

# **November 2010 Ballot Questions**

Proposition 101,  
Amendments 60 & 61

Estimated Larimer County Impact

# Caution

*Ballot question wording is imprecise and will require a great deal of interpretation by the court system.*



*This is our “best guess” of the impact*



# PROP 101

Concepts: Reduction of Auto,  
Income, and Telecommunication  
taxes and fees

# Full Text of 101

Be it Enacted by the People of the State of Colorado:

Title 39, article 25 of the Colorado Revised Statutes

## Reducing government charges

- (1) Enforcement. This voter-approved revenue change shall be **strictly enforced** to reduce government revenue. It is self-executing, severable, and a matter of statewide concern that overrides conflicting statutes and local laws. **Prevailing plaintiffs only shall have their legal fees and court costs repaid.** The state shall audit yearly compliance with this reform to reduce unfair, complex charges on common basic needs.
  
- (2) **(2) Vehicle. Starting January 1, 2011:**
  - (a) All annual **specific ownership taxes shall decrease** in four equal yearly steps to: New vehicles, \$2; and other vehicles, \$1. All state and **local taxes shall cease on vehicle rentals and leases**, and on \$10,000, reached in four equal yearly steps, of **sale prices per vehicle**. Sale rebates are not taxable.
  
  - (b) All registration, license, and title charges combined **shall total \$10 yearly per vehicle**. Except those charges, and tax, fine, toll, parking, seizure, inspection, and new plate charges, all state and local government charges on vehicles and vehicle uses shall cease. Except the last six specific charges, added charges shall be tax increases.
  
- (3) **Income.** The 2011 **income tax rate** shall be 4.5%. Later rates shall decrease 0.1% yearly, until reaching 3.5%, in each of the first ten years that yearly income tax revenue net growth exceeds 6%.
  
- (4) **Telecommunication.** Starting January 1, 2011, except 911 fees at 2009 rates, **no charge** by, or aiding programs of, the state or local governments shall apply to telephone, pager, cable, television, radio, Internet, computer, satellite, or other telecommunication service customer accounts. Added charges shall be tax increases.

# County Impact of Prop 101, 1 of 2

| Reduction/Elimination   | Dollar Impact* | Services Impact*   |
|---|----------------|--|
| Vehicle taxes and fees.   | \$8.6 Million  | 47% decrease in Road & Bridge budget , which is used to repair, plow and build roads & bridges.        |
| State & local sales taxes on vehicles, vehicle rentals and tele-communications. | \$3.7 Million  | 13% decrease in Detention Center, Open Lands and The Ranch. Potential for default on Fairgrounds debt. |

\* After completion of phase-in period

# County Impact of Prop 101, 2 of 2

| Reduction/Elimination            | Dollar Impact* | Services Impact*  |
|----------------------------------|----------------|---|
| Reduce State income tax by 25%   | Uncertain      | Potential for programs being shifted from the State to the County and reduction in state funded programs. |
| Eliminate telecom franchise fees | \$221,000      | Eliminates public information and outreach budget, including cable TV.                                    |

**Estimated Total Budget Impact =** \$12.5 Million Reduction + unknown impact from State reduction

\* After completion of phase-in period



# Amendment 60

Concepts: Reduction of Property  
Taxes, override of “de-TABOR”  
elections

# Full Text of 60

Be it Enacted by the People of the State of Colorado:

Article X, section 20, The Taxpayer's Bill of Rights, is amended to add:

## **(10) Property taxes.**

Starting in 2011:

(a) The state yearly shall audit and enforce, and any person may file suit to enforce, **strictest compliance** with all property tax requirements of this section. **Successful plaintiffs shall always be awarded costs and attorney fees**; districts shall receive neither. This voter-approved revenue change supersedes conflicting laws, opinions, and constitutional provisions, and shall always be strictly interpreted to favor taxpayers.

(b) Electors may **vote on property taxes where they own real property**. Adapting state law, all districts shall allow petitions to lower property taxes as voter-approved revenue changes. Property tax issues shall have November election notices and be separate from debt issues.

