



# Issue Brief

March 2004

From the Colorado Fiscal Policy Institute

## SUMMARY 2004 HOUSE/SENATE CONCURRENT RESOLUTIONS AND BALLOT INITIATIVES TO AMEND TABOR, GALLAGHER & AMENDMENT 23

CR/Proposal No.	Title	Description
HCR04-1001	Stabilize State Local Revenues  Sponsor: Romanoff	Conditionally suspends funding requirements under <b>Amendment 23</b> , alters calculation of <b>TABOR</b> spending limits and provides flexibility to local districts for property tax collection: <ul style="list-style-type: none"> <li>• Suspends <b>Amendment 23</b> required 1% increase in state education funding during economic downturn. If suspension triggered, extends requirement by one year to ensure they apply to a total of 10 years.</li> <li>• Requires fiscal year spending limits under <b>TABOR</b> not be subject to a reduction due to decline in revenues.</li> <li>• Permits local districts to seek voter approval of a fluctuating mill levy to allow for collection of property tax revenue not to exceed that collected in the prior year plus inflation and population growth.</li> </ul> Eliminates ratchet effect of TABOR Revenue growth will fail to keep pace with the economy
HCR04-1002	Constitutional Convention Sponsor: White	Proposes to hold a constitutional convention to revise, alter and amend <b>TABOR, Gallagher</b> and <b>Amendment 23</b> .
HCR04-1003	Modify Restrictions on State Spending  Sponsor: King	Reduces funding requirements under <b>Amendment 23</b> and increases <b>TABOR</b> spending limits to fund the homestead exemption and the business personal property tax: <ul style="list-style-type: none"> <li>• Eliminates required 1% increase in school funding under <b>Amendment 23</b> in those years when general fund</li> </ul>

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		<p>revenues did not increase by at least inflation and population growth <i>and</i> establishes requirement that, during such years, General Assembly set base per pupil and total state funding at no less than base per pupil and total state funding in prior year.</p> <ul style="list-style-type: none"> <li>Eliminates <b>Amendment 23</b> requirement for fiscal years starting with 2011-12 that K-12 funding increase by rate of inflation <i>and</i> establishes requirement that General Assembly set K-12 base per pupil and total state funding for those years at levels no less than base per pupil and total state funding in prior fiscal year.</li> <li>Increases state spending limits under <b>TABOR</b> for fiscal years 2005-06 and 2006-07 by 1% <i>and</i> allocates that money to first fund the homestead exemption, then fund business personal property tax credit and finally to refund taxpayers.</li> </ul> <p><i>Alleviates part of the ratchet effect Revenue growth will fail to keep pace with the economy</i></p>
HCR04-1004	<p>Higher Education to Become Enterprise</p> <p>Sponsor: Spradley; Johnson, S.</p>	<p>Amends definition of “enterprise” under <b>TABOR</b> to include a state institution of higher education:</p> <ul style="list-style-type: none"> <li>Definition of “enterprise” under TABOR includes state institution of higher education authorized to issue its own revenue and that is designated by the General Assembly as an enterprise, regardless of the annual revenue the institution receives in grants from Colorado state and local governments.</li> <li>Eliminates requirement that enterprise receives less than 10% of its annual revenue in grants from all Colorado state and local governments.</li> </ul>

