

Amendment 49 Allowable Government Paycheck Deductions

1 **Amendment 49 proposes amending the Colorado Constitution to:**

- 2 ◆ prohibit any public employee paycheck deduction, except for:
- 3 • deductions required by federal law;
 - 4 • tax withholdings;
 - 5 • court-ordered liens and garnishments;
 - 6 • health benefit and other insurance deductions;
 - 7 • deductions for savings, investment, and retirement plans; and
 - 8 • deductions for charitable, religious, educational, and other
 - 9 tax-exempt organizations.

10 **Summary and Analysis**

11 A paycheck deduction is a specific amount of money withheld from an employee's
12 pay. Paycheck deductions can be mandatory (federal and state taxes); offered as an
13 employee benefit (health care and pension deductions); requested by the employee
14 (gifts to charities); or established through agreements with labor or other organizations
15 (automatic payment of dues or fees).

16 State law regulates paycheck deductions for state employees, but not for
17 employees of local governments. Instead, each local government sets its own rules
18 and, in fact, some local governments have adopted limits on paycheck deductions
19 similar to those in Amendment 49. For the state and other local governments,
20 however, Amendment 49 prohibits certain paycheck deductions that are currently in
21 place, like dues or fees for labor or other organizations. Amendment 49 applies to all
22 public employers in Colorado, including the state, counties, municipalities, school
23 districts, and special districts.

24 **Arguments For**

25 1) Amendment 49 reduces the potential for conflicts of interest that can occur
26 when elected officials permit the use of government payroll systems to collect money
27 for politically active groups, such as labor or professional organizations. These groups
28 contribute to campaigns and lobby elected officials. Prohibiting governments from
29 collecting money for these groups eliminates an unnecessary government function.

30 2) Amendment 49 protects employees from unwanted paycheck deductions.
31 Some public employers automatically deduct dues and fees for labor or professional
32 organizations. Employees who do not want these deductions must take extra steps
33 within limited time frames to prevent them. Amendment 49 stops this practice. A
34 public employee can contribute to any organization he or she chooses using automatic
35 withdrawals from his or her private bank.

Blue Book

1 **Arguments Against**

2 1) Amendment 49 intrudes on the ability of public employees to make individual
3 choices about paycheck deductions. Currently, all public employees have the option
4 to cancel an automatic deduction, and many do so. Amendment 49 goes beyond
5 addressing unwanted deductions; it precludes every employee from making decisions
6 about organizations to support through a paycheck deduction. Further,
7 Amendment 49 takes an inconsistent approach to paycheck deductions for private
8 organizations: it allows employees to contribute to some private groups while
9 prohibiting contributions to others.

10 2) Amendment 49 interferes with the authority of local governments to decide
11 which paycheck deductions are available to their employees. These decisions are
12 best made by individual local governments based on the needs of each community,
13 not by a statewide vote. Payroll deductions are a benefit that public employers can
14 offer to employees; eliminating this benefit does not save any taxpayer money.

15 **Estimate of Fiscal Impact**

16 Amendment 49 does not affect state or local government revenues or
17 expenditures.