the national average. Colorado’s higher education institutions receive, on average, about 63 percent of the state funding received by similar institutions in other states. The measure’s small contributions from a large pool of Colorado citizens will amount to approximately $2.9 billion in funding over five years that can be used to bolster the state’s public education system.

Arguments Against

1) Raising taxes may slow Colorado’s economic recovery. Coloradans are struggling with stagnant incomes, a weak housing market, and high gas and food prices. Charging more in taxes may result in less consumer spending and business investment, which may further weaken the economy. In addition, raising sales taxes burdens lower- and middle-income consumers the most because they spend a higher percentage of their overall budget on everyday necessities that are subject to sales tax.

2) Proposition 7 lacks accountability to taxpayers. It does not provide a plan for how more than $575 million in additional taxpayer money each year will improve public education. The state government already spends about $4.3 billion of its General Fund operating budget on education each year, and increasing the tax burden on Colorado’s citizens does not guarantee a higher quality public education for students. Education is a local issue, and schools are accountable to their communities. Communities can seek local options and private resources if they feel that their schools need more funding. Similarly, pursuing higher education is an individual choice and should not be further subsidized by the state.

3) Proposition 7 is a fiscally irresponsible approach to increase education funding. If the economy fails to recover during the five-year period of the tax increase, larger cuts to other programs may be necessary to meet the minimum education funding levels set in the measure. On the other hand, if the economy improves during the five-year period, money that could have been used to increase education funding may now be used to increase the size of other state government programs as education will be funded from the tax increase. Finally, regardless of how the economy fares during the five-year period, Proposition 7 is a temporary tax increase and substantial spending cuts will be required in 2016 when the tax rate returns to the previous level.

Estimate of Fiscal Impact

This is a summary of the measure’s estimated fiscal impact. For more detailed information, please refer to the fiscal impact statement located here: (insert link).
Last Draft as Mailed to Interested Parties

**State revenue and spending.** Proposition 71 is expected to increase state tax revenue by $2.9 billion over the next five years, as indicated in Table 1. The proposition requires that all new revenue from the tax rate increases be spent on public education.

**Impact on taxpayers.** Individuals and businesses pay sales taxes, use taxes, and income taxes. Visitors to the state also pay sales taxes. The additional amount of taxes paid by each Colorado household or business will depend on its spending habits, consumption, and the amount of taxable income it receives. For examples, please refer to Table 2 and Table 3. For instructions on estimating your household’s or business’s tax changes under Proposition 71, please refer to the measure’s more detailed fiscal impact statement online.

State Spending and Tax Increases

The state constitution requires that the following fiscal information be provided when a tax increase question is on the ballot:

1) the estimated or actual state spending under the constitutional spending limit for the current year and each of the past four years with the overall percentage and dollar change; and

2) for the first full year of the proposed tax increase, an estimate of the maximum dollar amount of the tax increase and of state fiscal year spending without the increase.

Table 4 shows the dollar amount of state spending under the constitutional spending limit.

<table>
<thead>
<tr>
<th>Table 4. State Spending</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>State Spending</strong></td>
</tr>
<tr>
<td>FY 2007-08</td>
</tr>
<tr>
<td>$9,999 million</td>
</tr>
<tr>
<td>FY 2008-09</td>
</tr>
<tr>
<td>$9,102 million</td>
</tr>
<tr>
<td>FY 2009-10</td>
</tr>
<tr>
<td>$8,567 million</td>
</tr>
<tr>
<td>FY 2010-11</td>
</tr>
<tr>
<td>$9,482 million</td>
</tr>
<tr>
<td>FY 2011-12</td>
</tr>
<tr>
<td>$9,962 million</td>
</tr>
</tbody>
</table>

Four-Year Dollar Change in State Spending: **-$37 million**

Four-Year Percent Change in State Spending: **-0.4%**

*FY = fiscal year. The state’s fiscal (or budget) year runs from July through June.

