

Jefferson County, Colorado
Proposition 101, Amendment 60 and Amendment 61
Fiscal Impact Summary



**SPECIFIC SERVICE LEVEL REDUCTIONS HAVEN'T BEEN IDENTIFIED IN ANY OF
THE PROPOSED BALLOT MEASURES**

Proposition 101 (Statute)

Legislation Summary: reduces vehicle taxes and fees, the state income tax, and eliminates telecommunication taxes (excluding E-911)

Additional website Information

www.donthurtcolorado.com (against)

KEY HIGHLIGHTS (not comprehensive)

- After four years specific ownership taxes will be reduced to \$2 for new vehicles and \$1 for old vehicles. This results in an approximately 96 percent reduction in the counties' specific ownership tax by 2014;
- Eliminates tax on vehicle rentals and leases;
- Vehicle registration, license, and title charges combined shall be reduced to a total of \$10 annually per vehicle;
- State and local telecommunications charges will end. 9-1-1 fees are exempted, but will be limited to the 2009 levels.

COUNTY IMPLICATIONS

- The proposal represents a virtual elimination of specific ownership taxes (the annual tax on vehicles) which are collected and distributed back to local governments in lieu of a property tax on vehicles.
- The rollback of vehicle charges will result in an estimated near 26% reduction in Colorado Department of Transportation's (CDOT) budget and a reduction of 37.9% to the county's Highway User Transportation Fund (HUTF) proceeds, according to a most recent CDOT fiscal impact assessment. The "FASTER" funds, which generate \$2 million annually for transportation, will also be eliminated by \$5.3 million.
- The restriction on telecommunications taxes is quite broad and will cover utility occupation taxes, and sales and use taxes on telecommunication services. The Open Space fund and the Southeast Sales Tax fund will be impacted.
- The state income tax reduction that would result from the proposed Amendment 101, has been estimated to be over \$1.85 billion annually, so no on-going state financial support will be available for grant and loan programs provided to local governments. It hasn't yet been determined by the State, which allocates grant funding but the Jefferson County Public Health and Human Services departments will be greatly impacted.

Amendment 60 (constitutional amendment)

Legislation Summary: Reduce property taxes, expand property ownership voting rights, extend property tax collection to enterprises and authorities

Additional website Information

www.donthurtcolorado.com (against)

KEY HIGHLIGHTS (not comprehensive)

- Electors may vote on property taxes where they own real property;
- Property tax questions can only be voted on in November elections and must be independent of debt questions;
- Requires enterprises and authorities to pay property taxes. Entities who receive the property taxes will be required to reduce their mill levies to offset the property tax revenue received from these entities;
- Property tax increases approved by voters may not extend beyond 10 years;
- Extending an expiring property tax will be deemed a tax increase;
- Prior voter-approved measures that allow governments to keep excess property tax revenues will be overturned;
- Future voter-approved actions to keep excess property tax revenues must expire within four years;
- Non-college school districts must phase out half their property taxes that are not required to repay debt by 2020, and the state must backfill the reduced revenue; however, state revenues are not increasing.

IMPLICATIONS

- Elector is not defined and could mean just about anyone or anything: real property owners, corporations, non-citizens, and property owners not registered to vote.
- The petition process is broadened to cover counties, special districts, and schools.
- The state will have to “backfill” the property tax loss incurred by school districts reducing their property tax rate.
- Eliminates all prior voter-approved questions at the county and municipal level to keep and spend excess revenues and prevents the voters from passing these measures regardless of voter desire. (Eliminates TABOR “Debrucing”).
- Jefferson County’s only enterprise is the Rocky Mountain Metropolitan Airport. The impact on the Airport would be approximately \$2 million per year, which is the amount the Airport would pay in property tax.
- Enterprises and authorities may not levy fees or taxes on property to offset the property tax payment without a vote and the vote would last a maximum of ten years.

Amendment 61 (constitutional amendment)
Legislation Summary: Define debt limits, terms and restrictions

Additional website Information

www.donthurcolorado.com (against)

KEY HIGHLIGHTS (not comprehensive)

- The State may not contract debt by loan in any form (includes Tax Anticipation Notes (TAN));
- Prohibits local governments to contract debt by loan in any form without voter approval;
- Prohibits practices that are not considered debt, such as multi-year leases that are standard business practices.
- The ballot title for any question must detail how the moneys to be borrowed are to be used; the cost of elections for many multi-year contracts would exceed the amount of the contract;
- Prohibits any subsequent change in the use of the money borrowed;
- Prohibits any voter-approved debt incurred from being repealed until it is fully repaid;
- Imposes specified limits on borrowing pegged to a percentage of assessed valuation after 2010 (10% of assessed valuation);
- After current borrowing is repaid, a tax rate must decline in an amount equal to the debt instruments' average annual debt payment, even if the debt was not repaid by taxes. For example, the county debt to improve utility efficiency that would be repaid from savings in utility costs would nevertheless reduce county revenues when the debt was paid off.

IMPLICATIONS

- Traditional lease purchase and lease-leaseback financings will be considered debt. This would include existing copier leases, Information Technology leased equipment, and major road equipment.
- State level authorities which work with municipalities like CHFA (Colorado Housing and Finance Authority) on affordable housing projects and the Water/Power Resources Authority for water and wastewater will be curtailed from issuing bonds. Federal funds, like Rural Development loans, may also be affected because many federal grants and programs require state or local matches. Not having money for required matches for these federal programs will keep the county from receiving the grant funding.
- New voter approvals will be required for: enterprise borrowings; certificates of participation; lower interest rate refinancing; less than one year cash flow borrowings (state and school district impact).
- The 10% assessed valuation debt limit combined with the cost of elections for equipment will severely impact local governments.
- Interest costs will increase as a result of the prepayment without penalty, which is not common in the current municipal marketplace.
- The 10-year maximum debt maturity requirement will impair the county's ability to pay for necessary major infrastructure projects and hamper the ability to financially plan for future long-term needs;

- County's issued debt must allow for pre-payment at any time. It is anticipated that this measure will affect the rating agencies' view of the municipal market in Colorado both in the short and long run and this provision will increase the financial cost of debt issuance.