

## Amendment 51 State Sales Tax Increase for Services for People with Developmental Disabilities

### 1 Amendment 51 proposes amending the Colorado statutes to:

- 2 ♦ increase the state sales and use tax from 2.9 percent to 3.0 percent on  
3 July 1, 2009, and from 3.0 percent to 3.1 percent on July 1, 2010;
- 4 ♦ direct that the new money be used to pay for services for people with  
5 developmental disabilities and to help eliminate the waiting lists for  
6 services;
- 7 ♦ prohibit the legislature from reducing the current level of state funding  
8 for services for people with developmental disabilities; and
- 9 ♦ exempt the new money from state spending limits.

### 10 Summary and Analysis

11 **Developmental disabilities.** Developmental disabilities include a number of  
12 different conditions that affect a person's physical or mental abilities, such as  
13 speaking, moving, learning, and independent living. Developmental disabilities can  
14 become apparent at anytime up to age 22 and last throughout a person's lifetime.  
15 Mental retardation, autism, Down syndrome, and cerebral palsy are examples of  
16 developmental disabilities.

17 **Services for people with developmental disabilities.** Services for people with  
18 developmental disabilities are delivered through a state and local system. The state  
19 administers the overall system; twenty local nonprofit agencies throughout the state  
20 determine a person's eligibility and arrange and provide services. Services are  
21 generally provided in the community or in the family home, and vary based upon the  
22 person's specific disability and needs. For instance, one person may need assistance  
23 with speech and language development, another may need job training to become  
24 employed, and another may need full-time care.

25 Current funding allows about 11,800 people to receive services in the community.  
26 This year, federal, state, and local government funding for services is estimated at  
27 \$372 million. The state's share of that total is about \$184 million.

28 **Waiting lists for services.** There are currently about 9,700 adults and children  
29 on waiting lists for services within the next two years. That number is expected to  
30 grow to over 12,000 people by 2012. If funding to eliminate the waiting lists becomes  
31 available, a number of people who are not currently on a waiting list may seek  
32 services as services become more accessible. Thus, it is difficult to estimate the total  
33 number of people who are eligible for services and the cost to eliminate the waiting  
34 lists.



1 wealth. Colorado's total state and local taxes, including income, property, sales, and  
2 other taxes, rank 26th in the amount paid per person and 46th based on wealth.

### 3 **Arguments For**

4 1) Many children and adults with developmental disabilities — and the families who  
5 care for them — are at the point of crisis because they cannot get needed services.  
6 The wait time for services can last as long as ten years. The demand for services  
7 continues to grow because people with developmental disabilities are vulnerable and  
8 often need life-long care, and there are many aging parents who can no longer care  
9 for their children with developmental disabilities. The need for services is so great that  
10 it cannot be met without a new source of funding unless the state cuts money from  
11 other programs.

12 2) By spending money now, the state can reduce future costs of government  
13 services. For example, the new sales tax will provide money to expand early  
14 intervention programs for children, such as speech-language or physical therapy, and  
15 programs that help train and employ adults with developmental disabilities, which may  
16 reduce future reliance on government-funded services.

17 3) The sales tax increase in Amendment 51 is a small investment for the large  
18 return of improving the health, safety, and quality of life for people with developmental  
19 disabilities. Furthermore, the tax applies to only a limited number of services, and  
20 does not apply to many basic necessities. The money raised from the new sales tax  
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22 administrative overhead.

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24 1) Raising sales taxes may hurt the state's economy and citizens. The economy is  
25 already struggling with a weak housing market and high gas and food prices. Further,  
26 raising sales taxes burdens lower- and middle-income consumers the most because it  
27 cuts into a larger share of their income. Instead of requiring everyone to pay higher  
28 taxes, people who wish to help individuals with developmental disabilities can make  
29 private donations.

30 2) Reducing the waiting lists could be accomplished without raising taxes by  
31 reprioritizing how the state spends its money and by eliminating government  
32 inefficiencies. The state government already spends about \$4 billion, or about  
33 30 percent of state and federal operating dollars, to provide health-care-related  
34 services, and this spending grows every year. The measure takes \$186 million out of  
35 the private economy to expand the size and cost of government. This money could be  
36 better used by Colorado's citizens and businesses to spend on their own needs and to  
37 help grow the economy.

38 3) Decisions about how to spend state tax dollars are best made through an open  
39 and deliberative process that considers the needs and priorities of the entire state.  
40 Amendment 51 permanently raises taxes without any discussion about whether the  
41 measure raises an appropriate amount of money, how the new money can be spent

1 most effectively, or how the needs of people with developmental disabilities compare  
2 with other needs in the state. The new money must be spent on services for people  
3 with developmental disabilities even if the amount raised exceeds what is legitimately  
4 needed to provide services, which could lead to wasteful spending while other needs  
5 remain underfunded.

## 6 **Estimate of Fiscal Impact**

7 **State revenue.** The sales tax increase raises about \$89 million in budget year  
8 2010 and about \$186 million in budget year 2011 to provide services for people with  
9 developmental disabilities. The state is also expected to receive about \$19 million in  
10 2010 and about \$39 million in 2011 from the federal government to fund these  
11 services.

12 **State spending.** Amendment 51 increases state administrative costs by about  
13 \$100,000 in 2009, \$270,000 in 2010, and \$340,000 in 2011 to oversee the services  
14 provided to people with developmental disabilities and to implement the sales tax  
15 increase. These costs cannot be paid from the new sales tax money, but a portion will  
16 be paid with funding from the federal government.

17 The nonprofit agencies that provide services will experience additional costs of  
18 around \$46 million in 2010 and \$94 million in 2011. These costs include both  
19 providing the actual services to more people and startup and training expenses to  
20 accommodate the increase in services provided. The new sales tax money is  
21 expected to pay for some of these costs, with the remainder funded by the federal  
22 government. It is unlikely that all of the new sales tax money will be spent in the first  
23 several years because developing the capacity to serve the number of people who are  
24 on waiting lists will take time. Any sales tax money that is not immediately spent on  
25 services must be placed in reserve.

26 **Impact on taxpayers.** Both individuals and businesses pay sales and use taxes.  
27 Businesses pay about 40 percent of the state's sales taxes; Colorado residents pay  
28 about half; and the remaining 10 percent is paid by visitors to the state. The additional  
29 amount of taxes paid by each Colorado household will depend on a household's  
30 income and number of people. A three-person household with around \$55,000 in  
31 annual income is estimated to pay an additional \$20 in state sales taxes in the first  
32 year of the tax increase and an additional \$40 in the second year when the tax  
33 increase is fully in place.

**Amendment 51**

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7 ♦ prohibit the legislature from reducing the current level of state funding  
8 for services for people with developmental disabilities;

9 ♦ THE GENERAL ASSEMBLY CAN REPEAL ANY PART OF THIS STATUTE AT ANY  
10 TIME (REF. O WILL NOT APPLY). THE MONEY CAN BE SPENT ON ANYTHING  
11 AND CANNOT BE EARMARKED IN A BINDING WAY. THE GENERAL ASSEMBLY  
12 HAS RAIDED TRUST FUNDS REPEATEDLY IN THE RECENT PAST, AND CAN DO SO  
13 AGAIN; and

14 ♦ exempt the new money from state spending limits.

15 **Summary and Analysis**

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17 different conditions that affect a person's physical or mental abilities, such as  
18 speaking, moving, learning, and independent living. Developmental disabilities can  
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29 employed, and another may need full-time care.

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31 This year, federal, state, and local government funding for services is estimated at  
32 ~~\$372 million~~ \$400 MILLION, OR ABOUT \$34,000 PER RECIPIENT OF SERVICES. AMENDMENT  
33 51 WOULD RAISE THAT TOTAL SPENDING ANOTHER 47 PERCENT, TO ABOUT \$586 MILLION.  
34 The state's share of that total is about \$184 million.

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 15 although they may apply to different items than the state tax.

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 17 When combined with local government sales taxes, the total tax rate varies across the  
 18 state. For example, the total tax rate in the City of Denver is 7.72 percent, in  
 19 Fort Collins it is 6.7 percent, in Fort Morgan it is 5.9 percent, IN COLORADO SPRINGS IT  
 20 IS 7.4 PERCENT, IN AURORA IT IS 8.1 PERCENT OR 8.6 PERCENT DEPENDING ON THE  
 21 LOCATION, in Pueblo it is 7.4 percent, and it is 7.65 percent in Grand Junction.

22 Amendment 51 raises the state tax rate to 3.1 percent over two years. On July 1,  
 23 2009, the rate increases to 3 percent, and on July 1, 2010, and thereafter the rate is  
 24 3.1 percent. The measure is estimated to raise about \$89 million in the first year of  
 25 the tax increase and \$186 million in the next year when the tax increase is fully in  
 26 place. ~~Table 1 provides examples of how Amendment 51 affects state sales taxes.~~  
 27 THIS INCREASE AMOUNTS TO \$133 IN ADDITIONAL SALES TAXES PER YEAR FOR THE AVERAGE  
 28 FAMILY OF FOUR.

