

**Proposition CC  
Retain State Government Revenue**

1 **Proposition CC proposes amending the Colorado statutes to:**

- 2 ♦ allow the state government to keep and spend all of the money it collects every year  
3 beginning in the 2019-20 state budget year; and
- 4
- 5 ♦ require that any money the state government keeps over its existing revenue limit be  
6 spent for public schools, higher education, and transportation projects, rather than  
7 returned to taxpayers.

8 **Summary and Analysis**

9 **What is the state revenue limit?** The Colorado Constitution includes a section, commonly  
10 known as TABOR, that limits the amount of money that the state government can spend or  
11 save each year. The limit is adjusted each year to account for inflation, state population  
12 growth, and voter-approved changes to the limit. In the 2019-20 state budget year, the limit  
13 is about \$15 billion.

14 Currently, about one-third of the money that the state government collects is subject to the  
15 limit, including most taxes and many fees. The remaining two-thirds of state government  
16 revenue is not subject to the limit and includes money from voter-approved tax increases,  
17 government-owned businesses, and the federal government.

18 **What happens if Proposition CC  
19 passes?**

20  
21 Proposition CC permanently allows the  
22 state government to spend all the money  
23 it collects above the state revenue limit,  
24 rather than returning this money to  
25 taxpayers. The state must spend the  
26 additional money on public schools;  
27 higher education; and roads, bridges,  
28 and transit. State law requires that the  
29 additional money be divided equally  
30 among these three areas.

31  
32 The State Auditor is required to publish  
33 a financial audit of money kept and  
34 spent as a result of Proposition CC each  
35 year.

36 **What happens if Proposition CC fails?**

37 Money collected above the limit must be  
38 returned to taxpayers. Under current  
39 law, when money collected is expected  
40 to exceed the limit, the state legislature  
41 may choose to issue refunds or to make  
42 policy changes in order to reduce the  
43 amount of revenue collected.

44 How the money is refunded is set in law.  
45 Currently, a portion of this money is  
46 paid to county governments to fund  
47 property tax benefits they are required  
48 to provide, and the remaining money is  
49 refunded via state income tax returns.

1 **Will Proposition CC affect refunds for overpayment of income taxes?** Taxpayers who pay  
2 more income tax than they owe receive an income tax refund after they file their annual tax  
3 returns; these refunds for overpayment of income taxes are not affected by Proposition CC.

4 **How much money is affected by Proposition CC?** Proposition CC affects all money the  
5 state government collects above its current revenue limit beginning in the 2019-20 state  
6 budget year. Assuming no other changes to law, legislative economists estimated in June  
7 that the state government would collect \$310 million above the limit in the 2019-20 budget  
8 year and \$342 million above the limit in the 2020-21 budget year. If these amounts are  
9 returned to taxpayers, refunds are estimated to be between \$26 and \$90 per taxpayer per  
10 year, depending on the taxpayer's income. The actual amounts affected could be  
11 significantly greater or less than estimated.

12 Estimates are not available beyond the 2020-21 budget year. Over the long term,  
13 Proposition CC is expected to increase government spending and eliminate refunds only  
14 when the economy is strong. The amounts affected in future years will depend on economic  
15 conditions and policy decisions.

*For information on those issue committees that support or oppose the measures on the ballot at the **November 5, 2019**, election, go to the Colorado Secretary of State's elections center web site hyperlink for ballot and initiative information:*

<http://www.sos.state.co.us/pubs/elections/Initiatives/InitiativesHome.html>

## 16 **Arguments For**

17 1) Proposition CC provides more money for critical investments in Colorado's future  
18 without raising taxes. By allowing the state to keep the money it already collects, the  
19 measure provides needed funding for K-12 education, higher education, and  
20 transportation. While Colorado currently ranks in the top third of states in household  
21 income, it ranks in the bottom third in per-pupil public spending on both K-12 and  
22 higher education. Further, the state's roads are deteriorating while the cost of  
23 improvements continues to increase. Addressing these challenges requires statewide  
24 investment, and Proposition CC provides revenue for these investments immediately  
25 and into the future.

26 2) Proposition CC is a responsible compromise that allows elected officials to make better  
27 policy decisions while preserving the citizens' right to vote on any state tax increases.  
28 The state revenue limit complicates and burdens state budgeting because it prohibits the  
29 use of revenue from a booming economy for new infrastructure or saving for future  
30 needs. Just like measures approved by voters in most of Colorado's counties, cities, and  
31 school districts, Proposition CC simply allows the state government to keep and invest  
32 the money it already collects.

1 **Arguments Against**

- 2 1) Proposition CC is effectively a tax increase that permanently eliminates any TABOR  
3 refunds required by the Colorado Constitution. Taxpayers are being asked to sacrifice  
4 their refunds to pay for programs that should already be funded within the state budget.  
5 Any perceived shortfall in education and transportation funding is the result of  
6 prioritizing state spending on other areas of government. The measure assumes that  
7 TABOR refunds are better spent by the government than by its citizens.
- 8 2) Proposition CC continues to erode the taxpayer protections in the Colorado Constitution.  
9 Through the use of fees, tolls, and other budget policy changes, state government  
10 revenue has grown significantly faster than inflation and the state population. Slower  
11 growth in state government is acceptable. The state could run more efficiently by  
12 consolidating its functions, privatizing certain services, and empowering local  
13 governments.

14 **Estimate of Fiscal Impact**

15 [An estimate of fiscal impact will be included in the second draft of this ballot analysis.]