

# STATE OF COLORADO

## Colorado General Assembly

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## MEMORANDUM

**TO:** Carol Hedges and Steve Briggs

**FROM:** Legislative Council Staff and Office of Legislative Legal Services

**DATE:** February 4, 2019

**SUBJECT:** Proposed initiative measure 2019-2020 #252 to #256, concerning Policy Changes Pertaining to State Income Taxes

Section 1-40-105 (1), Colorado Revised Statutes, requires the directors of the Colorado Legislative Council and the Office of Legislative Legal Services to "review and comment" on initiative petitions for proposed laws and amendments to the Colorado constitution. We hereby submit our comments to you regarding the appended proposed initiative.

The purpose of this statutory requirement of the directors of Legislative Council and the Office of Legislative Legal Services is to provide comments intended to aid proponents in determining the language of their proposal and to avail the public of knowledge of the contents of the proposal. Our first objective is to be sure we understand your intent and your objective in proposing the amendment. We hope that the statements and questions contained in this memorandum will provide a basis for discussion and understanding of the proposal.

Proposed initiatives #252 to #256 were submitted as part of a series of initiatives including proposed initiatives 2019-2020 #251 to #256. All of the questions and comments that apply to these initiatives have been addressed in the memoranda for proposed initiative 2019-2020 #251, and those questions and comments are hereby incorporated by reference in this memorandum for the proposed initiatives included in this memorandum.

Earlier versions of this proposed initiative, proposed initiatives 2019-2020 #179 to #195, were the subject of memoranda dated, January 17, 2020, which were discussed at a public meeting on January 22, 2020. The prior comments and questions that are not restated here continue to be relevant and are hereby incorporated by reference in this memorandum.

### **Purposes for Proposed Initiative 2019-2020 #252**

The major purposes of the proposed amendment to the Colorado Constitution and the Colorado Revised Statutes appear to be:

1. To repeal the constitutional requirement that the income tax have a single rate;
2. To establish a graduated individual income tax that lowers the income tax rate for the first bracket and increases the tax rate for the three brackets above it;
3. To create an alternative minimum income tax for corporations (corporate AMT);
4. To allow the state to retain and spend the additional tax revenue from the graduated income tax and the corporate AMT notwithstanding any constitutional limits; and
5. To require this additional tax revenue to be used to address the impacts of a growing population and a changing economy; and
6. To create a fair tax review commission.

### **Purposes for Proposed Initiative 2019-2020 #253**

The major purposes of the proposed amendment to the Colorado Constitution and the Colorado Revised Statutes appear to be:

1. To repeal the constitutional requirement that the income tax have a single rate;
2. To establish a graduated individual income tax that lowers the income tax rate for the first bracket and increases the tax rate for the three brackets above it;
3. To allow the state to retain and spend the additional tax revenue from the graduated income tax notwithstanding any constitutional limits;
4. To require this additional tax revenue to be used as follows:
  - a. At least 25% for pre-primary-12 public education; and

- b. The remainder to address the impacts of a growing population and a changing economy; and
5. To create a fair tax review commission.

### **Purposes for Proposed Initiative 2019-2020 #254**

The major purposes of the proposed amendment to the Colorado Constitution and the Colorado Revised Statutes appear to be:

1. To repeal the constitutional requirement that the income tax have a single rate;
2. To establish a graduated individual income tax that lowers the income tax rate for the first bracket and increases the tax rate for the three brackets above it;
3. To create an alternative minimum income tax for corporations (corporate AMT);
4. To allow the state to retain and spend the additional tax revenue from the graduated income tax and the corporate AMT notwithstanding any constitutional limits;
5. To require this additional tax revenue to be used as follows:
  - a. At least 25% for pre-primary-12 public education; and
  - b. The remainder to address the impacts of a growing population and a changing economy; and
6. To create a fair tax review commission.

### **Purposes for Proposed Initiative 2019-2020 #255**

The major purposes of the proposed amendment to the Colorado Constitution and the Colorado Revised Statutes appear to be:

1. To repeal the constitutional requirement that the income tax have a single rate;
2. To establish a graduated individual income tax that lowers the income tax rate for the first bracket and increases the tax rate for the three brackets above it;
3. To allow the state to retain and spend the additional tax revenue from the graduated income tax notwithstanding any constitutional limits;
4. To require this additional tax revenue to be used as follows:

- a. At least 50% for pre-primary-12 public education; and
  - b. The remainder to address the impacts of a growing population and a changing economy; and
5. To create a fair tax review commission.

### **Purposes for Proposed Initiative 2019-2020 #256**

The major purposes of the proposed amendment to the Colorado Constitution and the Colorado Revised Statutes appear to be:

1. To repeal the constitutional requirement that the income tax have a single rate;
2. To establish a graduated individual income tax that lowers the income tax rate for the first bracket and increases the tax rate for the three brackets above it;
3. To create an alternative minimum income tax for corporations (corporate AMT);
4. To allow the state to retain and spend the additional tax revenue from the graduated income tax and the corporate AMT notwithstanding any constitutional limits;
5. To require this additional tax revenue to be used as follows:
  - a. At least 50% for pre-primary-12 public education; and
  - b. The remainder to address the impacts of a growing population and a changing economy; and
6. To create a fair tax review commission.