



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Fiscal Note

Drafting Number: LLS 21-0922 **Date:** May 21, 2021
Prime Sponsors: Rep. Kennedy; Weissman **Bill Status:** House SCMVA
 Sen. Moreno; Pettersen **Fiscal Analyst:** Josh Abram | 303-866-3561
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Bill Topic: VOTER TRANSPARENCY IN BALLOT MEASURES

Summary of Fiscal Impact:

| | |
|---|--|
| <input type="checkbox"/> State Revenue | <input type="checkbox"/> TABOR Refund |
| <input checked="" type="checkbox"/> State Expenditure | <input type="checkbox"/> Local Government |
| <input type="checkbox"/> State Transfer | <input type="checkbox"/> Statutory Public Entity |

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 an appropriation of \$7,865 to the Legislative Department.

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

Table 1
State Fiscal Impacts Under HB 21-1321

| | Budget Year FY 2021-22 | Out Year FY 2022-23 |
|---------------------------|---------------------------|------------------------|
| Revenue | - | - |
| Expenditures | | |
| General Fund | \$7,865 | \$7,865 |
| Centrally Appropriated | \$1,882 | \$1,657 |
| Total Expenditures | \$9,747 | \$9,747 |
| Total FTE | 0.1 FTE | 0.1 FTE |
| Transfers | - | - |
| 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 General Fund expenditures in the Legislative Department by \$9,747 and 0.1 FTE per year starting in FY 2021-22. It may also impact workload for the Title Board. These costs are described below.

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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 decrease by \$1,882 per year starting in FY 2021-22.

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 a General Fund Appropriation of \$7,865 to the Legislative Department, and 0.1 FTE.

State and Local Government Contacts

Counties
Legislative Legal Services

Law
Secretary of State

Legislative Council Staff