Property tax bills shall list only property taxes and late charges.

**Enterprises and authorities shall pay property taxes**; lower rates shall offset that revenue. Enterprises and unelected boards shall levy no mandatory fee or tax on property.

Future property tax rate increases shall **expire within ten years**. Extending expiring property taxes is a tax increase.

**Prior actions to keep excess property tax revenue are expired**; future actions are tax increases expiring within four years.

Non-college school districts shall **phase out equally by 2020 half their 2011 rate not paying debt; state aid shall replace that revenue yearly**. Nothing here shall limit payment of bonded debt issued before 2011.

(c) These property tax increase, extension, and abatement rates after 1992 shall expire:

(i) Taxes exceeding state laws, tax policies, or limits violated, changed, or weakened without state voter approval. Those laws, policies, and limits, including debt limits, are restored.

(ii) Taxes exceeding the one annual fixed, final, numerical dollar amount first listed in their tax increase ballot title as stated in **(3)(c)**.

(iii) Those rates without voter approval after 1992 of a ballot title as stated in **(3)(c)**.

# County Impact of Amendment 60, 1 of 2

| Change   | Services Impact  |
|--|--|
| Prior “De-TABOR” elections for <u>property taxes</u> are invalid                 | Larimer County 2000 “de-TABOR” election overturned. Results in \$5.5 million annual reduction in general fund. |
| Enterprises & unelected boards may not levy mandatory fees or taxes on property. | Stormwater and drainage utilities formed by the county would be eliminated or re-organized.                    |
| Enterprises <u>pay</u> property taxes  | County Landfill would pay taxes, resulting in increase in landfill fees.                                       |

# County Impact of Amendment 60, 1 of 2

| Change   | Larimer County Services Impact  |
|--|---|
| Allows electors to vote on property taxes where they own real property. Property tax bills may only list taxes and late charges. | Diversion of funds from other services to develop election system for 25,000 non-resident voters, and to modify or develop systems to collect assessments/fees for cities and utilities |
| School property cut in half, shortfall made up by State  | Impact undermined; same as for state reductions under Prop 101.   |

**Estimated Budget Impact = \$5.5 million + reductions from State + cost of system changes**



## Amendment 61

Concept: Elimination / restriction of  
government borrowing

# Text of Amendment 61

## Section 1.

Article XI, section 3 is repealed and re-enacted to read, as stated in the original constitution: "The state shall not contract any debt by loan in any form."

Sections 4, 5, 6(2), and 6(3) are repealed as obsolete and superseded.

Section 6 (1) is repealed and re-enacted as section 6 to read: "**Without voter approval**, no political subdivision of the state shall contract any **debt by loan in any form**. The loan shall not be repealed until such indebtedness is fully paid or discharged. The ballot title shall specify the use of the funds, which shall not be changed."

## Section 2.

Article X. section 20 is amended to add:

(4)(c) After 2010, the following limits on borrowing shall exist:

(i) **The state** and all its enterprises, authorities, and other state political entities **shall not borrow**, directly or indirectly, money or other items of value for any reason or period of time. This ban covers any loan, whether or not it lasts more than one year; may default; is subject to annual appropriation or discretion; is called a certificate of participation, lease--purchase, lease-back, emergency, contingency, property lien, special fund, dedicated revenue bond, or any other name; or offers any other excuse, exception, or form.

(ii) Local districts, enterprises, authorities, and other political entities may borrow money or other items of value only after **November voter** approval. Loan coverage in (i) applies to loans in (ii). Future borrowing may be prepaid without penalty and shall be bonded debt **repaid within ten years**. A non-enterprise shall not borrow if the total principal of its direct and indirect current and proposed borrowing would exceed **ten percent of assessed taxable value of real property in its jurisdiction**.