The numbers in Table 4 show state spending from 2008 through 2012 for programs that were subject to the constitutional spending limit during those years. However, the constitution allows a program that operates similar to a private business to be exempt from the limit if it meets certain conditions. Because the exempt status of some programs has changed during the last five years, the numbers in Table 4 are not directly comparable to each other.
Last Draft as Mailed to Interested Parties

Table 5 shows the revenue expected from the increased tax rates; state fiscal year spending without these taxes for FY 2012-13, the first full fiscal year for which the increase would be in place; and the sum of the two.

<table>
<thead>
<tr>
<th>Table 5. Estimated State Fiscal Year Spending and the Proposed Tax Rate Increases</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2012-13 Estimate</td>
</tr>
<tr>
<td>State Spending Without New Taxes</td>
</tr>
<tr>
<td>New Sales Tax Increase</td>
</tr>
<tr>
<td>New Income Tax Increase</td>
</tr>
<tr>
<td>State Spending Plus the New Taxes</td>
</tr>
</tbody>
</table>
PROPOSITION 103
TEMPORARY TAX INCREASE FOR PUBLIC EDUCATION
CONTACT LIST

Abby Clymer
Colorado Department of Personnel and Administration
abby.clymer@state.co.us
633 17th St., Suite 1600
Denver, CO 80202
303-866-4283

Andy Carlson
Colorado Department of Higher Education
andrew.carlson@dhe.state.co.us
1560 Broadway, Suite 1600
Denver, CO 80202
303-866-2723

Andy Treharne
andy.treharne@state.co.us

Ms. Ann Terry
Special District Association
ann.terry@sdao.org
225 E. Sixteenth Avenue
Denver, CO 80203
(303) 863-1733

Bente Birkeland
Rocky Mountain Public Radio
bente@krcc.org

Bill Skewes
bill.skewes@state.co.us

Briggs Gamblin
Boulder Valley School District
briggs.gamblin@bvsd.org
720-561-5823

Bruce Broderius
brucebroder@comcast.net

Bruce Caughey
Colorado Association of School Executives
bcaughey@co-case.org
4101 S. Bannock Street
Englewood, CO 80110
303-762-8762

Bruce Messinger
Boulder Valley School District
bruce.messinger@bvsd.org

Carol Hedges
Colorado Fiscal Policy Institute
Chedges@clponline.org
1490 Lafayette St., Suite 206
Denver, CO 80218

Cathy Wanstrath
cathyanstrath@q.com
PROPOSITION 103
TEMPORARY TAX INCREASE FOR PUBLIC EDUCATION
CONTACT LIST

Chad Marturano
Colorado Department of Education
chad.marturano@dhe.state.co.us
201 East Colfax Room 206
Denver, CO 80201

Representative Cheri Gerou
cheri.gerou@gmail.com
P.O. Box 940
Evergreen, CO 80437
720-635-3806

Senator Cheri Jahn
senator@cherijahn.com

Representative Cherylin Peniston
cpeniston@msn.com
303-866-2843

Chuck Berry
Colorado Association of Commerce & Industry
cberry@COchamber.com
1600 Broadway, Suite 1000
Denver, CO 80202-4935
303-831-7411

Clark Bolser
Department of Personnel and Administration
clark.bolser@state.co.us
633 17th St., Suite 1500
Denver, CO 80202
303-866-4759

David Hart
Denver Public Schools
david_hart@dpsk12.org

David McDermott
Colorado Department of Personnel and Administration
david.mcdermott@state.co.us
633 17th St., Suite 1500
Denver, CO 80202
303-866-2739

Dee Wisor
Sherman & Howard
dwisor@shermanhoward.com
303-299-8228

Don Bain
Holme Roberts & Owen LLP
don.bain@hro.com
1700 Lincoln St., Suite 4100
Denver, CO 80203
303-866-0294

Representative Don Beezley
donbeezley@msn.com

Donna Alengi
Special District Association
donna.alengi@sdaco.org
225 E. Sixteenth Avenue
Denver, CO 80203
303-863-1733