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SCR04-001	Exclude Tuition from Fiscal Year Spending  Sponsor: Tupa	Excludes higher education tuition from <b>TABOR</b> spending limits and alters the calculation of <b>TABOR</b> spending limits to always build from prior year's limits: <ul style="list-style-type: none"> <li>• Excludes tuition paid to institutes of higher education from fiscal year spending under <b>TABOR</b>.</li> <li>• Spending limits under <b>TABOR</b> to be calculated based upon prior year's spending limits plus inflation and population growth, without any reduction due to decline in revenues.</li> </ul> <p><i>Mitigates, but does not eliminate, ratchet effect of TABOR?</i></p>
SCR04-002	Rainy Day Fund TABOR Amendment 23  Sponsor: Hillman	Conditionally suspends funding requirements under <b>Amendment 23</b> , creates and provides for funding of a Rainy Day Fund, and alters calculation of <b>TABOR</b> spending limits: <ul style="list-style-type: none"> <li>• Suspends <b>Amendment 23</b> required 1% increases in education funding in years when <b>TABOR</b> revenue limit is not met. If suspension triggered, extends requirement by one year to ensure they apply to a total of 10 years.</li> <li>• Changes the index used to suspend requirement to increase total General Fund appropriation for the total program from personal income growth to <b>TABOR</b> growth limit factor.</li> <li>• Creates Rainy Day Fund and eliminates state emergency reserve.</li> <li>• Allocates portion of <b>TABOR</b> surplus to Rainy Day Fund (1/2 of first \$200 million up to maximum of 10% <b>TABOR</b> revenues); does not count allocation as fiscal spending under <b>TABOR</b>.</li> <li>• Permits General Assembly to apportion additional moneys to Rainy Day Fund within current <b>TABOR</b> limits (additional appropriations would be counted under <b>TABOR</b> limitation).</li> <li>• By 2/3 vote of both houses, can transfer money from Rainy Day Fund to General Fund when spending plus education is less than <b>TABOR</b> limit.</li> </ul>

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		<ul style="list-style-type: none"> <li>• Authorizes Governor to utilize Rainy Day Fund moneys in case of declared disaster emergency, with repayment within 2 years.</li> <li>• In years when spending is less than <b>TABOR</b> limit, add amount of education funding plus fiscal year spending to calculate <b>TABOR</b> spending limit increase.</li> <li>• Requires accrual accounting of <b>TABOR</b> revenues.</li> </ul> <p><i>Does not eliminate ratchet effect of TABOR</i> <i>Revenues cannot keep pace with growth of economy</i></p>
SCR04-003	Eliminate TABOR Ratchet State Local  Sponsor: Anderson	Alters calculation of spending limits under <b>TABOR</b> to always build from prior year's limits: <ul style="list-style-type: none"> <li>• Spending limits under <b>TABOR</b> to be calculated based upon prior year's spending limits plus inflation and population growth, without any reduction due to decline in revenues.</li> </ul> <p><i>Mitigates, but does not eliminate, ratchet effect of TABOR?</i> <i>Revenues cannot keep pace with growth of economy</i></p>
SCR04-004	Suspend 1% Amendment 23 Economic Downturn  Sponsor: Anderson	Conditionally suspends funding requirements under <b>Amendment 23</b> : <ul style="list-style-type: none"> <li>• Suspends <b>Amendment 23</b> required 1% increase in state education funding during economic downturn. If suspension triggered, extends requirement by one year to ensure they apply to a total of 10 years.</li> <li>• Measure is tied to approval of another amendment to <b>TABOR</b> that is currently unknown.</li> </ul> <p><i>Does not address ratchet effect of TABOR</i> <i>Does not address inability of revenues to grow with economy</i></p>
Proposals 63, 64 & 69	Tax Cuts Sponsor: Doug Bruce	Amends <b>TABOR</b> to provide for a new tax cut of \$25 for 2005 (\$50 for 2006, \$75 for 2007 and to continue to increase by \$25 each year without end), for <u>each of five separate taxes</u> with any lowering or canceling of such tax cuts to be considered a tax increase subject to <b>TABOR</b> .

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Proposal 76	Eliminate TABOR Spending Limitations  Sponsor: The Bell Policy Center	Amend <b>TABOR</b> by eliminating the spending limitations under <b>TABOR</b> : <ul style="list-style-type: none"> <li>• Eliminates Article X, Section 20(7), <b>TABOR</b> spending limitations.</li> </ul>
Proposal 78	TABOR Spending Limit - 1992 Percentage of Personal Income  Sponsor: The Bell Policy Center	Amends spending limitations under <b>TABOR</b> and provides that new spending limitations be calculated as a percentage of personal income: <ul style="list-style-type: none"> <li>• Eliminates current <b>TABOR</b> spending limitations as set forth in Article X, Section 20(7)</li> <li>• Provides that <b>TABOR</b> spending limits shall not exceed the level of spending in fiscal year 1992, measured as a percentage of total personal income in Colorado.</li> <li>• Provides that there shall be no other state or local spending or revenue limits under <b>TABOR</b>.</li> </ul>

**For more information, please contact Jeanne Montross at 303-573-5669 ext. 305.**