29 **Table 1. Comparison of State Sales Taxes Due under Current Law**  
 30 **and Amendment 51**

31 - 32 - 33 Price	Total Tax Increase	Current State Sales Tax	State Sales Tax in 1st Year of Increase	State Sales Tax in 2nd Year of Increase
34 \$20	4 cents	58 cents	60 cents	62 cents
35 \$100	20 cents	\$2.90	\$3.00	\$3.10
36 \$5,000	\$10.00	\$145.00	\$150.00	\$155.00

37 **Use of the new money for services.** Amendment 51 requires that all of the new  
 38 sales tax money be used for services for people with developmental disabilities to help  
 39 reduce the current waiting lists. The money cannot be used for state administration  
 40 costs or to reduce current state spending on services. However, in any year in which  
 41 two-thirds of the state legislature and the governor declare a state fiscal emergency,  
 42 the money can be used for any purpose relating to services for people with

1 developmental disabilities, such as replacing the current level of spending on services  
2 and for state administration costs. In addition, Amendment 51 creates a reserve for  
3 any money that is not spent in a given year for use in future years. Finally, a large  
4 portion of the new money can be used to leverage additional federal funds, increasing  
5 the total amount available to pay for services. THE GENERAL ASSEMBLY CAN REPEAL  
6 ANY LIMITS OR EARMARKS ON THESE FUNDS, AND SPEND THE MONEY ON ANY UNRELATED  
7 PROGRAM THEY WISH, AND DO SO WITHOUT GETTING VOTER APPROVAL. THEY ARE NOT  
8 LEGALLY REQUIRED TO SEND MONEY ON THE DEVELOPMENTALLY DISABLED IF THEY DECIDE  
9 TO SPEND IT ELSEWHERE.

10 ***How Colorado's taxes compare with other states.*** Colorado has the lowest  
11 state sales tax rate of the 45 states with a state sales tax. However, Colorado has  
12 higher local government sales tax rates than most states. Thus, when comparing  
13 combined state and local sales taxes, Colorado ranks higher. Colorado ranks 17th in  
14 the amount of sales taxes paid per person and 23rd in the amount paid based on  
15 wealth. ~~Colorado's total state and local taxes, including income, property, sales, and~~  
16 ~~other taxes, rank 26th in the amount paid per person and 46th based on wealth.~~

## 17 **Arguments For**

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19 care for them — are at the point of crisis because they cannot get needed services.  
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38 1) Raising sales taxes may hurt the state's economy and citizens. The economy is  
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40 raising sales taxes burdens lower- and middle-income consumers the most because it  
41 cuts into a larger share of their income. Instead of requiring everyone to pay higher  
42 taxes, people who wish to help ~~individuals with developmental disabilities~~ OTHERS can



1 make private donations TO THE CHARITY OF THEIR INDIVIDUAL CHOICE, NOT ONE IMPOSED  
2 ON THEM BY POLITICAL FORCE.

3 2) Reducing the waiting lists could be accomplished without raising taxes by  
4 reprioritizing how the state spends its money and by eliminating government  
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6 30 percent of state and federal operating dollars, to provide health-care-related  
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11 INCREASED PRIVATE CHARITABLE DONATIONS CAN BE MADE. THE \$34,000 PER RECIPIENT  
12 NOW BEING SPENT IS VERY GENEROUS. OTHER MEDICAL CONDITIONS AND OTHER NEEDS  
13 WILL BE LESS WELL SUPPORTED BECAUSE OF THIS DRAMATIC SPENDING SPREE HERE, WHICH  
14 IS SO FAST IT WILL RESULT IN LESS EFFICIENT USE OF THESE FAST-GROWING FUNDS.

15 3) Decisions about how to spend state tax dollars are best made NOT BY SPECIAL  
16 INTEREST GROUPS SEEKING TO GAIN TAX MONEY FOR THEIR ORGANIZATIONS BY APPEALING  
17 TO VOTER EMOTIONS, BUT BY LEGISLATORS IN ~~through~~ an open and deliberative process  
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20 appropriate amount of money, how the new money can be spent most effectively, or  
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23 disabilities even if the amount raised exceeds what is legitimately needed to provide  
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25 underfunded. THIS PLAN ADDS STATE COSTS WITHOUT PROVIDING THE MONEY TO PAY FOR  
26 THEM FULLY, FURTHER SQUEEZING THE STATE BUDGET AND TAKING MONEY FROM OTHER  
27 PROGRAMS.

## 28 **Estimate of Fiscal Impact**

29 **State revenue.** The sales tax increase raises about \$89 million in budget year  
30 2010 and about \$186 million in budget year 2011 to provide services for people with  
31 developmental disabilities. The state is also expected to receive about \$19 million in  
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43 expected to pay for some of these costs, with the remainder funded by the federal  
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4 ***Impact on taxpayers.*** Both individuals and businesses pay sales and use taxes.  
5 Businesses pay about 40 percent of the state's sales taxes AND PASS THAT COST ONTO  
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12 FAMILY OF FOUR, THE INCREASE AMOUNTS TO \$133 IN ADDITIONAL SALES TAXES, WHICH  
13 WILL GROW EVERY YEAR FROM INCREASED PRICES.

## REP. BRUCE COMMENTS ON LAST DRAFT OF AMENDMENT 51

### I ALSO INCORPORATE ALL COMMENTS FROM THE PRIOR DRAFTS.

#### Page One

1. Lines 4-8---This is misleading. "The general assembly can repeal any part of this statute at any time (Ref. O will not apply). The money can be spent on anything and cannot be earmarked in a binding way. (This point must be made in the opening bullets to avoid deceiving voters.)  
The GA has raided trust funds repeatedly in the recent past, and can do so again."
2. Line 30, add "or about \$34,000 per recipient of services. Amendment 34 would raise that total spending another 47%, to about \$586 million."

#### Page Two

3. Line 5--"...uncooked food..." or "unprepared food"
4. Line 15--PLEASE TELL YOUR STAFFER FROM FT. MORGAN TO TAKE A BREAK. It is more relevant to more people to say that it is 7.4% in Colo. Springs (the second largest city in the state). You should also add Aurora, which is third largest.
5. Table 1--dealing with incidental pennies is biased and deceptive. Liberals always say the cost is "just pennies a day." Replace or add to this table the macro view--\$186M divided by 5M residents is \$37 per person, or \$148 per year per average family of four, less 10% paid by tourists, which nets to \$133 per average family of four. All business taxes are passed on to consumers as higher prices.
6. Lines 30-40--should repeat comment #1. "The general assembly can repeal any limits or earmarks on these funds, and spend the money on any unrelated program they wish, and do so without getting voter approval. They are not legally required to spend money on the developmentally disabled if they decide to spend it elsewhere."

#### Page Three

7. Lines 6-7--delete as irrelevant to comparable sales taxes.
8. Line 22--"on a \$2.50 purchase" since sales tax half-pennies are required to be rounded up.
9. Line 33-34--replace "individuals with DD" with "others" and add at the end "to the charity of their individual choice, not one imposed on them by political force."
10. Line 37--after "spends," insert the dollar amount in billions before "OR about 30 percent..."
11. Line 40--after "government," insert "an amount which will grow every year."
12. Line 42--add, "from which increased private charitable donations can be made. The \$34,000 per recipient now being spent is very generous. Other medical conditions and other needs will be less well supported because of this dramatic spending spree here, which is so fast it will result in less efficient use of these fast-growing funds."

## Page Four

13. Line 1--after "made" insert "not by special interest groups seeking to gain tax money for their organizations by appealing to voter emotions, but by legislators in an open and deliberative..."
14. Line 3--add "51"
15. Line 9--"This plan adds state costs without providing the money to pay for them fully, further squeezing the state budget and taking money from other programs."
16. Line 27--after "sales taxes," add "and passses that cost onto its customers." Then "residents DIRECTLY pay..."
17. Line 28--change "amount" to "10%"
18. Lines 30-33--flawed math. You are not counting the indirect 40% passed on by business. A better model is, \$186M divided by 5M residents equals \$37 per resident, or \$148 per average family of four. Deduct 10% for tourists, and the cost to average Colorado families of four is \$133, which will grow every year from increased prices.

State Rep. Douglas Bruce  
taxcutter@msn.com  
(719) 550-0010

# Coalition to End the Wait List

## Amendment 51

### State Sales Tax Increase for Services for People with Developmental Disabilities

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28       STATE'S SHARE OF FUNDING IS ABOUT \$184 MILLION. MANY SERVICES FOR PEOPLE WITH  
29       DEVELOPMENTAL DISABILITIES ARE ELIGIBLE FOR A FEDERAL MEDICAID MATCH. THIS YEAR,  
30       MEDICAID PROVIDED \$152 MILLION IN MATCHING FUNDS MAKING THE TOTAL FUNDS  
31       AVAILABLE \$336 MILLION.

32       ***Waiting lists for services.*** There are currently about 9,700 adults and children  
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## 8        **Arguments For**

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10 care for them — are at the point of crisis because they cannot get needed services.  
11 NO ALTERNATIVE SAFETY NET EXISTS TO PROVIDE CARE FOR THEM. The wait time for  
12 services can last as long as ten years. The demand for services continues to grow  
13 because people with developmental disabilities are vulnerable and often need life-long  
14 care, and there are many aging parents who can no longer care for their children with  
15 developmental disabilities. The need for services is so great that it cannot be met  
16 without a new source of funding unless the state cuts money from other programs.

17            2) By spending money now, the state can reduce future costs of government  
18 services. For example, the new sales tax will provide money to expand early  
19 intervention programs for children, such as speech-language or physical therapy, and  
20 programs that help train and employ adults with developmental disabilities, which may  
21 reduce future reliance on government-funded services.

22            3) The sales tax increase in Amendment 51 is a small investment for the large  
23 return of PROVIDING BASIC SERVICES AND improving the health, safety, and quality of life  
24 for people with developmental disabilities, SUCH AS AUTISM, DOWN SYNDROME, OR  
25 MENTAL RETARDATION. Furthermore, the tax applies to only a limited number of  
26 services, and does not apply to many basic necessities, SUCH AS GROCERIES,  
27 PRESCRIPTION DRUGS, GASOLINE, MEDICAL SERVICES, OR HOUSEHOLD UTILITIES. The  
28 money raised from the new sales tax directly benefits people with developmental  
29 disabilities, and does not pay for state administrative overhead.