Dustin Zvonek
Commons Sense Policy Roundtable
dazvonek@yahoo.com

Elena Wilken
Colorado Association of Transit Agencies
elenaw@coloradotransit.com
PROPOSITION 103
TEMPORARY TAX INCREASE FOR PUBLIC EDUCATION
CONTACT LIST

Elisabeth Rosen
elisabeth.rosen@ymail.com

Eliza Schultz
Miles Consulting
eliza@milesgovtrelations.com

Senator Ellen Roberts
ellen.roberts.senate@state.co.us
P.O. Box 3373
Durango, CO 81302
970-259-1594

Emily Hanson
Mendez Consulting
emily@mendezconsultinginc.com
1120 Lincoln Ave., Suite 804
Denver, CO 80203

Erin Goff
Axiom Strategies
erin@axiomstrategiesinc.com

Fofi Mendez
Mendez Consulting
fofi@mendezconsultinginc.com
1120 Lincoln Ave., Suite 804
Denver, CO 80203
(303) 863-7777

Fran Coleman
Coleman Consulting
fran@consultcolemans.com
303-935-2174

Frank Waterous
The Bell Policy Center
waterous@bellpolicy.org
1905 Sherman St., Suite 900
Denver, CO 80203
303-297-0456 ext. 223

Gerry Cummins
League of Women Voters
gerry.cummins@prodigy.net
1410 Grant St., Suite B-204
Denver, CO 80203
303-771-0115

Gini Pingenot
Colorado Counties Inc.
gpinenot@cccoonline.org
800 Grant St., Suite 500
Denver, CO 80203
303-861-4076 x226

Herb Homan
Colorado Senior Lobby
hhoman1@yahoo.com
2720 E. Vassar Ave.
Denver, CO 80210-6122
303-757-2004

Hollie Stevenson
Junior Achievement - Rocky Mountain, Inc.
hstevenson@jacolorado.org
303-628-7364

Jan Tanner
Board of Education School District 11
tannerjj@gmail.com

Jane Urschel
Colorado Association of School Boards
jurschel@casb.org
1200 Grant Street
Denver, CO 80203-2306
303-832-1000
PROPOSITION 103
TEMPORARY TAX INCREASE FOR PUBLIC EDUCATION
CONTACT LIST

Jennifer Miles
Miles Consulting
jennifer@milesgovtrelations.com

Jo Ellen K. Stock
Union Pacific Railroad Company
jkstock@up.com
1400 Douglas St., STOP 1650
Omaha, NE 68179
402-544-3834

Joan Green
J. Andrew Green & Assoc. Inc.
joangreen@me.com
8761 Cimarron St.
Highlands Ranch, CO 80126
303-470-8803

Jonathan Senft
Legislative Council
jonathan.senft@state.co.us

Judith Stokes
Branson District RE-82
stokesconsulting1@comcast.net
303-805-9804

Julie George
Colorado Association of School Boards
jgeorge@casb.org
1200 Grant Street
Denver, CO 80203-2306
303-832-1000

Julie Pelegrin
julie.pelegrin@state.co.us

Julie Whitacre
Colorado Education Association
jwhitacre@ea.org
1500 Grant Street
Denver, CO 80203

Kathryn Knox
Colorado Virtual Academy
kknox@covcs.org

Representative J. Paul Brown
brownjpaul@yahoo.com

Representative Keith Swerdfeger
keith@krswerdfeger.com
303-866-2905

Senator Kent Lambert
senatorlambert@comcast.net
990 Point of the Pines Drive
Colorado Springs, CO 80919
303-866-2937

Senator Kevin Grantham
senatorgrantham@gmail.com

Senator Kevin Lundberg
kevin@kevinlundberg.com
PO Box 378
Berthoud, CO 80513
970-532-3070
PROPOSITION 103
TEMPORARY TAX INCREASE FOR PUBLIC EDUCATION
CONTACT LIST

Kim Fear
Department of Public Health and Environment
Kim.Fear@state.co.us
303-692-2044