(iii) No borrowing may continue past its original term. All current borrowing shall be paid. Except enterprise borrowing, after each borrowing is fully repaid, **current tax rates shall decline** as voter-approved revenue changes equal to its planned average annual repayment, even if not repaid by taxes. Such declines do not replace others required. Future borrowing is void if it violates this paragraph (c), which shall be strictly enforced. Conflicting laws, rulings, and practices are repealed, overturned, and superseded

# County Impact of Amendment 61, 1 of 2

| Change   | Larimer County Services Impact  |
|--|---|
| All borrowing , including leases and refinancing debt at a lower cost, will require voter approval on a November ballot. | Many leases and other borrowings may be impractical to put on a ballot (copiers, computer equipment, minor buildings, etc). Would need to cash fund major assets. |
| Tax rate drops after borrowing is repaid, even if the borrowing was not repaid by taxes.                                 | Unknown if this applies to outstanding debt or future debt. If current, \$610K in general fund reduction.   |

# County Impact of Amendment 61, 1 of 2

| Change   | Larimer County Services Impact  |
|--|---|
| No debt can extend beyond 10 years.            | Reducing the debt from 15 to 10 years will increase the amount of taxes needed by 34% per year.                               |
| Debt limited to 10% of assessed value.         | County debt limit would be \$366M., which is high in relation to what has been borrowed in the past.                          |
| The State cannot borrow any funds at any time. | Uncertain. Currently, the State borrows money for infrastructure such as schools , highway projects, prisons, other buildings |

# Summary

- Proposition 101, and Amendments 60 & 61 will reduce County services.
- Estimated annual budget impact is \$18+ million, after phase in.
- Many unknowns:
  - Interpretation of ballot question wording.
  - How State will function, particularly if all pass.
  - Impact of service reductions on jobs and economy.

# Example 2011 Budget Scenario

\$15.7 M Reduction (impact of ballot issues & economy)

|  |  |
|--|--|
| <b>Top Priority Services<br/>5% Reduction</b>                  | <b>Road &amp; Bridge Maintenance, Employment Services, Senior &amp; Disabled Assistance, Treasurer, Elections, Air &amp; Water &amp; Environmental Pollution Prevention, Land Use Services, Economic development, Jail Operations, Police Patrol Services, Emergency Rescue services and Child Protection Services</b>                               |
| <b>Mid Priority Services<br/>15% Reduction</b>                 | Motor Vehicle, Assessor, Document Recording, Stormwater and Drainage , Traffic Safety, Maternal and Child Health, Veterans Services, Food Safety and Institutional Sanitation, Rural Land Use, Judicial Officer Services, District Attorney, Coroner, Criminal Justice , Internal Services.  |
| <b>Non-Mandated / Low<br/>Priority Services<br/>Eliminated</b> | Improvement Districts, Transit Services & Support, Mental Health Center Support, Programs & education for Business, Agriculture, Youth and Families, Detox Center Services, Animal Control & Animal Code Enforcement, Community Corrections Pre-Trial Services, Land Use Code Compliance, Forestry Program, and Local Contribution for Parks Program |

# Information Sources

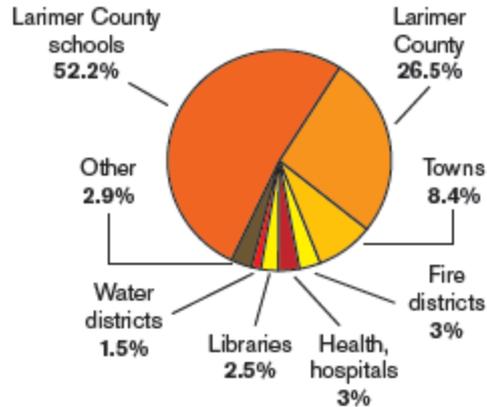
- The Bell Policy Center (has county-wide auto fee analysis)
- Sherman/Howard Attorneys
- Grimshaw & Haring, P.C.

There are many pro & con websites – too numerous to list.