## 30        **Arguments Against**

31            1) Raising sales taxes may hurt the state's economy and citizens. ~~The economy is~~  
32 ~~already struggling with a weak housing market and high gas and food prices.~~ Further,  
33 raising sales taxes burdens lower- and middle-income consumers the most because it  
34 cuts into a larger share of their income. Instead of requiring everyone to pay higher  
35 taxes, people who wish to help individuals with developmental disabilities can make  
36 private donations.

37            2) Reducing the waiting lists could be accomplished without raising taxes by  
38 reprioritizing how the state spends its money and by eliminating government  
39 inefficiencies. The state government already spends about \$4 billion, or about  
40 30 percent of state and federal operating dollars, to provide health-care-related  
41 services, and this spending grows every year. The measure takes \$186 million out of  
42 the private economy to expand the size and cost of government. This money could be



# Coalition to End the Wait List

1 better used by Colorado's citizens and businesses to spend on their own needs and to  
2 help grow the economy.

3 3) Decisions about how to spend state tax dollars are best made through an open  
4 and deliberative process that considers the needs and priorities of the entire state.  
5 Amendment 51 permanently raises taxes without any discussion about whether the  
6 measure raises an appropriate amount of money, how the new money can be spent  
7 most effectively, or how the needs of people with developmental disabilities compare  
8 with other needs in the state. The new money must be spent on services for people  
9 with developmental disabilities even if the amount raised exceeds what is legitimately  
10 needed to provide services, which could lead to wasteful spending while other needs  
11 remain underfunded.

## 12 **Estimate of Fiscal Impact**

13 **State revenue.** The sales tax increase raises about \$89 million in budget year  
14 2010 and about \$186 million in budget year 2011 to provide services for people with  
15 developmental disabilities. The state is also expected to receive about \$19 million in  
16 2010 and about \$39 million in 2011 from the federal government to fund these  
17 services.

18 **State spending.** Amendment 51 increases state administrative costs by about  
19 \$100,000 in 2009, \$315,000 in 2010, and \$430,000 in 2011 to oversee the services  
20 provided to people with developmental disabilities and to implement the sales tax  
21 increase. These costs cannot be paid from the new sales tax money, but a portion will  
22 be paid with funding from the federal government.

23 The nonprofit agencies that provide services will experience additional costs of  
24 around \$46 million in 2010 and \$94 million in 2011. ~~These costs include both~~  
25 ~~providing the actual services to more people and startup and training expenses to~~  
26 ~~accommodate the increase in services provided.~~ IN ORDER TO OFFER SERVICES TO  
27 ADDITIONAL PEOPLE WITH DEVELOPMENTAL DISABILITIES, PROVIDERS WILL EXPERIENCE  
28 COSTS FOR SUCH THINGS AS HIRING, TRAINING, AND SUPERVISING ADDITIONAL STAFF,  
29 BUYING EQUIPMENT, LOCATING NEW RESIDENTIAL SITES OR OPTIONS AND DEVELOPING THE  
30 CAPACITY TO PROVIDE AND SUSTAIN THESE NEW SERVICES. THE REVENUE FROM THIS  
31 MEASURE WILL COVER THESE AND OTHER COSTS ASSOCIATED WITH ESTABLISHING SERVICES  
32 FOR ADDITIONAL PERSONS. The new sales tax money is expected to pay for some of  
33 these costs, with the remainder funded by the federal government. It is unlikely that  
34 all of the new sales tax money will be spent in the first several years because  
35 developing the capacity to serve the number of people who are on waiting lists will  
36 take time. Any sales tax money that is not immediately spent on services must be  
37 placed in reserve.

38 **Impact on taxpayers.** Both individuals and businesses pay sales and use taxes.  
39 Businesses pay about 40 percent of the state's sales taxes; Colorado residents pay  
40 about half; and the remaining 10 percent is paid by visitors to the state. The additional  
41 amount of taxes paid by each Colorado household will depend on a household's  
42 income and number of people. A three-person household with around \$55,000 in  
43 annual income is estimated to pay an additional \$20 in state sales taxes in the first  
44 year of the tax increase and an additional \$40 in the second year when the tax  
45 increase is fully in place.

COALITION TO END THE WAITING LIST COMMENTS ON LAST DRAFT  
OF AMENDMENT 51

August 20, 2008

To Whom it May Concern:

Please accept the following comments on the Third Draft of the Legislative Council Ballot Analysis for Amendment 51, the "State Sales Tax Increase for Services for People with Developmental Disabilities." We appreciate the consideration of our requests regarding the first and second drafts, as well as the opportunity to provide additional comment on the third.

**Request 1 – Summary and Analysis**

Page 1, lines 27-30, Services for people with developmental disabilities

Strike the following:

~~Additional money for services is also provided by the federal government, local governments, grants, donations, and fees paid by individuals receiving services. Total funding for services for people with developmental disabilities is estimated at about \$400 million annually.~~

Because the number reflected above includes funding for more than the services outlined in Amendment 51, we feel it misleads voters and creates an inaccurate impression regarding available funding to address wait list services. While federal matches can be applied for most services outlined in Amendment 51, local funds, private donations and grants cannot be used – and are not currently used – to augment the cost of these services. Further, each of the alternative funding sources listed in the analysis has its own restrictions, as well as limits on the use of the outlined resource. None, except for the federal match, is available to address needs of people on the waiting list or, in a comprehensive way, the needs of people enrolled in service. For example, where local government funds are available each governmental entity has specified what services and groups of people are to be addressed with those funds and those specifications differ across the state.

If the goal is to provide information regarding the total state and federal funding currently available to address services outlined in Amendment 51, we suggest providing the total state dollars found in line 26, plus federal dollars. Funds that are not intended or used for such services should not be included. To that end, we would alternately suggest lines 27-30 be struck and amended as follows:

~~Additional money for services is also provided by the federal government, local governments, grants, donations, and fees paid by individuals receiving services. Total funding for services for people with developmental disabilities is estimated at about \$400 million annually.~~ MANY SERVICES FOR PEOPLE WITH DEVELOPMENTAL DISABILITIES ARE ELIGIBLE FOR A FEDERAL MEDICAID MATCH. THIS YEAR, MEDICAID PROVIDED \$X DOLLARS IN MATCHING FUNDS MAKING THE TOTAL FUNDS AVAILABLE \$X.

## **Request 2 -- Arguments For**

Page 3, lines 9-10

For purposes of voter clarity, we request the following:

1) Many children and adults with developmental disabilities – and the families who care for them – are at the point of crisis because they cannot get needed services. NO ALTERNATIVE SAFETY NET EXISTS TO PROVIDE CARE FOR THEM.

Page 3, lines 22-24

For purposes of voter clarity, we request the following:

3) A sales tax of one penny per \$5 purchase is a small investment for the large return of PROVIDING BASIC SERVICES AND improving the quality of life for people with developmental disabilities, SUCH AS AUTISM, DOWN SYNDROME, OR MENTAL RETARDATION.

Page 3, lines 24-25

For purposes of voter clarity, we request the following:

Furthermore, the tax applies to only a limited number of services, and does not apply to many basic necessities, SUCH AS GROCERIES, PRESCRIPTION DRUGS, GASOLINE, MEDICAL SERVICES, OR HOUSEHOLD UTILITIES.”

## **Request 3 – Arguments Against:**

Page 3, lines 29-30, Arguments Against

We believe the following sentence is factually misleading since the state sales tax does not apply to groceries or gasoline. We suggest it be struck.

~~“The economy is already struggling with a weak housing market and high gas and food prices.”~~

## **Request 4 – Estimate of Fiscal Impact**

Page 4, lines 19-22, State spending

For purposes of voter clarity, we request the following:

~~The providers of services will also experience additional costs. These costs will be for both providing the actual services to more people and for startup and training expenses to help accommodate the increase in services provided.~~ IN ORDER TO OFFER SERVICES TO ADDITIONAL PEOPLE WITH DEVELOPMENTAL DISABILITES, PROVIDERS WILL EXPERIENCE COSTS FOR SUCH THINGS AS HIRING, TRAINING, AND SUPERVISING ADDITIONAL STAFF, BUYING EQUIPMENT, LOCATING NEW RESIDENTIAL SITES OR OPTIONS AND DEVELOPING THE CAPACITY TO PROVIDE AND SUSTAIN THESE NEW SERVICES. THE REVENUE FROM THIS MEASURE WILL COVER THESE AND OTHER COSTS ASSOCIATED WITH ESTABLISHING SERVICES FOR ADDITIONAL PERSONS.

Thank you for your consideration of our requested changes. We would be happy to discuss these issues with you in greater detail. Please feel free to contact anyone of us with questions.

Sincerely,

Marijo Rymer  
The Arc of Colorado  
303.864.9334

Linda Skaflen  
The Arc of Adams County  
303.428 0310

Cami Learned  
CCB Partners  
303.435.6081

On behalf of the Coalition to End Colorado's Developmental Disability Wait List

# Last Draft as Mailed to Interested Parties

## Amendment 51

### State Sales Tax Increase for Services for People with Developmental Disabilities

1 **Amendment 51 proposes amending the Colorado statutes to:**

- 2       ♦ increase the state sales and use tax from 2.9 percent to 3.0 percent on  
3       July 1, 2009, and from 3.0 percent to 3.1 percent on July 1, 2010;
- 4       ♦ direct that the new money be used to pay for services for people with  
5       developmental disabilities and to help eliminate the waiting lists for  
6       services;
- 7       ♦ prohibit the legislature from reducing the current level of state funding  
8       for services for people with developmental disabilities;
- 9       ♦ exempt the new money from state spending limits.

