



DATE: September, 2019
TO: Transportation Commission
FROM: Office of Policy and Government Relations
SUBJECT: Proposition CC

Background

During the 2019 legislative session, the General Assembly passed HB19-1257 (Becker, McCluskie/Court, Priola) that referred a ballot measure to the voters for the November, 2019 ballot. The measure will ask Coloradans if they wish to “de-Bruce” the state, allowing the state to keep all revenue collected, including that above the TABOR cap, beginning in the 2019-20 state budget year. Currently, due to the TABOR Amendment, a revenue cap is computed each year and adjusted to account for inflation and state population growth. If the cap is reached, current law provides that the revenue above the cap be returned to Colorado tax payers.

Summary

If Proposition CC is approved by voters, all revenue the state keeps over the existing revenue limit will be split equally and allocated to:

- public schools;
- higher education; and
- roads, bridges, and transit.

Proposition CC is a result of the passage of House Bill 19-1257, sponsored by Speaker of the House KC Becker (D) and Representative Julie McCluskie (D) and Senators Lois Court (D) and Kevin Priola (R).

Proponents of the measure believe Proposition CC allows the state to keep the money it already collects in order to provide funding for K-12 education, higher education, and transportation. Proponents believe the measure is a way to provide revenue for these investments immediately and into the future without raising taxes.

Opponents believe permanently eliminating refunds is a tax increase for tax payers and an erosion of taxpayer protections that currently exist under TABOR. They also oppose that the allows the state to permanently keep an unspecified amount of money rather than a set number of years. Although the measure directs the dollars to be used for K-12, higher education, and transportation, opponents take exception with the fact that a future General Assembly could change where the money is allocated without asking voters to approve.

Fiscal Impact

For fiscal year 2020-21, the Office of State Planning and Budgeting's June forecast is estimating state revenue subject to TABOR will exceed the cap by \$623 million. According to the ballot measure, the Highway Users Tax Fund (HUTF) would get a third of this funding, approximately \$207.6 million. This funding is distributed as second stream revenue, resulting in CDOT receiving 60% of this total, about \$124.6 million. Funding collected in FY 2020-21 would be distributed in FY 2021-22. Of the amount transferred to CDOT, 85 percent would be used for highways and 15 percent for transit.