Kirsten Schuchman
Office of Government Relations
kirsten.schuchman@cu.edu

Kristin Strohm
Starboard Group
kristin@thestarboardgroup.com

Larry Hoyt
lhoyt@bouldercounty.org
P.O. Box 471
Boulder, CO 80306
303-441-3190

League of Women Voters
info@lwvcolorado.org

Leanne Emm
Colorado Department of Education
emm_l@cde.state.co.us
201 East Colfax Room 206
Denver, CO 80201
303-866-6202

Representative Libby Szabo
szabo.libby@gmail.com

Loren Furman
Colorado Association of Commerce & Industry
lfurman@cochamber.com
1600 Broadway, Suite 1000
Denver, CO 80202-4935
303-866-9642

Mark Neuman-Lee
Colorado Fiscal Policy Institute
mneumanlee@cclponline.org
1490 Lafayette St., Suite 206
Denver, CO 80218
303-573-5669 x310

Mark Radtke
Colorado Municipal League
mradtke@cml.org
1144 Sherman
Denver, CO 80203
303-831-6411

Marty Neilson
Colorado Union of Taxpayers
marty5539@gmail.com
363 Riverside Drive
Lyons, CO 80540
303-747-2159

Mary Lynn Christel
Colorado Department of Education
Christel_m@cde.state.co.us
201 East Colfax Room 206
Denver, CO 80201

Representative Matt Jones
repmattjones@gmail.com

Matthew Gray
Sherman & Howard
633 17th St., Suite 3000
Denver, CO 80202
303-299-8216
<table>
<thead>
<tr>
<th>Name</th>
<th>Email</th>
<th>Title</th>
<th>Contact Information</th>
</tr>
</thead>
<tbody>
<tr>
<td>Megan Gilchrest</td>
<td><a href="mailto:Megan@bbmk.com">Megan@bbmk.com</a></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Melissa Baumgart</td>
<td></td>
<td>Colorado House Republicans</td>
<td><a href="mailto:melissa.baumgart@state.co.us">melissa.baumgart@state.co.us</a></td>
</tr>
<tr>
<td>Melissa Nelson</td>
<td></td>
<td>Colorado Department of Transportation</td>
<td><a href="mailto:melissa.nelson@dot.state.co.us">melissa.nelson@dot.state.co.us</a></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>303-757-9703</td>
</tr>
<tr>
<td>Mike Beasley</td>
<td></td>
<td>5280 Strategies</td>
<td><a href="mailto:mike@5280strategies.com">mike@5280strategies.com</a></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>303 S. Broadway, Suite 200</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>Denver, CO 80209</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>303-916-0579</td>
</tr>
<tr>
<td>Senator Mike Kopp</td>
<td><a href="mailto:senatorkopp@gmail.com">senatorkopp@gmail.com</a></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>10589 W. Raspberry Mountain</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Littleton, CO 80127</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>303-973-5375</td>
<td></td>
</tr>
<tr>
<td>Senator Nancy Spence</td>
<td><a href="mailto:nancyjspence@gmail.com">nancyjspence@gmail.com</a></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>6330 S. Olathe Street</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Centennial, CO 80016</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>303-690-5106</td>
<td></td>
</tr>
<tr>
<td>Nicole Myers</td>
<td><a href="mailto:nicole.myers@state.co.us">nicole.myers@state.co.us</a></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Room 091 State Capitol</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Denver, CO 80203</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Patrick Byrne</td>
<td><a href="mailto:patrick.byrne@dot.state.co.us">patrick.byrne@dot.state.co.us</a></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Colorado Department of Transportation</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Nora Flood</td>
<td><a href="mailto:nflood@coloradoleague.org">nflood@coloradoleague.org</a></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Colorado League of Charter Schools</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>725 S. Broadway, Suite 7</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Denver, CO 80209</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>303-989-5356</td>
<td></td>
</tr>
<tr>
<td>Paul Weissmann</td>
<td><a href="mailto:paul.weissmann@state.co.us">paul.weissmann@state.co.us</a></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>State Capitol, Room 222</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Denver, CO 80203</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>303-866-2941</td>
<td></td>
</tr>
<tr>
<td>Rich Jones</td>
<td><a href="mailto:jones@bellpolicy.org">jones@bellpolicy.org</a></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>The Bell Policy Center</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>1905 Sherman St., Suite 900</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Denver, CO 80203</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>303-297-0456</td>
<td></td>
</tr>
<tr>
<td>Richard Brown</td>
<td><a href="mailto:rgbscuba@aol.com">rgbscuba@aol.com</a></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>9032 F E. Amherst Driveq</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Denver, CO 80231</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>303-695-6388</td>
<td></td>
</tr>
<tr>
<td>Richard Schweigert</td>
<td><a href="mailto:rws@csuglobal.org">rws@csuglobal.org</a></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Colorado State University System</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>303-376-2622</td>
<td></td>
</tr>
<tr>
<td>Richard Valenty</td>
<td><a href="mailto:rvalenty@msn.com">rvalenty@msn.com</a></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>1623 Yellow Pine Ave.</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>Boulder, CO 80304</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>303-246-1174</td>
<td></td>
</tr>
</tbody>
</table>
**PROPOSITION 103**  
**TEMPORARY TAX INCREASE FOR PUBLIC EDUCATION**  
**CONTACT LIST**