10 **Summary and Analysis**

11       ***Developmental disabilities.*** Developmental disabilities include a number of  
12 different conditions that affect a person's physical or mental abilities, such as  
13 speaking, moving, learning, and independent living. Developmental disabilities can  
14 become apparent at anytime up to age 22 and last throughout a person's lifetime.  
15 Mental retardation, autism, Down syndrome, and cerebral palsy are examples of  
16 developmental disabilities.

17       ***Services for people with developmental disabilities.*** Services for people with  
18 developmental disabilities are delivered through a state and local system. The state  
19 administers the overall system; twenty local nonprofit agencies throughout the state  
20 determine a person's eligibility and arrange and provide services. Services are  
21 generally provided in the community or in the family home, and vary based upon the  
22 person's specific disability and needs. For instance, one person may need assistance  
23 with speech and language development, another may need job training to become  
24 employed, and another may need full-time care.

25       Currently, the state provides funding for about 11,800 people to receive services in  
26 the community. This year, the state's share of funding is about \$184 million.  
27 Additional money for services is also provided by the federal government, local  
28 governments, grants, donations, and fees paid by individuals receiving services. Total  
29 funding for services for people with developmental disabilities is estimated at about  
30 \$400 million annually.

31       ***Waiting lists for services.*** There are currently about 9,700 adults and children  
32 on waiting lists for services within the next two years. That number is expected to  
33 grow to over 12,000 people by 2012. If funding to eliminate the waiting lists becomes  
34 available, a number of people who are not currently on a waiting list may seek

# Last Draft as Mailed to Interested Parties

1 services as services become more accessible. Thus, it is difficult to estimate the total  
2 number of people who are eligible for services and the cost to eliminate the waiting  
3 lists.

4 **Sales and use tax.** The state sales tax is paid on the purchase price of most  
5 items. Some items are exempt, such as food bought at grocery stores, prescription  
6 drugs, household electricity and heat, and gasoline. The tax applies to some services,  
7 most notably local telephone service, cell phone service, food and drink service at  
8 restaurants and bars, and lodging. The state use tax is paid on items on which the  
9 sales tax was not collected, such as items bought from sellers outside of the state. In  
10 addition to the state, local governments also have sales and use taxes, although they  
11 may apply to different items than the state tax.

12 **Amount of tax increase.** The current state sales and use tax rate is 2.9 percent.  
13 When combined with local government sales taxes, the total tax rate varies across the  
14 state. For example, the total tax rate in the City of Denver is 7.72 percent, in  
15 Fort Collins it is 6.7 percent, in Fort Morgan it is 5.9 percent, in Pueblo it is  
16 7.4 percent, and it is 7.65 percent in Grand Junction.

17 Amendment 51 raises the state tax rate to 3.1 percent over two years. On July 1,  
18 2009, the rate increases to 3 percent, and on July 1, 2010, and thereafter the rate is  
19 3.1 percent. The measure is estimated to raise about \$89 million in the first year of  
20 the tax increase and \$186 million in the next year when the tax increase is fully in  
21 place. Table 1 provides examples of how Amendment 51 affects state sales taxes.

22 **Table 1. Comparison of State Sales Taxes Due under Current Law**  
23 **and Amendment 51**

24 Price	25 Total Tax Increase	26 Current State Sales Tax	27 State Sales Tax in 1st Year of Increase	28 State Sales Tax in 2nd Year of Increase
29 \$20	4 cents	58 cents	60 cents	62 cents
\$100	20 cents	\$2.90	\$3.00	\$3.10
\$5,000	\$10.00	\$145.00	\$150.00	\$155.00

30 **Use of the new money for services.** Amendment 51 requires that all of the new  
31 sales tax money be used for services for people with developmental disabilities to help  
32 reduce the current waiting lists. The money cannot be used for state administration  
33 costs or to reduce current state spending on services. However, in any year in which  
34 two-thirds of the state legislature and the governor declare a state fiscal emergency,  
35 the money can be used for any purpose relating to services for people with  
36 developmental disabilities, such as replacing the current level of spending on services  
37 and for state administration costs. In addition, Amendment 51 creates a reserve for  
38 any money that is not spent in a given year for use in future years. Finally, a large  
39 portion of the new money can be used to leverage additional federal funds, increasing  
40 the total amount available to pay for services.



# Last Draft as Mailed to Interested Parties

1        **How Colorado's taxes compare with other states.** Colorado has the lowest  
2 state sales tax rate of the 45 states with a state sales tax. However, Colorado has  
3 higher local government sales tax rates than most states. Thus, when comparing  
4 combined state and local sales taxes, Colorado ranks higher. Colorado ranks 17th in  
5 the amount of sales taxes paid per person and 23rd in the amount paid based on  
6 wealth. Colorado's total state and local taxes, including income, property, sales, and  
7 other taxes, rank 26th in the amount paid per person and 46th based on wealth.

## 8        **Arguments For**

9            1) Many children and adults with developmental disabilities — and the families who  
10 care for them — are at the point of crisis because they cannot get needed services.  
11 The wait time for services can last as long as ten years. The demand for services  
12 continues to grow because people with developmental disabilities are vulnerable and  
13 often need life-long care, and there are many aging parents who can no longer care  
14 for their children with developmental disabilities. The need for services is so great that  
15 it cannot be met without a new source of funding unless the state cuts money from  
16 other programs.

17            2) By spending money now, the state can reduce future costs of government  
18 services. For example, the new sales tax will provide money to expand early  
19 intervention programs for children, such as speech-language or physical therapy, and  
20 programs that help train and employ adults with developmental disabilities, which may  
21 reduce future reliance on government-funded services.

22            3) A sales tax of one penny per \$5 purchase is a small investment for the large  
23 return of improving the health, safety, and quality of life for people with developmental  
24 disabilities. Furthermore, the tax applies to only a limited number of services, and  
25 does not apply to many basic necessities. The money raised from the new sales tax  
26 directly benefits people with developmental disabilities, and does not pay for state  
27 administrative overhead.

## 28        **Arguments Against**

29            1) Raising sales taxes may hurt the state's economy and citizens. The economy is  
30 already struggling with a weak housing market and high gas and food prices. Further,  
31 raising sales taxes burdens lower- and middle-income consumers the most because it  
32 cuts into a larger share of their income. Instead of requiring everyone to pay higher  
33 taxes, people who wish to help individuals with developmental disabilities can make  
34 private donations.

35            2) Reducing the waiting lists could be accomplished without raising taxes by  
36 reprioritizing how the state spends its money and by eliminating government  
37 inefficiencies. The state government already spends about 30 percent of state and  
38 federal operating dollars to provide health-care-related services, and this spending  
39 grows every year. The measure takes \$186 million out of the private economy to  
40 expand the size and cost of government. This money could be better used by  
41 Colorado's citizens and businesses to spend on their own needs and to help grow the  
42 economy.

# Last Draft as Mailed to Interested Parties

1           3) Decisions about how to spend state tax dollars are best made through a  
2 deliberative process that considers the needs and priorities of the entire state.  
3 Amendment \_ permanently raises taxes without any discussion about whether the  
4 measure raises an appropriate amount of money, how the new money can be spent  
5 most effectively, or how the needs of people with developmental disabilities compare  
6 with other needs in the state. The new money must be spent on services for people  
7 with developmental disabilities even if the amount raised exceeds what is legitimately  
8 needed to provide services, which could lead to wasteful spending while other needs  
9 remain underfunded.

## 10       **Estimate of Fiscal Impact**

11           **State revenue.** The sales tax increase raises about \$89 million in budget year  
12 2010 and about \$186 million in budget year 2011 to provide services for people with  
13 developmental disabilities.

14           **State spending.** Amendment 51 increases state spending to oversee the  
15 program by about \$170,000 in budget year 2010 and by a similar amount in following  
16 years. The increase in state costs is the result of a rise in the number of people with  
17 developmental disabilities receiving services. These costs cannot be paid from the  
18 new money.

19           The providers of services will also experience additional costs. These costs will be  
20 for both providing the actual services to more people and for startup and training  
21 expenses to help accommodate the increase in services provided. It is assumed that  
22 the state legislature will use the new sales tax money to pay for these costs.

23           In addition to state spending for program oversight, the state will incur a cost of  
24 \$100,000 in both budget years 2009 and 2010 for computer programming changes to  
25 track the new revenue and to notify businesses of the change in the tax rate.

26           **Impact on taxpayers.** Both individuals and businesses pay sales and use taxes.  
27 Businesses pay about 40 percent of the state's sales taxes; Colorado residents pay  
28 about half; and the remaining amount is paid by visitors to the state. The additional  
29 amount of taxes paid by each Colorado household will depend on a household's  
30 income and number of people. A three-person household with around \$55,000 in  
31 annual income is estimated to pay an additional \$20 in state sales taxes in the first  
32 year of the tax increase and an additional \$40 in the second year when the tax  
33 increase is fully in place.

AMENDMENT 51  
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**Amendment 51**  
**State Sales Tax Increase for Services for**  
**People with Developmental Disabilities**

1     **Ballot Title:** STATE TAXES SHALL BE INCREASED \$186.1 MILLION ANNUALLY AFTER  
2     FULL IMPLEMENTATION BY AN AMENDMENT TO THE COLORADO REVISED STATUTES  
3     CONCERNING AN INCREASE IN THE STATE SALES AND USE TAX TO PROVIDE FUNDING FOR  
4     LONG-TERM SERVICES FOR PERSONS WITH DEVELOPMENTAL DISABILITIES, AND, IN  
5     CONNECTION THEREWITH, INCREASING THE RATE OF THE STATE SALES AND USE TAX  
6     BEGINNING ON JULY 1, 2009, BY ONE-TENTH OF ONE PERCENT IN EACH OF THE NEXT TWO  
7     FISCAL YEARS; PERMITTING THE STATE TO RETAIN AND SPEND ALL REVENUES FROM THE  
8     NEW TAX, NOTWITHSTANDING THE STATE SPENDING LIMIT; REQUIRING AN AMOUNT  
9     EQUAL TO THE NET REVENUE FROM THE NEW TAX TO BE DEPOSITED IN THE NEWLY  
10    CREATED DEVELOPMENTAL DISABILITIES LONG-TERM SERVICES CASH FUND; REQUIRING  
11    THE MONEY IN THE FUND TO BE USED TO PROVIDE LONG-TERM SERVICES FOR PERSONS  
12    WITH DEVELOPMENTAL DISABILITIES; AND PROHIBITING REDUCTIONS IN THE LEVEL OF  
13    STATE APPROPRIATIONS IN THE ANNUAL GENERAL APPROPRIATION BILL EXISTING ON THE  
14    EFFECTIVE DATE OF THIS MEASURE FOR LONG-TERM SERVICES FOR PERSONS WITH  
15    DEVELOPMENTAL DISABILITIES?

