

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 22, 2019

SUBJECT: Proposed initiative measure 2019-2020 #47 concerning State Fiscal Policy

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.

This initiative was submitted with a series of initiatives including proposed initiatives 2019-2020 #33 to 50. The comments and questions raised in this memorandum will not include comments and questions that were addressed in the memoranda for proposed initiatives 2019-2020 #33 to #50, except as necessary to fully understand the issues raised by the revised proposed initiative. Comments and questions addressed in those other memoranda may also be relevant, and those questions and comments are hereby incorporated by reference in this memorandum.

Earlier versions of this proposed initiative, proposed initiatives 2019-2020 #3 to 9, 11, 13, 15, 17, and 19, were the subject of memoranda dated November 16, 2018, which

were discussed at a public meeting on November 18, 2018. The substantive and technical comments and questions raised in this memorandum will not include comments and questions that were addressed at the earlier meetings, except as necessary to fully understand the issues raised by the revised proposed initiative. However, the prior comments and questions that are not restated here continue to be relevant and are hereby incorporated by reference in this memorandum.

Purposes

The major purposes of the proposed amendment to the Colorado constitution appears to be:

1. To repeal provisions that relate to the following topics from article X, section 20 of the Colorado constitution (TABOR):
 - a. Voter approval for certain district tax increases and the weakening of other limits on district revenue, spending, and debt;
 - b. Election provisions related to TABOR ballot issues;
 - c. The requirement that a district maintain an emergency reserve;
 - d. District spending limits; and
 - e. Prohibitions on new or increased transfer tax rates on real property, new state property tax, local district income tax, income tax rate or a new state definition of taxable income before the next year, and multiple income tax rates;
2. To create a new version of the prior voter approval requirement for tax measures by:
 - a. Repealing the prior voter approval requirement for any valuation for assessment ratio increase for a property class;
 - b. Eliminating the requirement that local governments receive prior voter approval for any type of tax measure;
 - c. Permitting the state to make tax policy changes that directly cause a net tax revenue gain to local governments without prior voter approval; and
 - d. Creating an exception to the prior voter approval requirement for tax measures based on the total projected revenue from state tax measures;

3. To repeal the requirement, commonly referred to as the "Gallagher Amendment", that the general assembly adjust the property tax residential assessment rate in accordance with a formula designed to maintain the percentage of the aggregate statewide valuation that is attributable to residential property in the state; and
4. To repeal the requirement that the nonresidential property tax assessment rate is 29%.

Substantive Comments and Questions

There are no new substantive comments and questions.

Technical Comments

There are no new technical comments and questions.