



CC

Proposition CC: Retain State Government Revenue

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

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

7 **What your vote means:**

YES/FOR

A "yes" vote on Proposition CC means the state can keep all of the money it collects over its revenue limit to spend on education and transportation.

NO/AGAINST

A "no" vote on Proposition CC means that any money the state collects over its revenue limit must be returned to taxpayers.



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1 **Summary and Analysis for Proposition CC**

2 **What is the state revenue limit?**

3 The Colorado Constitution includes a section, commonly known as TABOR, that
4 limits the amount of money that the state government can spend or save each
5 year. The limit is adjusted each year to account for inflation, state population
6 growth, and voter-approved changes to the limit. In the 2019-20 state budget
7 year, the limit is about \$15 billion.

8 Currently, about one-third of the money that the state government collects is
9 subject to the limit, including most taxes and some fees. The remaining
10 two-thirds of revenue not subject to the limit includes money from voter-approved
11 tax increases, government-owned businesses, and the federal government.

12 **What happens if Proposition CC passes?**

13 Proposition CC permanently allows the state government to keep all the money it
14 collects above the state revenue limit and spend it on public schools; higher
15 education; and roads, bridges, and transit. State law requires that the additional
16 money be divided equally among these three areas.

17 The State Auditor is required to publish a financial audit of money kept and spent
18 as a result of Proposition CC each year.

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

20 Money collected above the state revenue limit must be returned to taxpayers.
21 This is sometimes called a TABOR refund.

22 State law sets how the money is refunded. Currently, a portion of this money is
23 refunded through property tax benefits that local governments provide as
24 required by the constitution, and the remaining money is refunded via state
25 income tax returns.

26 **Will Proposition CC affect refunds for overpayment of income taxes?**

27 No. Taxpayers who pay more income tax than they owe receive an income tax
28 refund after they file their annual tax returns. While Proposition CC eliminates
29 future state TABOR refunds, it does not affect refunds for overpayment of income
30 taxes.

31 **How much money is affected by Proposition CC?**

32 Proposition CC affects all money the state government collects above its current
33 revenue limit beginning in the 2019-20 state budget year. Since the limit was
34 created in 1992, the state has collected revenue above the limit in 9 of 26 budget
35 years. Assuming no other changes to law, legislative economists estimated in
36 June that the state government would collect \$310 million above the limit in the
37 2019-20 budget year and \$342 million above the limit in the 2020-21 budget
38 year, representing about 2 percent of state government revenue subject to the
39 limit for these years. If these amounts are returned to taxpayers, refunds are
40 estimated to be between \$26 and \$90 per taxpayer per year, depending on the



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1 taxpayer's income, and double these amounts for joint filers. The amounts
2 affected could be greater or less than estimated depending on actual collections.

3 Estimates are not available beyond the 2020-21 budget year. Over the long
4 term, Proposition CC will increase government spending and eliminate TABOR
5 refunds. The amounts affected in future years will depend on economic
6 conditions and policy decisions.

7

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>



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1 Arguments For Proposition CC

2 1) Proposition CC provides more money for critical investments in Colorado's future
3 without raising tax rates. By allowing the state to keep the money it already
4 collects, the measure provides needed funding for K-12 education, higher
5 education, and transportation. While Colorado currently ranks in the top third of
6 states in household income, it ranks in the bottom third in per-pupil public
7 spending on both K-12 and higher education. Further, the state's roads are
8 deteriorating while the cost of improvements continues to increase. Addressing
9 these challenges requires statewide investment, and Proposition CC provides
10 revenue for these investments immediately and into the future.

11 2) Proposition CC allows elected officials to make better policy decisions while
12 preserving the citizens' right to vote on any state tax increases. Because future
13 tax increases will still require voter approval under the measure, state
14 government spending will remain limited. Proposition CC simply allows the state
15 government to keep the money it already collects. Similar measures have been
16 approved by voters in most Colorado counties, cities, and school districts.

17 Arguments Against Proposition CC

18 1) Proposition CC raises taxes by permanently eliminating all state TABOR refunds
19 required by the Colorado Constitution. Taxpayers are being asked to sacrifice
20 their refunds to pay for programs that should already be funded within the state
21 budget. Even with the limit, the state government has already shifted money
22 between funds and raised fees and tolls to increase its revenue faster than
23 inflation and state population growth.

24 2) Proposition CC continues to erode taxpayer protections in the Colorado
25 Constitution. Instead of asking voters for permission to keep specific amounts of
26 money collected above the revenue limit each year, the state government is
27 asking voters to give up refunds of unknown amounts forever. The measure
28 broadly directs where the new money will be spent, but the specifics can be
29 changed in the future without voter approval. Further, while spending this new
30 money for education and transportation, the legislature could redirect existing
31 funds to any other purpose.



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1 Estimate of Fiscal Impact of Proposition CC

2 **State government revenue and spending.** Proposition CC will increase the
 3 amount of revenue that the state may keep and spend. The measure is
 4 expected to increase state spending by \$310 million in the 2020-21 budget year
 5 and \$342 million in the 2021-22 budget year. All money kept under the measure
 6 must be spent for public schools; higher education; and roads, bridges, and
 7 transit. If Proposition CC is approved, state law requires that these three areas
 8 receive equal shares of the money retained. Expected spending for the first two
 9 budget years is shown in Table 1.

10 **Table 1**
 11 **Spending of Money Retained Under Proposition CC**

	2020-21 Budget Year*	2021-22 Budget Year*
Public Schools	\$103 million	\$114 million
Public Higher Education	\$103 million	\$114 million
State and Local Highway and Transit Projects	\$103 million	\$114 million
Total**	\$310 million	\$342 million

12 **The state budget year begins on July 1 and ends on June 30.*

13 ***May not sum due to rounding.*

14 After the 2021-22 budget year, the amount of spending affected by
 15 Proposition CC will depend on the state's economic performance.

16 **Taxpayer impacts.** Proposition CC will eliminate all TABOR refunds to
 17 taxpayers beginning with refunds that would otherwise be issued on 2020 tax
 18 returns. Refunds are estimated at between \$26 and \$79 for single filers in tax
 19 year 2020 and between \$30 and \$90 for single filers in tax year 2021, depending
 20 on the taxpayer's income. Joint filers will receive twice these amounts.