16    **Text of Proposal:**

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

18           **SECTION 1. Statement of Intent.** (1) It is the intent of the People of the State  
19    of Colorado in enacting this initiative to eliminate the waiting lists for the continuum of  
20    long-term services for persons who, through no fault of their own, have developmental  
21    disabilities, including Autism, Cerebral Palsy, Down Syndrome and Mental Retardation.  
22    Long term health care services and supports at a minimum could include a place to live,  
23    help with daily living tasks, early intervention care, nursing services, training and  
24    employment. Providing funding to end Colorado's waiting lists for children and adults  
25    with developmental disabilities will enable them to receive the necessary supports to  
26    live with dignity and be fully included in community life.

27           (2) As of November 2007 more than twelve thousand children and adults who  
28    have developmental disabilities were on waiting lists for long-term health care services  
29    and supports. Many of these children and adults wait more than ten years before  
30    receiving care. Many individuals need almost constant guidance and assistance due to  
31    behavioral or mental health problems, a lack of adaptive skills, major medical issues,  
32    and absence of family support. Further, many need assistance to eat, dress, bathe or use  
33    the bathroom. Some cannot speak or read and are seriously limited in their ability to

1 express their needs. Still others are young children with autism who cannot access early  
2 intervention services that are so desperately needed and proven to be effective. Many  
3 of these children and adults and the families who care for them are at the point of an  
4 acute crisis due to their unfulfilled needs. The state does not provide back-up options  
5 for those in crisis, leaving many with no help at all.

6 (3) The People find the current circumstances unacceptable and do hereby enact  
7 a slight increase in the rate of the state sales and use tax – an amount equal to one or two  
8 pennies on a ten dollar purchase – to be phased in over a two-year period. The People  
9 acknowledge that current system infrastructure is insufficient to address the needs of all  
10 those on the waiting lists. A phased-in increase of revenue will allow time to build  
11 capacity in the current system to better serve those in need. It is the intent of the People  
12 that the revenues generated by this initiative be used to serve additional persons with  
13 developmental disabilities except in the event of a declaration of a state fiscal emergency  
14 as provided herein.

15 **SECTION 2.** Article 10.5 of title 27, Colorado Revised Statutes, is amended BY  
16 THE ADDITION OF A NEW PART to read:

17 **PART 8**  
18 **DEVELOPMENTAL DISABILITIES LONG-TERM SERVICES CASH FUND**

19 **27-10.5-801. Definitions.** AS USED IN THIS PART 8, UNLESS THE CONTEXT OTHERWISE  
20 REQUIRES:

21 (1) "EXEMPT NET REVENUE" SHALL HAVE THE SAME MEANING AS SET FORTH IN  
22 SECTION 39-26-123 (1) (a), C.R.S.

23 (2) "DEVELOPMENTAL DISABILITIES" INCLUDE BUT ARE NOT LIMITED TO CONDITIONS  
24 DEFINED IN SECTION 27-10.5-102 (11) (a), AUTISM, CEREBRAL PALSY, DOWN SYNDROME,  
25 AND MENTAL RETARDATION.

26 (3) "FUND" MEANS THE DEVELOPMENTAL DISABILITIES LONG-TERM SERVICES CASH  
27 FUND CREATED IN SECTION 27-10.5-802.

28 (4) (a) "LONG-TERM SERVICES" MEANS LONG-TERM SERVICES FOR PERSONS WITH  
29 DEVELOPMENTAL DISABILITIES PURSUANT TO THIS ARTICLE OR PARTS 4 OR 8 OF ARTICLE  
30 6 OF TITLE 25.5, C.R.S. "LONG-TERM SERVICES" INCLUDES BUT IS NOT LIMITED TO THE  
31 FOLLOWING SERVICES AS THOSE SERVICES WERE KNOWN OR DEFINED AS OF THE  
32 EFFECTIVE DATE OF THIS PART 8:

- 33 (I) COMPREHENSIVE SERVICES;  
34 (II) SUPPORTED LIVING SERVICES;

1 (III) CHILDREN EXTENSIVE SERVICES;  
2 (IV) FAMILY SUPPORT SERVICES AS DEFINED IN SECTION 27-10.5-406;  
3 (V) EARLY INTERVENTION SERVICES AS DEFINED IN SECTION 27-10.5-702 (5); AND  
4 (VI) HOME- AND COMMUNITY-BASED SERVICES AS DEFINED IN SECTION 25.5-6-804  
5 (1), C.R.S., FOR CHILDREN AGE BIRTH TO SIX YEARS WITH A DIAGNOSIS OF AUTISM.

6 (b) "LONG-TERM SERVICES" SHALL NOT INCLUDE STATE PROGRAM ADMINISTRATION.

7 (5) "OLD AGE PENSION FUND" MEANS THE OLD AGE PENSION FUND CREATED IN  
8 SECTION 1 OF ARTICLE XXIV OF THE STATE CONSTITUTION.

9 **27-10.5-802. Developmental disabilities long-term services cash fund – creation**  
10 **– transfers from general fund – specified uses – accountability report.** (1) (a) THERE  
11 IS HEREBY CREATED IN THE STATE TREASURY THE DEVELOPMENTAL DISABILITIES  
12 LONG-TERM SERVICES CASH FUND. FOR EACH STATE FISCAL YEAR COMMENCING ON OR  
13 AFTER JULY 1, 2009, THE GENERAL ASSEMBLY SHALL APPROPRIATE FROM THE STATE  
14 GENERAL FUND TO THE FUND AN AMOUNT EQUAL TO THE AMOUNT OF THE EXEMPT NET  
15 REVENUE THAT IS CREDITED TO THE OLD AGE PENSION FUND PURSUANT TO SECTION  
16 39-26-123 (6), C.R.S., FOR THE SAME STATE FISCAL YEAR.

17 (b) THE APPROPRIATIONS TO THE FUND FROM THE GENERAL FUND PURSUANT TO  
18 PARAGRAPH (a) OF THIS SUBSECTION (1) SHALL BE EXEMPT FROM THE LIMITATION ON THE  
19 LEVEL OF STATE GENERAL FUND APPROPRIATIONS SET FORTH IN SECTION 24-75-201.1 (1)  
20 (a) (II), C.R.S., BY OPERATION OF SECTION 24-75-201.1 (1) (a) (III) (C), C.R.S.

21 (2) EXCEPT AS SET FORTH IN SUBSECTION (3) OF THIS SECTION, MONEYS IN THE FUND  
22 SHALL BE SUBJECT TO ANNUAL APPROPRIATION BY THE GENERAL ASSEMBLY SOLELY FOR  
23 THE PURPOSE OF PROVIDING LONG-TERM SERVICES FOR PERSONS WITH DEVELOPMENTAL  
24 DISABILITIES PURSUANT TO THIS ARTICLE OR PARTS 4 OR 8 OF ARTICLE 6 OF TITLE 25.5,  
25 C.R.S., EXCLUDING STATE PROGRAM ADMINISTRATION. APPROPRIATIONS FROM THE  
26 FUND SHALL BE MADE IN A BILL SEPARATE FROM THE ANNUAL GENERAL APPROPRIATION  
27 BILL.

28 (3) IN ORDER TO ENSURE THAT THERE IS ADEQUATE FUNDING EACH YEAR FOR  
29 LONG-TERM SERVICES NOTWITHSTANDING THE VARIABILITY OF THE EXEMPT NET  
30 REVENUE, THERE SHALL BE A RESERVE ACCOUNT WITHIN THE FUND. THE RESERVE SHALL  
31 CONSIST OF MONEYS THAT ARE NOT EXPENDED OR ENCUMBERED BEFORE THE CLOSE OF  
32 THE STATE FISCAL YEAR IN WHICH THEY ARE APPROPRIATED TO THE FUND FROM THE  
33 GENERAL FUND AND ANY INTEREST EARNED PURSUANT TO SUBSECTION (6) OF THIS  
34 SECTION. THE GENERAL ASSEMBLY MAY APPROPRIATE MONEYS IN THE RESERVE IN  
35 ORDER TO PROVIDE ADEQUATE FUNDING FOR LONG-TERM SERVICES, BUT ANY  
36 APPROPRIATION FROM THE RESERVE SHALL SUPPLEMENT THE APPROPRIATION MADE  
37 PURSUANT TO SUBSECTION (2) OF THIS SECTION AND SHALL BE MADE IN A BILL SEPARATE



1 FROM THE ANNUAL GENERAL APPROPRIATION BILL. MONEYS IN THE RESERVE SHALL  
2 REMAIN IN THE FUND AND SHALL NOT BE CREDITED OR TRANSFERRED TO THE GENERAL  
3 FUND OR ANY OTHER FUND. NOTHING IN THIS SUBSECTION (3) SHALL PREVENT THE  
4 GENERAL ASSEMBLY FROM REDUCING THE ANNUAL APPROPRIATION TO THE FUND IN A  
5 SUPPLEMENTAL APPROPRIATION BILL TO THE EXTENT THAT SUCH BILL IS NECESSARY TO  
6 AVOID APPROPRIATING MORE MONEYS TO THE FUND THAN ARE PERMITTED PURSUANT  
7 TO SUBSECTION (1) OF THIS SECTION.

