



**Colorado  
Legislative  
Council  
Staff**

**SCR16-003**

**FINAL  
FISCAL NOTE**

**FISCAL IMPACT:**  State  Local  Statutory Public Entity  Conditional  No Fiscal Impact

**Drafting Number:** LLS 16-0298  
**Prime Sponsor(s):** Sen. Steadman

**Date:** May 18, 2016  
**Bill Status:** Postponed Indefinitely  
**Fiscal Analyst:** Greg Sobetski (303-866-4105)

**BILL TOPIC:** REPEAL THE TABOR BALLOT ESTIMATE PENALTY

<b>Fiscal Impact Summary</b>	<b>FY 2016-2017</b>	<b>FY 2017-2018</b>
<b>State Revenue</b>	See State Revenue section.	
<b>State Expenditures</b>		
<b>TABOR Impact</b>	See TABOR Impact section.	
<b>Appropriation Required:</b> None.		
<b>Future Year Impacts:</b> Not estimated.		

**Summary of Legislation**

This concurrent resolution refers a constitutional amendment to voters at the November 2016 General Election. If approved, the amendment repeals the tax rate reduction and refund requirements for exceeding an estimate of state or local government fiscal year spending provided to voters at a tax election.

**Background**

Under the Taxpayer's Bill of Rights (TABOR), certain tax policy proposals may take effect only with approval by voters residing in the state or the affected local government jurisdiction. Elections are required to approve:

- new taxes;
- tax rate, mill levy, or property assessment ratio increases; and
- tax policy changes resulting in a net revenue increase.

TABOR requires the state or local government to provide two estimates to voters at these elections. For the first full fiscal year in which the tax policy change will apply, the state or local government must estimate the maximum dollar amount of the tax increase. The government must also estimate its total fiscal year spending, or total revenue from TABOR sources excluding taxpayer refunds, absent the increase. For state measures, these estimates are provided in the Ballot Information Booklet (Blue Book).

If either estimate is exceeded, TABOR requires that the tax rate be reduced up to 100 percent in proportion to the combined amount of the excess(es), and the government is required to refund the excess amount unless authorized by voters to retain it.

Senate Concurrent Resolution 16-003 proposes the elimination of these penalties if the state or a local government exceeds its estimate of fiscal year spending. The penalties would remain in effect if a government exceeds its estimate of a tax increase.

### **State Revenue**

The concurrent resolution, if approved by voters, increases state revenue only if both of the following conditions are met:

- a tax policy change is approved by voters at the November 2016 election or a later election; and
- the state exceeds the estimate of fiscal year spending provided in the Blue Book for the tax policy change.

Under these circumstances, current law requires the relevant tax to be reduced up to 100 percent in proportion to the amount by which the fiscal year spending estimate was exceeded. Under the concurrent resolution, state revenue is increased because the tax rate is no longer reduced.

### **TABOR Impact**

If approved by voters, the concurrent resolution conditionally decreases a TABOR refund requirement only if all of the conditions listed in the State Revenue section are met. Under those circumstances, current law requires that the state refund the amount of the excess to taxpayers. The concurrent resolution would decrease a future TABOR refund by repealing this requirement.

### **State Expenditures**

***Election expenditure impact (existing appropriations).*** The concurrent resolution includes a referred measure that will appear before voters at the November 2016 general election. Although no additional appropriation is required in this concurrent resolution to cover election costs associated with this ballot measure, certain election costs to the state are appropriated as part of the regular budget process. First, state law requires that the state reimburse counties for costs incurred conducting a ballot measure election, paid from the Department of State Cash Fund. Second, the text and title of the measure must be published in one legal newspaper per county and an analysis of the measure must be included in the Ballot Information Booklet (Blue Book) mailed to all registered voter households prior to the election paid from the Ballot Analysis Revolving Fund. As of this writing, there will be at least one citizen-initiated measure on the ballot at the 2016 election, which will trigger the ballot costs shown in Table 1 below for a single ballot measure. Costs in 2016 will increase by approximately \$100,000 per measure beyond this base amount for any additional referred or initiated measures placed on the ballot.

<b>Cost Component</b>	<b>Amount</b>
County Reimbursement for Statewide Ballot Measures	\$2,400,000
Ballot Information Booklet (Blue Book) & Newspaper Publication	\$670,000
<b>TOTAL</b>	<b>\$3,070,000</b>

**Local Government Impact**

The concurrent resolution affects local governments in exactly the same way it affects the state, in that it conditionally reduces local government revenue only if approved by voters and only if a local government exceeds an estimate of fiscal year spending supplied to voters at a concurrent or later election. Under these circumstances, the concurrent resolution eliminates current law requirements that local governments reduce taxes and issue refunds, increasing local government revenue and reducing local government TABOR refund obligations. Local government penalties remain in effect if a government exceeds its estimate of a tax increase.

**Effective Date**

The concurrent resolution was postponed indefinitely by the Senate State, Veterans, and Military Affairs Committee on April 18, 2016.

**State and Local Government Contacts**

Counties  
Legislative Council Staff Economics Section  
Revenue

Information Technology  
Municipalities  
Secretary of State