



Legislative Council Staff
Nonpartisan Services for Colorado's Legislature

Revised Fiscal Note

(replaces fiscal note dated)

Drafting Number: LLS 21-0922 Date: May 27, 2021
Prime Sponsors: Rep. Kennedy; Weissman Bill Status: Senate SVMA
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Bill Topic: VOTER TRANSPARENCY IN BALLOT MEASURES

- Summary of Fiscal Impact:
State Revenue (checkbox)
State Expenditure (checked)
State Transfer (checkbox)
TABOR Refund (checkbox)
Local Government (checked)
Statutory Public Entity (checkbox)

This bill modifies the format of fiscal analyses prepared by nonpartisan legislative staff for citizen-initiated ballot measures affecting sales or income taxation. The bill increases state expenditures on an ongoing basis.

Appropriation Summary: For FY 2021, this bill requires appropriations to the Secretary of State and the Legislative Department totaling \$43,865.

Fiscal Note Status: The fiscal note reflects the reengrossed bill.

Table 1
State Fiscal Impacts Under HB 21-1321

Table with 3 columns: Category, Budget Year FY 2021-22, and Out Year FY 2022-23. Rows include Revenue, Expenditures (General Fund, Cash Funds, Centrally Appropriated, Total Expenditures, Total FTE), Transfers, and TABOR Refund.

Summary of Legislation

The bill makes several changes relating to the information provided to voters as part of the initiative process, as described below.

Tax impact tables. For initiated measures that either increase or decrease the individual income tax rate, or the state sales tax rate, this bill requires that nonpartisan staff of Legislative Council Staff (LCS) prepare a table that shows the average tax burden change for filers within specified income categories. LCS must include this table in the fiscal summary prepared for the measure when it is heard at the Title Board, and the Title Board is required to include the table as part of the measure's title. In addition, LCS must include the tax impact table in the statewide voter guide (Blue Book) for the specified tax measures appearing on the ballot at a statewide election.

Required ballot language. The bill requires that the Title Board include specific language when a measure increases or decreases state or local tax revenue, as follows:

- For measures that increase tax revenue for any district, including the state, cities, counties, school districts, or special districts, the ballot title must include specified language concerning increases or improvements in the level of public services funded by the measure.
- For measures that decrease state tax revenue, the ballot title must include specified language concerning the three largest areas of program expenditures impacted by a reduction in revenue, and specify the amount of the estimated decrease.
- For measures that decrease local property tax revenue, the ballot title must include specified language about the types of local districts affected and an estimate of the statewide decrease in property tax revenue.
- For measures that increase or decrease the state individual income tax rate or the state sales tax rate, the Title Board is required to include the tax impact table prepared by LCS in the ballot title.

Lastly, the bill specifies how this new required languages fits together with the constitutionally required TABOR language for measures increasing taxes, and states that the additional language required by the bill is not contrary to the principle of brevity in ballot titles outlined in other sections of statute.

State Expenditures

This bill increases state expenditures by \$45,747 and 0.1 FTE in FY 2021-22 and by \$7,865 and 0.1 FTE in FY 2022-23 as described below. Costs in the Legislative Department are paid from the General Funds; costs in the Secretary of State's Office are paid using cash funds.

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Personal services. LCS must develop and update models of income and sales tax revenue annually. Preparing the income tax models requires coordination with the Department of Revenue to access actual taxpayer data, while sales tax tables must be developed using third-party data from federal statistical agencies. During the 2017-18 and 2019-20 cycles, an average of 19 measures would have required tax tables. Assuming a similar number of tax measures in future years, and approximately

four hours of staff time for each analysis, expenditures increase by \$7,865 and 0.1 FTE annually beginning FY 2021-22; tax tables prepared for the Blue Book can be accomplished within existing resources.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are estimated to increase by \$1,882 per year starting in FY 2021-22.

Secretary of State

This bill will require the Secretary of State's Office to make changes to the ballot access database and to SCORE, the online voter registration database, to accommodate new fiscal information in ballot titles. This work will require 320 hours of computer programming at the vendor rate of \$115 per hour.

Title Board

The bill will increase workload for the Title Board to incorporate additional language into ballot titles. The additional language and requirements for ballot titles may also drive additional challenges to ballot titles, which would increase the number of rehearings held. It is assumed that agencies represented on the Title Board (Secretary of State's Office, Department of Law, and Office of Legislative Legal Services) and that provide staff support to the Title Board (Secretary of State's Office) can accomplish this work within existing resources.

Local Government

By adding additional language to ballot titles affecting tax revenue, including tables with tax impact information for certain measures, the bill will increase the length of ballots when such measures appear at a statewide election. This will increase printing and postage costs for county clerks, who are responsible for designing ballots, mailing ballots to voters, and processing returned ballots for general and coordinated elections. The potential impact to counties will depend on the number of affected ballot measures appearing on the ballot in any given year and the number of voters living in their jurisdiction.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State Appropriations

For FY 2021-22, the bill requires the following appropriations:

- \$36,000 from the Department of State Cash Fund to the Secretary of State's Office; and
- \$7,865 from the General Fund to the Legislative Department, and 0.1 FTE.

State and Local Government Contacts

County Clerks

Law

Legislative Council Staff

Legislative Legal Services

Secretary of State