8 (4) (a) ALL MONEYS IN THE FUND SHALL BE USED TO SUPPLEMENT THE LEVEL OF  
9 STATE APPROPRIATIONS IN THE ANNUAL GENERAL APPROPRIATION BILL FOR THE PURPOSE  
10 OF PROVIDING LONG-TERM SERVICES WITH THE GOAL OF ELIMINATING ANY WAIT LIST  
11 FOR SERVICES.

12 (b) NOTWITHSTANDING ANY OTHER PROVISION OF LAW TO THE CONTRARY, THE  
13 GENERAL ASSEMBLY MAY USE THE MONEYS IN THE FUND FOR ANY PURPOSE RELATED TO  
14 SERVICES FOR PERSONS WITH DEVELOPMENTAL DISABILITIES, INCLUDING BUT NOT  
15 LIMITED TO SUPPLANTING THE LEVEL OF STATE APPROPRIATIONS FOR LONG-TERM  
16 SERVICES THAT EXISTED AS OF THE EFFECTIVE DATE OF THIS PART 8, IF SUCH  
17 APPROPRIATION IS PRECEDED BY A DECLARATION OF A STATE FISCAL EMERGENCY, WHICH  
18 SHALL BE ADOPTED BY JOINT RESOLUTION APPROVED BY A TWO-THIRDS SUPERMAJORITY  
19 OF ALL MEMBERS ELECTED TO EACH HOUSE OF THE GENERAL ASSEMBLY AND SIGNED BY  
20 THE GOVERNOR. ANY RESOLUTION DECLARING A STATE FISCAL EMERGENCY SHALL  
21 APPLY ONLY TO A SINGLE FISCAL YEAR.

22 (5) (a) ON OR BEFORE DECEMBER 1, 2011, AND ON OR BEFORE EACH DECEMBER 1  
23 THEREAFTER, THE DEPARTMENT SHALL SUBMIT AN ACCOUNTABILITY REPORT TO THE  
24 JOINT BUDGET COMMITTEE AND THE HEALTH AND HUMAN SERVICES COMMITTEES OF THE  
25 HOUSE OF REPRESENTATIVES AND THE SENATE, OR ANY SUCCESSOR COMMITTEES,  
26 REGARDING THE APPROPRIATIONS MADE FROM THE FUND PURSUANT TO THIS SECTION  
27 FOR THE PRECEDING STATE FISCAL YEAR. THE ACCOUNTABILITY REPORT SHALL DESCRIBE  
28 THE TYPE OF LONG-TERM SERVICES PROVIDED FROM THE APPROPRIATED MONEYS AND  
29 SHALL STATE WHETHER THE APPROPRIATIONS WERE SUFFICIENT TO AVOID A WAIT LIST  
30 TO RECEIVE LONG-TERM SERVICES. THE ACCOUNTABILITY REPORT SHALL INCLUDE  
31 DESCRIPTIONS OF ANY OUTCOME-BASED QUALITY ASSURANCE MEASURES ADOPTED BY  
32 THE DEPARTMENT TOGETHER WITH AN ANALYSIS OF CRITICAL INCIDENT DATA. AT THE  
33 TIME THE ACCOUNTABILITY REPORT IS SUBMITTED TO THE RESPECTIVE COMMITTEES, A  
34 COPY OF THE ACCOUNTABILITY REPORT SHALL ALSO BE MADE AVAILABLE TO THE PUBLIC  
35 ON THE WEBSITE MAINTAINED BY THE DEPARTMENT.

36 (b) THIS SUBSECTION (5) IS EXEMPT FROM THE PROVISIONS OF SECTION 24-1-136(11),  
37 C.R.S., AND THE PERIODIC REPORTING REQUIREMENT OF THIS SECTION SHALL REMAIN  
38 IN EFFECT UNTIL CHANGED BY THE GENERAL ASSEMBLY ACTING BY BILL.

1 (6) ANY UNEXPENDED MONEYS IN THE FUND, INCLUDING THE RESERVE ACCOUNT,  
2 MAY BE INVESTED BY THE STATE TREASURER AS PROVIDED BY LAW. ALL INTEREST AND  
3 INCOME DERIVED FROM THE INVESTMENT AND DEPOSIT OF MONEYS IN THE FUND SHALL  
4 BE CREDITED TO THE RESERVE.

5 **27-10.5-803. Maintenance of effort – no supplanting existing appropriations -**  
6 **exception.** (1) NO REDUCTION IN THE LEVEL OF STATE APPROPRIATIONS IN THE ANNUAL  
7 GENERAL APPROPRIATION BILL FOR LONG-TERM SERVICES AS OF THE EFFECTIVE DATE OF  
8 THIS PART 8 SHALL BE PERMITTED.

9 (2) EXCEPT AS PROVIDED IN SECTION 27-10.5-802 (4) (b), MONEYS IN THE FUND  
10 SHALL NOT BE USED TO SUPPLANT ANY STATE APPROPRIATION IN THE ANNUAL GENERAL  
11 APPROPRIATION BILL FOR LONG-TERM SERVICES THAT EXISTED AS OF THE EFFECTIVE  
12 DATE OF THIS PART 8.

13 **SECTION 3.** 24-75-402 (5), Colorado Revised Statutes, is amended BY THE  
14 ADDITION OF A NEW PARAGRAPH to read:

15 **24-75-402. Cash funds - limit on uncommitted reserves - reduction in amount**  
16 **of fees - exclusions.** (5) Notwithstanding any provision of this section to the contrary,  
17 the following cash funds are excluded from the limitations specified in this section:

18 (t) THE DEVELOPMENTAL DISABILITIES LONG-TERM SERVICES CASH FUND CREATED IN  
19 SECTION 27-10.5-802, C.R.S.

20 **SECTION 4.** 24-77-103.6 (6) (c), Colorado Revised Statutes, is amended to read:

21 **24-77-103.6. Retention of excess state revenues - general fund exempt account -**  
22 **required uses - excess state revenues legislative report.** (6) As used in this section:

23 (c) "State revenues" means state revenues not excluded from state fiscal year  
24 spending, as defined in section 24-77-102 (17); EXCEPT THAT "STATE REVENUES" SHALL  
25 NOT INCLUDE ANY EXEMPT NET REVENUES, AS DEFINED IN SECTION 39-26-123 (1) (a),  
26 C.R.S., THAT THE STATE IS AUTHORIZED TO RETAIN AND SPEND PURSUANT TO SECTION  
27 39-26-106 (4), C.R.S.

28 **SECTION 5.** 29-2-108 (3), Colorado Revised Statutes, is amended to read:

29 **29-2-108. Limitation on amount.** (3) A tax imposed pursuant to section 24-90-  
30 110.7 (3) (f), 29-1-204.5 (3) (f.1), 29-2-103.7, 29-2-103.8, 29-2-103.9, 29-25-112,  
31 30-11-107.5, 30-11-107.7, 30-11-107.9, 32-18-107, ~~or 37-50-110, C.R.S.~~ 37-50-110,  
32 39-26-106 (1)(c), 39-26-202 (1) (b.3) OR 39-26-202 (1) (b.5), C.R.S., and the additional  
33 tax authorized by section 30-20-604.5, C.R.S., if imposed, shall be exempt from the six

1 and ninety one-hundredths percent limitation imposed by subsection (1) of this section.

2 **SECTION 6.** 39-26-105 (1) (a) and (1) (e), Colorado Revised Statutes, are amended  
3 to read:

4 **39-26-105. Vendor liable for tax.** (1) (a) Except as provided in paragraphs (d) and  
5 (e) of this subsection (1), every retailer, also in this part 1 called "vendor", shall,  
6 irrespective of the provisions of section 39-26-106, be liable and responsible for the  
7 payment of an amount equivalent to three percent of all sales made prior to January 1,  
8 2001, ~~and~~ two and ninety one-hundredths percent of all sales made on or after January  
9 1, 2001, BUT PRIOR TO JULY 1, 2009, THREE PERCENT ON ALL SALES MADE ON OR AFTER  
10 JULY 1, 2009, BUT PRIOR TO JULY 1, 2010, AND THREE AND TEN ONE-HUNDREDTHS  
11 PERCENT ON ALL SALES MADE ON OR AFTER JULY 1, 2010, by the vendor of commodities  
12 or services as specified in section 39-26-104 and shall, before the twentieth day of each  
13 month, make a return to the executive director of the department of revenue for the  
14 preceding calendar month and remit an amount equivalent to said percentage on such  
15 sales to said executive director, less three and one-third percent of the sum so remitted  
16 for sales occurring prior to July 1, 2003, or on or after July 1, 2005, and less two and  
17 one-third percent of the sum so remitted for sales occurring on or after July 1, 2003, but  
18 before July 1, 2005, to cover the vendor's expense in the collection and remittance of  
19 said tax; but, if any vendor is delinquent in remitting said tax, other than in unusual  
20 circumstances shown to the satisfaction of the executive director, the vendor shall not  
21 be allowed to retain any amounts to cover such vendor's expense in collecting and  
22 remitting said tax, and an amount equivalent to the said percentage, plus the amount of  
23 any local vendor expense that may be allowed by the local government to the vendor,  
24 shall be remitted to the executive director by any such delinquent vendor. Such returns  
25 of the taxpayer or the taxpayer's duly authorized agent shall contain such information  
26 and be made in such manner and upon such forms as the executive director shall  
27 prescribe. Any local vendor expense remitted to the executive director shall be deposited  
28 to the state general fund.

