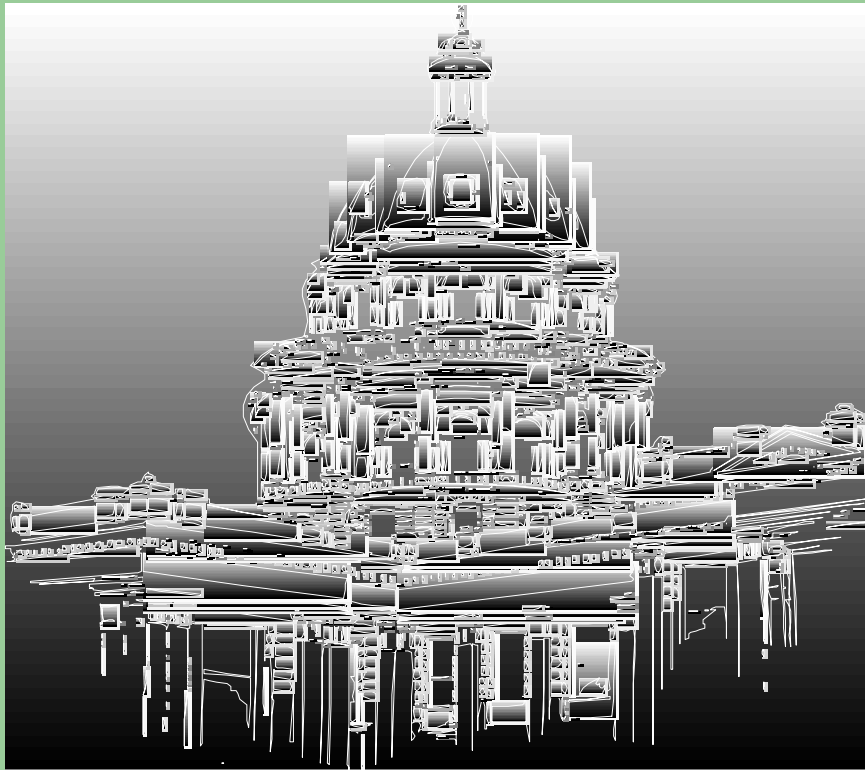
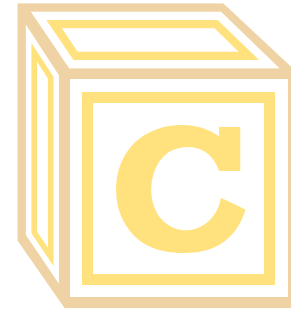


Referendum C Update

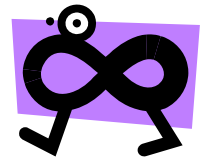


Mike Mauer
Chief Economist
Colorado Legislative Council
January 4, 2008

Referendum C



- Allows the state to retain all revenue through FY 2009-10.
- Creates a new revenue cap for retaining revenue after the 5 years. C Does Not End!
- Requires that the retained revenue be spent primarily on healthcare, K-12 education, and higher education.
- Allows revenue to be retained even if there is a TABOR “ratchet down”.
- New refund mechanism. No tax cut. There will be refunds again.



State Revenue – General fund

- General Fund (Fiscal Year 2006-07)
 - Individual Income Tax (\$4,870.9 million)
 - Corporate Income Tax (\$497.9. million)
 - Less State Education Fund Diversion (\$395.1)
 - Sales Tax (\$2028.0 million)
 - Other Excise Taxes: Use, Cigarette, Tobacco, and Liquor (\$275.7)
 - Other Taxes: Estate, Insurance, Pari-Mutuel, Investment, Courts, Gaming, Misc. (\$262.5 million)
 - Total \$7539.8 million.



State Revenue – Cash Funds

- Cash Funds (Fiscal Year 2006-07)
- Transportation (\$884.6 million)
- Unemployment Related (\$447.6 million)
- Severance (\$145.1 million)
- Gaming (\$117.9 million)
- Insurance (\$66.2 million)
- Regulatory Agencies (\$50.8 million)
- Other (\$401.3)
- Total \$2,113.4 million.

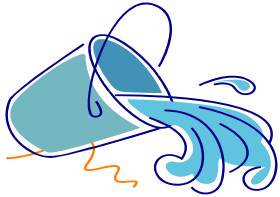


Table 1
Referendum C Revenue and Spending
 Millions of Dollars

Program	FY 2006-07
Preliminary Year-End Figure for Referendum C Revenue	\$1,311.6
Referendum C Spending by Program:	
Preschool through 12th Grade Public Schools	\$343.1
Health Care for Medical Services Premiums	\$343.1
Higher Education through College Opportunity Fund Stipends	\$322.4
Volunteer Firefighter Retirement Plans	\$3.8
Fire and Police Pension Association Old Hire Plans	\$34.8
Transportation Projects	\$15.0
Total Referendum C Spending	\$1,062.2
Amount Remaining to be Budgeted	\$249.4

FISCAL YEAR 2006-07

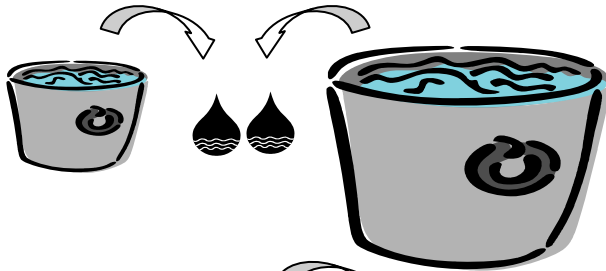
**General Fund Total
Funds Available
(\$7,792 million)**



**General Fund Obligations
(Outside 6% Limit,
\$371 million)**



**General Fund 4%
Reserve (\$267 million)**



**General Fund 6%
Appropriations
(\$6,676 million)**

**SB 97-1 Diversion to
HUTF (\$229 million)**



**General Fund Excess Reserve
(1/3 to Capital Construction - \$83 million,
2/3 Transportation - \$166 million)**



Cash Funds and Ref. C

- Once Ref. C kicks in, increases in cash funds cause increased Ref. C amounts. The Unemployment Insurance Fund example.

General Fund = \$1,000 GFE = \$100
Cash Fund = \$200 GFNE = \$900

Cash Fund Revenue Increases \$50

General Fund = \$1,000 GFE = \$150
Cash Fund = \$250 GFNE = \$850



Fungibility, C, and 6 Percent



- Money retained through Referendum C must be spent on the prescribed items. However, those items all fall under the 6 percent limit.
- Therefore, because money is fungible, non C money is pushed over the 6 percent limit and spent on highways and capital construction projects.

