

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

Drafting Number: LLS 10-1104
Prime Sponsor(s): Rep. McNulty
 Sen. Brophy

Date: April 30, 2010
Bill Status: House SVMA
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TITLE: SUBMITTING TO THE REGISTERED ELECTORS OF THE STATE OF COLORADO AN AMENDMENT TO SECTION 20 OF ARTICLE X OF THE CONSTITUTION OF THE STATE OF COLORADO, CONCERNING PRIOR VOTER APPROVAL FOR A TAX POLICY CHANGE DIRECTLY CAUSING A NET TAX REVENUE GAIN TO ANY DISTRICT.

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012
State Revenue	<i>Potential Reduction</i>	
State Expenditures	<i>Potential 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: <i>Indeterminate Impact.</i> See the 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 require prior voter approval for any tax policy change resulting in a net tax revenue gain.

Background

The Taxpayers Bill of Rights (TABOR) Amendment was passed by the voters in the 1992 general election. TABOR requires voter approval for the following for both state and local government:

- a new tax;
- a tax rate increase;
- a mill levy increase;
- a property tax valuation for assessment ratio increase;
- the extension of an expiring tax; or
- a tax policy change directly causing a net tax revenue gain.

On March 16, 2009, the Colorado Supreme Court issued an opinion in the case of *Mesa County Bd. of Comm'rs v. State* that changed the legal interpretation for state and local governments of a tax policy change directly causing a net tax revenue gain. Under the ruling, voter approval may not be required for tax policy changes that result in:

- *de minimis* increases in tax revenues (a *de minimis* amount has been interpreted to mean an amount less than the cost of an election); and/or
- net revenue increases that do not exceed a TABOR spending limit.

This concurrent resolution would eliminate the exceptions created by the Mesa County case interpretation.

State Revenue

Indeterminate state revenue reduction. If approved by the voters, this concurrent resolution may limit tax policy changes that would result in net revenue gains to the state that otherwise would have occurred under current law. To this extent state revenue will be reduced. This analysis assumes the concurrent resolution is prospective rather than retrospective, and will not affect any previous tax policy changes enacted by the state.

State Expenditures

Indeterminate state expenditure reduction. If approved by the voters, this concurrent resolution will reduce state expenditures to the extent that revenue is reduced. Expenditures related to elections may increase if there are additional elections.

Local Government Impact

Indeterminate local government revenue and expenditure reduction. If approved by the voters, this concurrent resolution may limit tax policy changes that would result in net revenue gains to local governments that otherwise would have occurred under current law. To the extent that revenue is reduced by this concurrent resolution, expenditures will similarly be reduced. Expenditures related to elections may increase if there are additional elections. This analysis assumes the concurrent resolution is prospective rather than retrospective.

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.

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

Colorado Counties, Inc.
Property Taxation

Law
Education