29 (e) For any state fiscal year commencing on or after July 1, 2000, BUT PRIOR TO JULY  
30 1, 2009, every retailer or vendor who sells items upon which a sales tax is imposed at  
31 a rate of one one-hundredth of one percent pursuant to section 39-26-106 (3) (a) shall  
32 be liable and responsible for the payment of an amount equivalent to the amount of sales  
33 tax imposed on such items less three and one-third percent for sales occurring prior to  
34 July 1, 2003, or on or after July 1, 2005, and less two and one-third percent for sales  
35 occurring on or after July 1, 2003, but before July 1, 2005. EVERY RETAILER OR VENDOR  
36 WHO SELLS ITEMS UPON WHICH A SALES TAX IS IMPOSED AT A RATE OF ONE-TENTH OF  
37 ONE PERCENT PURSUANT TO SECTION 39-26-106 (1) (c) (I) AND (3) (a), OR TWO-TENTHS  
38 OF ONE PERCENT PURSUANT TO SECTION 39-26-106 (1) (c) (II) AND (3) (a), SHALL BE  
39 LIABLE AND RESPONSIBLE FOR THE PAYMENT OF AN AMOUNT EQUIVALENT TO THE  
40 AMOUNT OF SALES TAX IMPOSED ON SUCH ITEMS LESS THREE AND ONE-THIRD PERCENT

1 FOR SALES OCCURRING ON OR AFTER JULY 1, 2009.

2 **SECTION 7.** 39-26-106 (1) and (3) (a), Colorado Revised Statutes, are amended,  
3 and the said 39-26-106 is further amended BY THE ADDITION OF A NEW  
4 SUBSECTION, to read:

5 **39-26-106. Schedule of sales tax.** (1) (a) (I) ~~Except as otherwise provided in~~  
6 ~~subparagraph (II) of this paragraph (a) and in subsection (3) of this section, there is~~  
7 ~~imposed upon all sales of commodities and services specified in section 39-26-104 a tax~~  
8 ~~at the rate of three percent of the amount of the sale, to be computed in accordance with~~  
9 ~~schedules or systems approved by the executive director of the department of revenue.~~  
10 ~~Said schedules or systems shall be designed so that no such tax is charged on any sale~~  
11 ~~of seventeen cents or less.~~

12 (II) On and after January 1, 2001, there is imposed upon all sales of commodities and  
13 services specified in section 39-26-104 a tax at the rate of two and ninety one-  
14 hundredths percent of the amount of the sale to be computed in accordance with  
15 schedules or systems approved by the executive director of the department of revenue.  
16 ~~Said~~ THE schedules or systems shall be designed so that no such tax is charged on any  
17 sale of seventeen cents or less.

18 (b) ~~Notwithstanding the three percent rate provisions of paragraph (a) of this~~  
19 ~~subsection (1), for the period May 1, 1983, through July 31, 1984, the rate of the tax~~  
20 ~~imposed pursuant to this subsection (1) shall be three and one-half percent.~~

21 (c) (I) ON AND AFTER JULY 1, 2009, BUT PRIOR TO JULY 1, 2010, THERE IS IMPOSED  
22 UPON ALL SALES OF COMMODITIES AND SERVICES SPECIFIED IN SECTION 39-26-104, A TAX  
23 AT THE RATE OF ONE-TENTH OF ONE PERCENT OF THE AMOUNT OF THE SALE TO BE  
24 COMPUTED IN ACCORDANCE WITH SCHEDULES OR SYSTEMS APPROVED BY THE  
25 EXECUTIVE DIRECTOR OF THE DEPARTMENT OF REVENUE. THE SCHEDULES OR SYSTEMS  
26 SHALL BE DESIGNED SO THAT THE TAX IS ONLY CHARGED ON A SALE THAT IS SUBJECT TO  
27 THE TAX SET FORTH IN SUBPARAGRAPH (II) OF PARAGRAPH (a) OF THIS SUBSECTION (1).  
28 THIS TAX SHALL BE IN ADDITION TO THE TAX IMPOSED PURSUANT TO SUBPARAGRAPH (II)  
29 OF PARAGRAPH (a) OF THIS SUBSECTION (1) AND SHALL BE A TAX RATE INCREASE OF THE  
30 STATE SALES TAX FOR PURPOSES OF SECTION 20 (4) (a) OF ARTICLE X OF THE STATE  
31 CONSTITUTION.

32 (II) ON AND AFTER JULY 1, 2010, THERE IS IMPOSED UPON ALL SALES OF  
33 COMMODITIES AND SERVICES SPECIFIED IN SECTION 39-26-104, A TAX AT THE RATE OF  
34 TWO-TENTHS OF ONE PERCENT OF THE AMOUNT OF THE SALE TO BE COMPUTED IN  
35 ACCORDANCE WITH SCHEDULES OR SYSTEMS APPROVED BY THE EXECUTIVE DIRECTOR  
36 OF THE DEPARTMENT OF REVENUE. THE SCHEDULES OR SYSTEMS SHALL BE DESIGNED SO  
37 THAT THE TAX IS ONLY CHARGED ON A SALE THAT IS SUBJECT TO THE TAX SET FORTH IN

1 SUBPARAGRAPH (II) OF PARAGRAPH (a) OF THIS SUBSECTION (1). THIS TAX SHALL BE IN  
2 ADDITION TO THE TAX IMPOSED PURSUANT TO SUBPARAGRAPH (II) OF PARAGRAPH (a) OF  
3 THIS SUBSECTION (1) AND SHALL BE A TAX RATE INCREASE OF THE STATE SALES TAX FOR  
4 PURPOSES OF SECTION 20 (4) (a) OF ARTICLE X OF THE STATE CONSTITUTION.

5 (3) (a) Notwithstanding the rate provisions of paragraph (a) of subsection (1) of this  
6 section, for any fiscal year commencing on or after July 1, 2000, if the revenue estimate  
7 prepared by the staff of the legislative council in March of the calendar year in which  
8 that fiscal year ends indicates that the aggregate amount of state revenues for that fiscal  
9 year will exceed the limitation on state fiscal year spending imposed by section 20 (7)  
10 (a) of article X of the state constitution for that fiscal year by three hundred fifty million  
11 dollars or more, as adjusted during such fiscal year pursuant to paragraph (b) of this  
12 subsection (3), and, prior to the end of such fiscal year, voters statewide either have not  
13 authorized the state to retain and spend all of the excess state revenues or have  
14 authorized the state to retain and spend only a portion of the excess state revenues for  
15 that fiscal year, the tax imposed pursuant to SUBPARAGRAPH (II) OF PARAGRAPH (a) OF  
16 subsection (1) of this section shall be imposed upon any sale of a new or used  
17 commercial truck, truck tractor, tractor, semitrailer, or vehicle used in combination  
18 therewith that has a gross vehicle weight rating in excess of twenty-six thousand pounds  
19 for the period commencing on July 1 of the calendar year in which that fiscal year ends  
20 through June 30 of the immediately subsequent calendar year, at a rate of one one-  
21 hundredth of one percent. THIS SUBSECTION (3) SHALL NOT AFFECT THE TAX IMPOSED  
22 PURSUANT TO PARAGRAPH (c) OF SUBSECTION (1) OF THIS SECTION.

23 (4) NOTWITHSTANDING ANY OTHER PROVISION OF LAW, THE STATE SHALL BE  
24 AUTHORIZED TO RETAIN AND SPEND ALL REVENUES FROM THE TAXES SET FORTH IN  
25 PARAGRAPH (c) OF SUBSECTION (1) OF THIS SECTION AND SECTION 39-26-202 (1) (b.3) OR  
26 (1) (b.5), AS A VOTER-APPROVED REVENUE CHANGE TO THE LIMITATION ON STATE FISCAL  
27 YEAR SPENDING IN ACCORDANCE WITH THE PROVISIONS OF SECTION 20 OF ARTICLE X OF  
28 THE STATE CONSTITUTION.

29 **SECTION 8.** 39-26-112, Colorado Revised Statutes, is amended to read:

30 **39-26-112. Excess tax - remittance.** If any vendor, during any reporting period,  
31 collects as a tax an amount in excess of three percent of all taxable sales made prior to  
32 January 1, 2001, ~~and~~ two and ninety one-hundredths percent of all taxable sales made  
33 on or after January 1, 2001, BUT PRIOR TO JULY 1, 2009, AND THREE PERCENT OF ALL  
34 TAXABLE SALES MADE ON OR AFTER JULY 1, 2009, BUT PRIOR TO JULY 1, 2010, AND  
35 THREE AND TEN ONE-HUNDREDTHS PERCENT OF ALL TAXABLE SALES MADE ON OR AFTER  
36 JULY 1, 2010, such vendor shall remit to the executive director of the department of  
37 revenue the full net amount of the tax imposed in this part 1 and also such excess. The  
38 retention by the retailer or vendor of any excess of tax collections over the said  
39 percentage of the total taxable sales of such retailer or vendor or the intentional failure

1 to remit punctually to the executive director the full amount required to be remitted by  
2 the provisions of this part 1 is declared to be unlawful and constitutes a misdemeanor.

