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POLICY INSTITUTE

**Testimony as prepared for the
House State, Military And Veterans Affairs Committee
In Support Of House Concurrent Resolution 1014**

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“I would like to congratulate Speaker Romanoff, Representatives Garza-Hicks, Roberts and Weissman and Senators Johnson and Gordon for their leadership on one the most important issues facing Colorado: the tangle of competing fiscal and budget provisions found in our constitution. For an organization that has been committed to meaningful reform of constitutional fiscal provisions for many years, it is gratifying to see this kind of bold reform receive nearly unanimous support from our statewide elected officials.

Our work in fiscal policy has led us to believe that the one certainty in fiscal policy is that economic circumstances will change. Trying to make rational decisions about priorities when constrained by stringent formulas is inherently irrational. While there is some short term comfort or confidence that comes from strict formulas dictating tax and spending policy, the long term inflexibility created by those formulas consistently yield unsatisfactory and untenable consequences. We see the real world results of those consequences as Colorado continues to lag behind other states in education, health care, higher education, and transportation. It was those untenable outcomes that led to the creation and passage of Referendum C.

We applaud the foresight shown by the Speaker, the Treasurer, the Attorney General and the Governor to move this measure now. It makes so much sense to act now to avoid the draconian reductions in public investments that will inevitably occur when Ref C’s time out expires.

HCR 1014 begins to permanently untangle the knot of inflexible formulas that have become the hallmark of Colorado’s fiscal system. By trading off two of the most restrictive formulas in the constitution, the revenue limit in TABOR and the spending requirements of Amendment 23, HCR 1014 creates the room for a savings account for education that can protect public investments during unanticipated economic conditions. It further allows for the revenue generated at current, very low relative tax rates to be invested in education, the hallmark of a strong democracy and a vital economy

While HCR 1014 is a bold and innovative step in untying the constitutional knot created by conflicting provisions, it is not a silver bullet that will resolve all of our fiscal challenges. Even with this proposal, problems will remain with how Colorado funds critical priorities. However, that debate is for another day. Now though, as we move headlong into a more complex, less predictable and more global economy, we believe this proposal is a major step in the right direction and urge your favorable consideration of HCR 1014.”