# Here's how Proposition 101 would affect Larimer County

## Ownership taxes

### Where the money goes



|                   | 2009           | Prop 101  |
|-------------------|----------------|-----------|
| School districts* | \$12.8 million | \$197,479 |
| Larimer County    | \$6.5 million  | \$100,253 |
| Towns             | \$2.1 million  | \$31,778  |
| Fire districts    | \$734,150      | \$11,349  |
| Health/hospitals  | \$734,150      | \$11,349  |
| Libraries         | \$611,792      | \$9,458   |
| Water districts   | \$367,075      | \$5,674   |
| Other             | \$709,679      | \$10,971  |

**\* Per-pupil share**

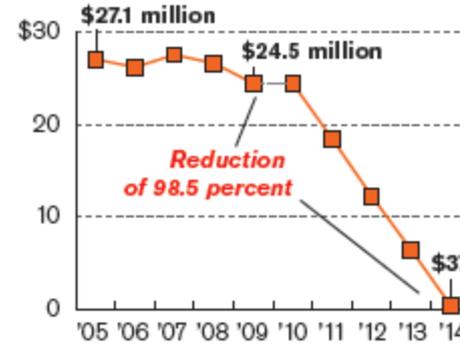
| District   | 2009  | Prop 101 |
|------------|-------|----------|
| Poudre     | \$357 | \$5.52   |
| Thompson   | \$301 | \$4.65   |
| Estes Park | \$685 | \$10.59  |

### For the average vehicle owner\*

|                  | 2009    | Prop 101 |
|------------------|---------|----------|
| School districts | \$40.52 | 52¢      |
| Larimer County   | \$20.57 | 27¢      |
| Towns            | \$6.52  | 3¢       |
| Fire districts   | \$2.33  | 3¢       |
| Health/hospitals | \$2.33  | 3¢       |
| Libraries        | \$1.94  | 2¢       |
| Water districts  | \$1.16  | 1¢       |
| Other            | \$2.25  | 3¢       |

\* Based on average of \$77.62 per vehicle in Larimer County in 2009; assumes used vehicle.

## Ownership taxes collected (in millions)

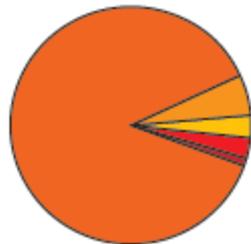


\* Prop 101 fully implemented. No projection available for 2010. Assumes same number of vehicle registrations in 2009 and '10-'14; assumes 20% of vehicles registered are new.

## License fees

### Where the money goes

State Highway Users Tax Fund  
**\$43.77**



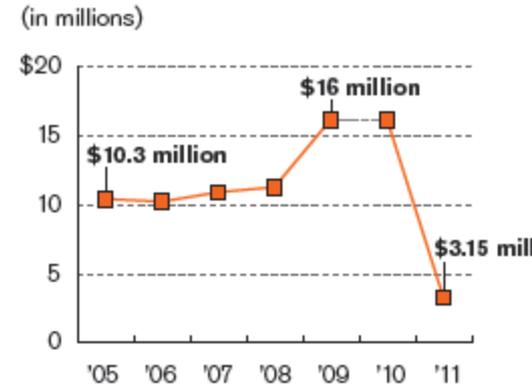
Note: Average license fee for a vehicle in Larimer County in 2009 was \$50.87.

### For the average vehicle owner\*

|                        | 2009    | Prop 101 |
|------------------------|---------|----------|
| Clerk fee              | \$4     | \$4      |
| Emergency medical      | \$2     | \$2      |
| Peace officer training | 60¢     | 60¢      |
| Insurance database     | 50¢     | 50¢      |
| Highway user fund      | \$43.77 | \$2.90   |

\* Average license fee was \$50.87 in 2009. Under Prop 101, the fee would drop to \$10 per vehicle – a cut of 80 percent. Some of the component fees are set by state statute; the portion for the Highway Users Tax Fund is not.

## License fees collected (in millions)



\* Prop 101 fully implemented. No projection available for 2010. 2009 figure does not include late fees.

## Road and bridge fees (FASTER)

Larimer County, like all counties in the state, has started collecting road and bridge fees to pay for a backlog of state construction and repair projects. Here's Larimer County's projected breakdown for 2010, the first full year of fees. Prop 101 would repeal FASTER

|         | 2010          | Prop 101 |
|---------|---------------|----------|
| Roads   | \$6.8 million |          |
| Bridges | \$2.7 million |          |