3 **SECTION 9.** 39-26-123 (1) (a), Colorado Revised Statutes, is amended, and the  
4 said 39-26-123 (1) is further amended BY THE ADDITION OF A NEW  
5 PARAGRAPH, to read:

6 **39-26-123. Receipts - disposition - transfers of general fund surplus - exempt**  
7 **net revenues - sales and use tax holding fund - creation - definitions.** (1) As used in  
8 this section, unless the context otherwise requires:

9 (a) ~~"Net revenue" means the gross amount of sales and use tax receipts collected~~  
10 ~~under the provisions of this article, less a fee retained by vendors for the collection and~~  
11 ~~remittance of the tax pursuant to section 39-26-105 (1) and less refunds and adjustments~~  
12 ~~made by the department of revenue in conjunction with its collection and enforcement~~  
13 ~~duties under this article.~~ "EXEMPT NET REVENUE" MEANS THE GROSS AMOUNT OF SALES  
14 AND USE TAX RECEIPTS COLLECTED UNDER THE PROVISIONS OF THIS ARTICLE FOR THE  
15 TAXES IMPOSED PURSUANT TO SECTIONS 39-26-106 (1) (c) AND 39-26-202 (1) (b.3) OR  
16 (1) (b.5), LESS A FEE RETAINED BY VENDORS FOR THE COLLECTION AND REMITTANCE OF  
17 THE TAX PURSUANT TO SECTION 39-26-105 (1), AND LESS REFUNDS AND ADJUSTMENTS  
18 MADE BY THE DEPARTMENT OF REVENUE IN CONJUNCTION WITH ITS COLLECTION AND  
19 ENFORCEMENT DUTIES UNDER THIS ARTICLE. FOR PURPOSES OF THIS PARAGRAPH (a), THE  
20 FEE RETAINED BY VENDORS AND THE REFUNDS AND ADJUSTMENTS MADE BY THE  
21 DEPARTMENT SHALL BE PROPORTIONAL TO THE TAX LEVIED PURSUANT TO SECTIONS  
22 39-26-106 (1) (c) AND 39-26-202 (1) (b.3) OR (1) (b.5).

23 (a.5) "NET REVENUE" MEANS THE GROSS AMOUNT OF SALES AND USE TAX RECEIPTS  
24 COLLECTED UNDER THE PROVISIONS OF THIS ARTICLE, LESS A FEE RETAINED BY VENDORS  
25 FOR THE COLLECTION AND REMITTANCE OF THE TAX PURSUANT TO SECTION 39-26-105  
26 (1), AND LESS REFUNDS AND ADJUSTMENTS MADE BY THE DEPARTMENT OF REVENUE IN  
27 CONJUNCTION WITH ITS COLLECTION AND ENFORCEMENT DUTIES UNDER THIS ARTICLE;  
28 EXCEPT THAT "NET REVENUE" SHALL NOT INCLUDE ANY EXEMPT NET REVENUE.

29 **SECTION 10.** 39-26-123, Colorado Revised Statutes, is amended BY THE  
30 ADDITION OF A NEW SUBSECTION to read:

31 **39-26-123. Receipts - disposition - transfers of general fund surplus - exempt**  
32 **net revenues - sales and use tax holding fund - creation - definitions.** (6) ON AND  
33 AFTER JULY 1, 2009, EXEMPT NET REVENUE SHALL BE CREDITED TO THE OLD AGE  
34 PENSION FUND CREATED IN SECTION 1 OF ARTICLE XXIV OF THE STATE CONSTITUTION  
35 IN ACCORDANCE WITH PARAGRAPHS (a) AND (f) OF SECTION 2 OF ARTICLE XXIV OF THE  
36 STATE CONSTITUTION.

1     **SECTION 11.** 39-26-202 (1), (2), and (3) (a), Colorado Revised Statutes, are amended  
2 to read:

3             **39-26-202. Authorization of tax.** (1) (a) ~~Except as otherwise provided in paragraph~~  
4 ~~(b) of this subsection (1) and in subsection (3) of this section, there is imposed and shall~~  
5 ~~be collected from every person in this state a tax or excise at the rate of three percent of~~  
6 ~~storage or acquisition charges or costs for the privilege of storing, using, or consuming~~  
7 ~~in this state any articles of tangible personal property purchased at retail.~~

8             (b) On and after January 1, 2001, there is imposed and shall be collected from every  
9 person in this state a tax or excise at the rate of two and ninety one-hundredths percent  
10 of storage or acquisition charges or costs for the privilege of storing, using, or  
11 consuming in this state any articles of tangible personal property purchased at retail.

12             (b.3) (I) ON AND AFTER JULY 1, 2009, BUT PRIOR TO JULY 1, 2010, THERE IS IMPOSED  
13 AND SHALL BE COLLECTED FROM EVERY PERSON IN THIS STATE A TAX OR EXCISE AT THE  
14 RATE OF ONE-TENTH OF ONE PERCENT OF STORAGE OR ACQUISITION CHARGES OR COSTS  
15 FOR THE PRIVILEGE OF STORING, USING, OR CONSUMING IN THIS STATE ANY ARTICLES OF  
16 TANGIBLE PERSONAL PROPERTY PURCHASED AT RETAIL. THE TAX SET FORTH IN THIS  
17 PARAGRAPH (b.3) SHALL BE IN ADDITION TO THE TAX SET FORTH IN PARAGRAPH (b) OF  
18 THIS SUBSECTION (1) AND SHALL BE A TAX RATE INCREASE OF THE STATE USE TAX FOR  
19 PURPOSES OF SECTION 20 (4) (a) OF ARTICLE X OF THE STATE CONSTITUTION.

20             (II) THIS PARAGRAPH (b.3) IS REPEALED EFFECTIVE JULY 1, 2010.

21             (b.5) ON AND AFTER JULY 1, 2010, THERE IS IMPOSED AND SHALL BE COLLECTED  
22 FROM EVERY PERSON IN THIS STATE A TAX OR EXCISE AT THE RATE OF TWO-TENTHS OF  
23 ONE PERCENT OF STORAGE OR ACQUISITION CHARGES OR COSTS FOR THE PRIVILEGE OF  
24 STORING, USING, OR CONSUMING IN THIS STATE ANY ARTICLES OF TANGIBLE PERSONAL  
25 PROPERTY PURCHASED AT RETAIL. THE TAX SET FORTH IN THIS PARAGRAPH (b.5) SHALL  
26 BE IN ADDITION TO THE TAX SET FORTH IN PARAGRAPH (b) OF THIS SUBSECTION (1) AND  
27 SHALL BE A TAX RATE INCREASE OF THE STATE USE TAX FOR PURPOSES OF SECTION 20 (4)  
28 (a) OF ARTICLE X OF THE STATE CONSTITUTION.

29             (c) Such tax shall be payable to and shall be collected by the executive director of  
30 the department of revenue and shall be computed in accordance with schedules or  
31 systems approved by said executive director. The transfer of wireless telecommunication  
32 equipment as an inducement to enter into or continue a contract for telecommunication  
33 services that are taxable pursuant to part 1 of this article shall not be construed to be  
34 storage, use, or consumption of such equipment by the transferor.

35             (2) ~~Notwithstanding the three percent rate provisions of subsection (1) of this~~  
36 ~~section, for the period May 1, 1983, through July 31, 1984, the rate of the tax imposed~~

1 ~~pursuant to this section shall be three and one-half percent.~~

2 (3) (a) Notwithstanding the rate provisions of ~~paragraphs (a) and~~ PARAGRAPH (b) of  
3 subsection (1) of this section, for any fiscal year commencing on or after July 1, 2000,  
4 if the revenue estimate prepared by the staff of the legislative council in June of the  
5 calendar year in which that fiscal year ends indicates that the aggregate amount of state  
6 revenues will exceed the limitation on state fiscal year spending imposed by section 20  
7 (7) (a) of article X of the state constitution for that fiscal year by three hundred fifty  
8 million dollars or more, as adjusted pursuant to paragraph (b) of this subsection (3), and  
9 voters statewide either have not authorized the state to retain and spend all of the excess  
10 state revenues or have authorized the state to retain and spend only a portion of the  
11 excess state revenues for that fiscal year, the tax imposed pursuant to PARAGRAPH (b)  
12 OF subsection (1) of this section shall be imposed upon any sale of a new or used  
13 commercial truck, truck tractor, tractor, semitrailer, or vehicle used in combination  
14 therewith that has a gross vehicle weight rating in excess of twenty-six thousand pounds  
15 for the period commencing on July 1 of the calendar year in which that fiscal year ends  
16 through June 30 of the immediately subsequent calendar year, at a rate of one one-  
17 hundredth of one percent. THIS SUBSECTION (3) SHALL NOT AFFECT THE TAX IMPOSED  
18 PURSUANT TO PARAGRAPHS (b.3) OR (b.5) OF SUBSECTION (1) OF THIS SECTION.

19 **SECTION 12.** 39-26-402 (1), Colorado Revised Statutes, is amended to read:

20 **39-26-402. Refund of state sales and use tax - application requirements and**  
21 **procedures.** (1) For the calendar year commencing January 1, 1999, and for each  
22 calendar year thereafter, each qualified taxpayer shall be allowed to claim a refund of  
23 all state sales and use tax paid by the qualified taxpayer, pursuant to parts 1 and 2 of this  
24 article, on the sale, storage, use, or consumption of tangible personal property to be used  
25 in Colorado directly and predominately in research and development of biotechnology  
26 during that calendar year; EXCEPT THAT A REFUND MAY NOT BE CLAIMED FOR THE STATE  
27 SALES AND USE TAX PAID PURSUANT TO SECTIONS 39-26-106 (1) (c) AND 39-26-202 (1)  
28 (b.3) OR (1) (b.5).

29 **SECTION 13. Conforming amendments.** The People hereby direct the general  
30 assembly to promptly adopt during the first regular session of the 67th general assembly  
31 any further conforming amendments to the Colorado Revised Statutes necessary for the  
32 implementation of this initiative so that the intent of the People in approving this  
33 measure is given full effect.

34 **SECTION 14. Effective date.** If approved by a majority of votes cast thereon, this  
35 initiative shall take effect upon proclamation of the governor; except that section 5 of  
36 this initiative shall not take effect if Senate Bill 08-128 is enacted by the General  
37 Assembly and becomes law.