<table>
<thead>
<tr>
<th>Name</th>
<th>Address/Location</th>
<th>Email</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senator Rollie Heath</td>
<td><a href="mailto:rollie.heath.senate@state.co.us">rollie.heath.senate@state.co.us</a></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2455 Vassar Drive</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Boulder, CO 80305</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Rural Caucus</td>
<td><a href="mailto:ruralcaucus@comcast.net">ruralcaucus@comcast.net</a></td>
</tr>
<tr>
<td>Ron Teck</td>
<td>El Paso County</td>
<td><a href="mailto:ronteck@elpasoco.com">ronteck@elpasoco.com</a></td>
</tr>
<tr>
<td></td>
<td>627 Broken Spoke Road</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Grand Junction, CO 81504</td>
<td></td>
</tr>
<tr>
<td></td>
<td>719-244-2862</td>
<td></td>
</tr>
<tr>
<td>R.J. Hicks</td>
<td>Hicks &amp; Associates</td>
<td></td>
</tr>
<tr>
<td></td>
<td><a href="mailto:RJ@LobbyCO.com">RJ@LobbyCO.com</a></td>
<td></td>
</tr>
<tr>
<td></td>
<td>303-916-4414</td>
<td></td>
</tr>
<tr>
<td>Ryan Call</td>
<td>Colorado Republican Committee</td>
<td><a href="mailto:ryan@cologop.org">ryan@cologop.org</a></td>
</tr>
<tr>
<td></td>
<td>5950 S. Willow Drive, Suite 302</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Greenwood Village, CO 80111</td>
<td></td>
</tr>
<tr>
<td></td>
<td>303-758-3333</td>
<td></td>
</tr>
<tr>
<td>Sara Rosene</td>
<td>Grand County</td>
<td><a href="mailto:srosene@co.grand.co.us">srosene@co.grand.co.us</a></td>
</tr>
<tr>
<td>Sam Mamet</td>
<td>Colorado Municipal League</td>
<td><a href="mailto:smamet@cml.org">smamet@cml.org</a></td>
</tr>
<tr>
<td></td>
<td>1144 Sherman</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Denver, CO 80203</td>
<td></td>
</tr>
<tr>
<td>Sherry Ellebracht</td>
<td>Regional Transportation District</td>
<td><a href="mailto:sherry.ellebracht@rtd-denver.com">sherry.ellebracht@rtd-denver.com</a></td>
</tr>
<tr>
<td></td>
<td>1600 Blake St.</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Denver, CO 80202</td>
<td></td>
</tr>
<tr>
<td></td>
<td>303-299-2353</td>
<td></td>
</tr>
<tr>
<td>Sarah Sills</td>
<td>Denver Health and Hospital Authority</td>
<td><a href="mailto:sarah.sills@dhha.org">sarah.sills@dhha.org</a></td>
</tr>
<tr>
<td></td>
<td>303-602-2734</td>
<td></td>
</tr>
<tr>
<td>Steve Fenberg</td>
<td>New Era Colorado</td>
<td><a href="mailto:steve@neweracolorado.org">steve@neweracolorado.org</a></td>
</tr>
<tr>
<td>Stephannie Finley</td>
<td>Colorado Springs Chamber of Commerce</td>
<td><a href="mailto:stephannie@cscoc.org">stephannie@cscoc.org</a></td>
</tr>
<tr>
<td></td>
<td>6 S. Tejon St., #700</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Colorado Springs, CO 80903</td>
<td></td>
</tr>
<tr>
<td></td>
<td>719-575-4331</td>
<td></td>
</tr>
<tr>
<td>Representative Sue</td>
<td></td>
<td><a href="mailto:su.ryden.house@state.co.us">su.ryden.house@state.co.us</a></td>
</tr>
<tr>
<td>Schafer</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Teresa Osborne</td>
<td>CU System</td>
<td><a href="mailto:teresa.osborne@cu.edu">teresa.osborne@cu.edu</a></td>
</tr>
<tr>
<td></td>
<td>1800 Grant St., Suite 800</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Denver, CO 80203</td>
<td></td>
</tr>
</tbody>
</table>
PROPOSITION 103
TEMPORARY TAX INCREASE FOR PUBLIC EDUCATION
CONTACT LIST

