

**Amendment __
Issue Committee Contributions**

1 Amendment __ is a proposed amendment to the Colorado Constitution that:

- 2 ♦ prohibits a government from contracting with, funding, or employing
3 any person or organization that contributes more than \$500 in cash or
4 services to an issue committee supporting a tax or debt election; and
- 5 ♦ voids the results of the election, and requires the refund of any revenue
6 already collected, if this prohibition is violated.

7 **Summary and Analysis**

8 ***What is an issue committee?*** An issue committee is a committee formed to
9 support or oppose a ballot measure. Under Colorado law, issue committees must disclose
10 campaign donors but are not limited in how much money they may receive from any
11 individual donor.

12 ***How are tax and debt campaigns financed?*** When a government seeks to impose
13 a new tax, increase an existing tax, continue a tax that would otherwise expire, increase its
14 debt, or increase spending above its limit, it must get voter approval. Governments may
15 not fund a campaign in support of these types of measures. As a result, an issue committee
16 is often formed to accept contributions to fund the campaign. Contributions to issue
17 committees help pay for campaign advertisements, speakers for public forums, polls and
18 surveys, and other political activities in support of the ballot issue.

19 ***How does Amendment __ affect issue committee donors?*** Amendment __ affects
20 any person or organization that contributes over \$500, or gives the equivalent of \$500 in
21 services, to an issue committee that supports a tax or debt measure. It prohibits these
22 donors from being awarded any contract or receiving employment or funding from the
23 entity holding the election for as long as the tax or debt is in effect. These same
24 restrictions apply to people or organizations that pass \$500 contributions to an issue
25 committee through a third party, or who contribute \$400 to an issue committee through a
26 pool.

27 If a government awards a contract, employs a person or organization, or provides
28 funding to an entity that contributed over the applicable limit, the results of the tax or debt
29 election are required to be voided, and any taxes collected up to that point must be
30 refunded to taxpayers.

1 **Arguments For**

2 1) Amendment __ ensures that large campaign donations are not a determining
3 factor in awarding government contracts. These contributions may lead to corruption or
4 the appearance of corruption when people and companies with a financial stake in the
5 outcome of an election give money to help a measure pass. Tax and debt elections should
6 be decided on their own merits, free from interference by those who could profit from their
7 passage. The proposal may result in greater citizen participation in elections since
8 supporters of tax and debt ballot issues will have to look beyond a handful of businesses
9 for campaign funding.

10 2) Individuals and companies can continue to financially support issue committees.
11 The proposal simply prohibits a government from awarding contracts to a person or
12 business that exceeds the campaign contribution threshold.

13 **Arguments Against**

14 1) Campaign advertising is expensive, but is necessary to explain ballot proposals
15 to voters. It is natural for local business people to be active in elections that can improve
16 their communities. Under the proposal, businesses such as builders, banks, attorneys,
17 architects, and accountants that offer significant support to these campaigns would risk
18 losing business. In addition, the measure is one-sided in that it applies only to
19 contributions that are made in favor of a ballot issue.

20 2) The proposal is unnecessary. Governments already have procurement laws to
21 ensure that only qualified businesses are hired to carry out public contracts. Amendment
22 __ could delay voter-approved building projects or programs if lawsuits are filed against
23 governments asserting that they gave contracts or funding to people or organizations that
24 exceeded the contribution limits. Further, the possibility of having an election declared
25 void introduces uncertainty into the process for financing buildings, which will increase
26 costs for local governments and their taxpayers.

27 **Estimate of Fiscal Impact**

28 Amendment __ is not expected to affect state or local government revenues or
29 expenditures.