

Colorado Legislative Council Staff Fiscal Note
**STATE AND LOCAL
 CONDITIONAL FISCAL IMPACT**

Drafting Number: LLS 10-0176	Date: April 28, 2010
Prime Sponsor(s): Sen. Brophy Rep. McNulty	Bill Status: Senate SVMA
	Fiscal Analyst: Kate Watkins (303-866-6289)

TITLE: SUBMITTING TO THE REGISTERED ELECTORS OF THE STATE OF COLORADO AN AMENDMENT TO ARTICLE X OF THE CONSTITUTION OF THE STATE OF COLORADO, CONCERNING THE DEFINITION OF TERMS RELATED TO THE REQUIREMENT THAT THERE BE PRIOR VOTER APPROVAL FOR CERTAIN TAX CHANGES, AND, IN CONNECTION THEREWITH, DEFINING THE TERMS "TAX" AND "FEE".

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012
State Revenue General Fund Cash Funds	<i>Possible Reduction</i> <i>Possible Reduction</i>	
State Expenditures General Fund Cash Funds	<i>Possible Reduction</i> <i>Possible Reduction</i>	
FTE Position Change		
Effective Date: Upon voter approval at the 2010 general election.		
Appropriation Summary for FY 2010-2011: None required.		
Local Government Impact: See Local Government Impact section.		

Summary of Legislation

This concurrent resolution submits to the voters at the November 2010 general election an amendment to Article X, Section 20 of the state constitution to define a "tax" and a "fee." If passed by the voters, the amendment may more narrowly define a fee and would redefine special assessments as a tax, thereby requiring voter approval for new special assessments or increased special assessments. Under this concurrent resolution, definitions would be as follows:

Definition of a fee: A charge which is:

- made to only defray the cost of a particular government service provided to those charged;
- reasonably related to the overall cost of that government service; and
- not made for the purpose of raising any revenue for a general public purpose.

Definition of a tax: A charge imposed by a state or local government that is not a fee or a fine, but includes a special assessment.

Background

This concurrent resolution appears to narrow the definition of a fee relative to that in Colorado case law by requiring that fees be levied "**only**" to defray the cost of a particular government service provided to those charged and that fees do not raise "**any**" revenue for a general public purpose. It is unclear at this time if this might redefine some fees currently collected by state or local governments as taxes.

Special assessments are considered fees under current law. This concurrent resolution would redefine special assessments as a tax. Special assessments are charges imposed against property that will benefit from a proposed public improvement, such as a street or sewer.

State Revenue

Indeterminate state revenue reduction. If passed by the voters, this concurrent resolution may redefine certain fees as a tax, thereby requiring voter approval for rate increases. This may also limit the ability of the state to create new fees. Thus, the resolution may result in lower revenue than would otherwise have occurred under current law.

State Expenditures

Indeterminate state expenditure reduction. If passed by the voters, this concurrent resolution may result in reduced state expenditures, to the extent that future fee revenue is lower than would have otherwise occurred. Expenditures related to elections may increase if there are additional elections.

Local Government Impact

Indeterminate local government revenue and expenditure reduction. If passed by the voters, this concurrent resolution will define special assessments as a tax instead of a fee, thereby requiring voter approval for an increase in any special assessment rate. This may result in more elections or fewer special assessments. In addition, this resolution may limit the ability of local governments to increase current fees or create new fees. As a result, revenue to local governments may be reduced. Any additional elections will increase election-related costs. To the extent that future revenue is lower as a result of this resolution, future expenditures may also be lower relative to current law.

Election Expenditure Impacts (For Informational Purposes Only)

The bill refers a measure to the voters at the November 2010 general election. This measure will be published in newspapers and an analysis of the measure will be included in the Blue Book mailed to all registered voter households prior to the election. Under current law, costs for these functions will be paid through a General Fund line item in the Long Appropriations Bill. Table 1 below identifies the anticipated costs for the 2010 Blue Book.

Table 1. Cost to Produce and Distribute the 2010 Blue Book to All Registered Voter Households	
Printing	\$400,000
Postage	\$450,000
Translation	\$20,000
Newspaper Publication (English & Spanish)	\$700,000
Total Cost (14 issues)	\$1,570,000
Average Cost per Issue	\$112,143

Departments Contacted

All Departments