Todd Engdahl
Education News Colorado
tengdahl@ednewscolorado.org
303-929-4547

Tony Gagliardi
National Federation of Independent Businesses
tony.gagliardi@nfib.org
303-831-6099

Vincent Badolato
Colorado League of Charter Schools
vbadolato@coloradoleague.org
725 S. Broadway, Suite 7
Denver, CO 80209
303-989-5356 ext. 105
Proposition 103
Temporary Tax Increase for Public Education

Ballot Title: SHALL STATE TAXES BE INCREASED $536.1 MILLION ANNUALLY IN THE FIRST FULL FISCAL YEAR AND BY SUCH AMOUNTS AS ARE RAISED ANNUALLY THEREAFTER BY AMENDMENTS TO THE COLORADO REVISED STATUTES CONCERNING A TEMPORARY INCREASE IN CERTAIN STATE TAXES FOR ADDITIONAL PUBLIC EDUCATION FUNDING, AND, IN CONNECTION THEREWITH, INCREASING THE RATE OF THE STATE INCOME TAX IMPOSED ON ALL TAXPAYERS FROM 4.63% TO 5% FOR THE 2012 THROUGH 2016 INCOME TAX YEARS; INCREASING THE RATE OF THE STATE SALES AND USE TAX FROM 2.9% TO 3% FOR A PERIOD OF FIVE YEARS COMMENCING ON JANUARY 1, 2012; REQUIRING THAT THE ADDITIONAL REVENUES RESULTING FROM THESE INCREASED TAX RATES BE SPENT ONLY TO FUND PUBLIC EDUCATION FROM PRESCHOOL THROUGH TWELFTH GRADE AND PUBLIC POSTSECONDARY EDUCATION; SPECIFYING THAT THE APPROPRIATION OF THE ADDITIONAL TAX REVENUES BE IN ADDITION TO AND NOT SUBSTITUTED FOR MONEYS OTHERWISE APPROPRIATED FOR PUBLIC EDUCATION FROM PRESCHOOL THROUGH TWELFTH GRADE AND PUBLIC POSTSECONDARY EDUCATION FOR THE 2011-12 FISCAL YEAR; AND ALLOWING THE ADDITIONAL TAX REVENUES TO BE COLLECTED, KEPT, AND SPENT NOTWITHSTANDING ANY LIMITATIONS PROVIDED BY LAW?

