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Legislative
Council
Staff**

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MEMORANDUM

August 26, 2013

TO: Executive Committee of the Legislative Council
FROM: Legislative Council Staff
SUBJECT: TABOR Fiscal Information for Proposition AA and Initiative 22

Attachment A provides the fiscal information recommended for inclusion in the "Blue Book" to satisfy TABOR requirements for Proposition AA. Attachment B provides this information for Initiative 22.

Proposition AA asks voters whether the state can impose new sales and excise taxes on retail marijuana. Initiative 22 asks voters whether the state can increase the state income tax rate. Section 1-40-124.5 (1.5), C.R.S., requires the Executive Committee of the Legislative Council to provide the fiscal information that must be included in the "Blue Book" for matters arising under TABOR. With regard to Proposition AA and Initiative 22, TABOR requires the following:

1. the estimates or actual state fiscal year spending for the current year and each of the past four years with the overall percentage and dollar change; and
2. for the first full fiscal year of the proposed tax increase, an estimate of the maximum dollar amount of the tax increase and of state fiscal year spending without the increase.

Attachment A
TABOR Fiscal Information for Proposition AA

State Spending and Tax Increases

The state constitution requires that the following fiscal information be provided when a tax increase question is on the ballot:

1. the estimated or actual state spending under the constitutional spending limit for the current year and each of the past four years with the overall percentage and dollar change; and
2. for the first full year of the proposed tax increase, an estimate of the maximum dollar amount of the tax increase and of state fiscal year spending without the increase.

Table 2 shows the dollar amount of state spending under the constitutional spending limit.

Table 2. State Spending

| | Actual FY 2009-10* | Actual FY 2010-11 | Actual FY 2011-12 | Estimated FY 2012-13 | Estimated FY 2013-14 |
|---|-----------------------|----------------------|----------------------|-------------------------|-------------------------|
| State Spending | \$8.57 billion | \$9.43 billion | \$10.27 billion | \$11.12 billion | \$11.50 billion |
| Four-Year Dollar Change in State Spending: \$2.93 billion | | | | | |
| Four-Year Percent Change in State Spending: 34.2 percent | | | | | |

*FY = fiscal year. The state's fiscal (or budget) year runs from July through June.

The numbers in Table 2 show state spending from 2010 through 2014 for programs that were subject to the constitutional spending limit during those years. However, the constitution allows a program that operates similarly to a private business to be exempt from the limit if it meets certain conditions. Because the exempt status of some programs has changed during the last five years, the numbers in Table 2 are not directly comparable to each other.

Table 3 shows the revenue expected from the two new taxes for FY 2014-15, the first full fiscal year for which the taxes would be in place; state fiscal year spending without these taxes; and the sum of the two.

**Table 3. Estimated State Fiscal Year Spending
and the Proposed New Taxes**

| | FY 2014-15 Estimate |
|---|---------------------|
| State Spending Without the New Taxes | \$12.08 billion |
| State Revenue from the New Excise and Sales Taxes | \$67 million |
| State Spending Plus the New Taxes | \$12.15 billion |

Attachment B
TABOR Fiscal Information for Initiative 22

State Spending and Tax Increases

The state constitution requires that the following fiscal information be provided when a tax increase question is on the ballot:

1. the estimated or actual state spending under the constitutional spending limit for the current year and each of the past four years with the overall percentage and dollar change; and
2. for the first full year of the proposed tax increase, an estimate of the maximum dollar amount of the tax increase and of state fiscal year spending without the increase.

Table 2 shows the dollar amount of state spending under the constitutional spending limit.

Table 2. State Spending

| | Actual FY 2009-10* | Actual FY 2010-11 | Actual FY 2011-12 | Estimated FY 2012-13 | Estimated FY 2013-14 |
|---|-----------------------|----------------------|----------------------|-------------------------|-------------------------|
| State Spending | \$8.57 billion | \$9.43 billion | \$10.27 billion | \$11.12 billion | \$11.50 billion |
| Four-Year Dollar Change in State Spending: \$2.93 billion | | | | | |
| Four-Year Percent Change in State Spending: 34.2 percent | | | | | |

*FY = fiscal year. The state's fiscal (or budget) year runs from July through June.

The numbers in Table 2 show state spending from 2010 through 2014 for programs that were subject to the constitutional spending limit during those years. However, the constitution allows a program that operates similarly to a private business to be exempt from the limit if it meets certain conditions. Because the exempt status of some programs has changed during the last five years, the numbers in Table 2 are not directly comparable to each other.

Table 3 shows the revenue expected from the increased income tax rate; state fiscal year spending without these taxes for FY 2014-15, the first full fiscal year for which the increase would be in place; and the sum of the two.

**Table 3. Estimated State Fiscal Year Spending
and the Proposed Tax Rate Increase**

| | FY 2014-15 Estimate |
|--------------------------------------|------------------------|
| State Spending Without the New Taxes | \$12.08 billion |
| Revenue from the New Income Taxes | \$0.95 billion |
| State Spending Plus the New Taxes | \$13.03 billion |