Text of Proposal:

Be it Enacted by the People of the State of Colorado:

SECTION 1. Part 1 of article 77 of title 24, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SECTION to read:

24-77-103.3. Voter approved revenue change - use of revenues. The revenues raised by the increase in taxes imposed pursuant to this measure, as specified in sections 39-22-104 (1.9), 39-22-301 (1)(d)(I)(J), 39-26-106 (1)(c), and 39-26-202 (2.5), C.R.S., shall constitute a voter-approved revenue change and may be collected, kept, and spent notwithstanding any other limits in the state constitution or other law. All revenues raised by the increase in taxes imposed pursuant to this measure, as specified in sections 39-22-104 (1.9), 39-22-301 (1)(d)(I)(J), 39-26-106 (1)(c), and 39-26-202 (2.5), C.R.S., shall be appropriated by the general assembly only for the costs of public education from preschool through twelfth grade and public postsecondary education.
AND SHALL BE IN ADDITION TO AND NOT A SUBSTITUTE FOR MONEYS OTHERWISE
APPROPRIATED BY THE GENERAL ASSEMBLY FOR THE COSTS OF PUBLIC EDUCATION
FROM PRESCHOOL THROUGH TWELFTH GRADE AND PUBLIC POSTSECONDARY
EDUCATION THE AMOUNT OF WHICH APPROPRIATION SHALL BE NOT LESS THAN THE
AMOUNT APPROPRIATED FOR SUCH PURPOSES FOR FISCAL YEAR 2011-12.

SECTION 2. 39-22-104 (2), Colorado Revised Statutes, is amended, and
the said 39-22-104 is further amended BY THE ADDITION OF A NEW
SUBSECTION, to read:

39-22-104. Income tax imposed on individuals, estates, and trusts -
single rate - definitions - repeal. (1.9) SUBJECT TO SUBSECTION (2) OF THIS
SECTION, WITH RESPECT TO TAXABLE YEARS COMMENCING ON OR AFTER
JANUARY 1, 2012, BUT PRIOR TO JANUARY 1, 2017, A TAX OF FIVE PERCENT IS
IMPOSED ON THE FEDERAL TAXABLE INCOME, AS DETERMINED PURSUANT TO
SECTION 63 OF THE INTERNAL REVENUE CODE, OF EVERY INDIVIDUAL, ESTATE, AND
TRUST.

(2) Prior to the application of the rate of tax prescribed in subsection (1),
(1.5), or (1.7), or (1.9) of this section, the federal taxable income shall be
modified as provided in subsections (3) and (4) of this section.

SECTION 3. 39-22-301 (1)(d)(I)(I), Colorado Revised Statutes, is
amended, and the said 39-22-301 (1)(d)(I) is further amended BY THE
ADDITION OF A NEW SUB-SUBPARAGRAPH, to read:

39-22-301. Corporate Tax Imposed. (1)(d)(I) A tax is imposed upon
each domestic C corporation and foreign C corporation doing business in
Colorado annually in an amount of the net income of such C corporation during
the year derived from sources within Colorado as set forth in the following
schedule of rates:

(I) Except as otherwise provided in section 39-22-627, for income tax
years commencing on or after January 1, 2000, but prior to January 1, 2012,
and commencing on or after January 1, 2017, four and sixty-three one
hundredths percent of the Colorado net income.

(J) For income tax years commencing on or after January 1, 2012,
but prior to January 1, 2017, five percent of the Colorado net income.
SECTION 4. 39-26-106 (1), Colorado Revised Statutes, is amended by the addition of a new paragraph to read:

39-26-106. Schedule of Sales Tax. (1)(c) Notwithstanding the two and ninety one-hundredths percent rate provisions of subparagraph (II) of paragraph (a) of this subsection (1), for the period January 1, 2012, through December 31, 2016, the rate of the tax imposed pursuant to this subsection (1) shall be three percent.

SECTION 5. 39-26-202, Colorado Revised Statutes, is amended by the addition of a new subsection to read:

39-26-202. Authorization of tax. (2.5) Notwithstanding the two and ninety one-hundredths percent rate provisions of paragraph (b) of subsection (1) of this section, for the period January 1, 2012, through December 31, 2016, the rate of the tax imposed pursuant to this section shall be three percent.

SECTION 6. Effective date. This act shall take effect January 1, 2012.