INTRODUCED

HOUSE BILL 17-1187

HOUSE SPONSORSHIP
Thurlow, Covarrubias, Landgraf

SENATE SPONSORSHIP
Crowder,

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A BILL FOR AN ACT

101 CONCERNING A CHANGE TO THE GROWTH FACTOR IN THE EXCESS
102 STATE REVENUES CAP.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at http://leg.colorado.gov/)

In 2005, voters approved Referendum C, which is a voter-approved revenue change to the TABOR fiscal year spending limit. Under the referendum, the state is permitted to retain and spend all state revenues up to the excess state revenues cap. The excess state revenues cap is adjusted annually for inflation and population changes, among other things.

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment. Capital letters indicate new material to be added to existing statute. Dashes through the words indicate deletions from existing statute.
The bill modifies the excess state revenues cap by allowing an annual adjustment for an increase based on the average annual change of Colorado personal income over the last 5 years, rather than adjusting for inflation and population. Colorado personal income is the total personal income for Colorado as reported by a federal agency. As the modification may increase the amount that the state retains and spends in a given fiscal year, the bill seeks voter approval for the change, as required by TABOR.

Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. In Colorado Revised Statutes, 24-77-103.6, amend (6)(a) and (6)(b)(I); and add (6)(a.5) and (6)(b)(I.5) as follows:

24-77-103.6. Retention of excess state revenues - general fund exempt account - required uses - excess state revenues legislative report - definitions. (6) As used in this section:

(a) "Education" means:

(I) Public elementary and high school education; and

(II) Higher education. "COLORADO PERSONAL INCOME" MEANS THE TOTAL PERSONAL INCOME FOR COLORADO, AS DEFINED AND OFFICIALLY REPORTED BY THE BUREAU OF ECONOMIC ANALYSIS IN THE UNITED STATES DEPARTMENT OF COMMERCE, OR ANY SUCCESSOR INDEX.

(a.5) "EDUCATION" MEANS:

(I) PUBLIC ELEMENTARY AND HIGH SCHOOL EDUCATION; AND

(II) HIGHER EDUCATION.

(b) (I) "Excess state revenues cap" for a given fiscal year THAT BEGINS PRIOR TO JULY 1, 2017, means either of the following:

(A) If the voters of the state approve a ballot issue to authorize the state to incur multiple-fiscal year obligations at the November 2005 statewide election, an amount that is equal to the highest total state revenues for a fiscal year from the period of the 2005-06 fiscal year through the 2009-10 fiscal year, adjusted each subsequent fiscal year for
inflation and the percentage change in state population, plus one hundred million dollars, and adjusting such sum for the qualification or disqualification of enterprises and debt service changes; or

(B) If the voters of the state do not approve a ballot issue to authorize the state to incur multiple-fiscal-year obligations at the November 2005 statewide election, an amount that is equal to the highest total state revenues for a fiscal year from the period of the 2005-06 fiscal year through the 2009-10 fiscal year, adjusted each subsequent fiscal year for inflation, the percentage change in state population, the qualification or disqualification of enterprises, and debt service changes.

(I.5) "EXCESS STATE REVENUES CAP" FOR A GIVEN FISCAL YEAR THAT BEGINS ON OR AFTER JULY 1, 2017, MEANS THE EXCESS STATE REVENUES CAP FOR THE PRIOR FISCAL YEAR, ADJUSTED BY THE RECENT AVERAGE CHANGE IN COLORADO PERSONAL INCOME, THE QUALIFICATION OR DISQUALIFICATION OF ENTERPRISES, AND DEBT SERVICE CHANGES. THE RECENT AVERAGE CHANGE IN COLORADO PERSONAL INCOME FOR A FISCAL YEAR IS EQUAL TO THE AVERAGE PERCENTAGE CHANGE IN COLORADO PERSONAL INCOME FROM ONE CALENDAR YEAR TO THE NEXT FOR THE SIX PRIOR CALENDAR YEARS, WHICH PERIOD ENDS WITH THE MOST RECENTLY COMPLETED CALENDAR YEAR PRIOR TO THE FISCAL YEAR. FOR THE PURPOSE OF DETERMINING THE AVERAGE RECENT INCREASE IN COLORADO PERSONAL INCOME THAT APPLIES FOR A FISCAL YEAR, THE ESTIMATES OF COLORADO PERSONAL INCOME FOR THE APPLICABLE CALENDAR YEARS ARE THOSE AVAILABLE AS OF THE FIRST DAY OF THE FISCAL YEAR.

SECTION 2. In Colorado Revised Statutes, add 24-77-104.1 as follows:

24-77-104.1. Referendum C - election - increase amount to be
retained - definition - repeal. (1) At the election held on November 7, 2017, the Secretary of State shall submit to the registered electors of the State for their approval or rejection the following ballot issue: "Without raising taxes, may the state increase the amount of money that it annually retains and spends under the voter-approved revenue change from 2005 by allowing an annual adjustment to the amount based on the recent average change in Colorado personal income instead of an adjustment for the population change and inflation?"

(2) If a majority of the electors voting on the ballot issue vote "Yes/For", then for all fiscal years beginning on or after July 1, 2017, the State may retain and use all of the State revenues described in the ballot issue that the State otherwise would have been required to refund under Section 20 (7)(d) of Article X of the State Constitution, and these State revenues are a voter-approved revenue change to the limitation on State fiscal year spending.

(3) For purposes of Section 1-5-407, the ballot issue is a proposition. Section 1-40-106 (3)(d) does not apply to the ballot issue.

(4) As used in this section, "ballot issue" means the question referred to voters in subsection (1) of this section.

(5) (a) If a majority of the electors voting on the ballot issue vote "No/Against", then this section is repealed, effective July 1, 2018.

(b) If a majority of the electors voting on the ballot issue vote "Yes/For", then this subsection (5) is repealed, effective
JULY 1, 2018.

SECTION 3. In Colorado Revised Statutes, 24-77-104.5, amend (3)(b) as follows:

24-77-104.5. General fund exempt account - appropriations to critical needs fund - specification of uses for health care and education - definitions. (3) (b) As used in section 24-77-103.6 (6)(a)(I) SECTION 24-77-103.6 (6), "public elementary and high school education" means preschool through twelfth grade public education. Accordingly, all of the uses set forth in paragraph (a) of this subsection (3) SUBSECTION (3)(a) OF THIS SECTION are permitted under section 24-77-103.6 (2)(b).

The general assembly shall not be required to appropriate or transfer moneys from the account for all of the programs and services set forth in paragraph (a) of this subsection (3) SUBSECTION (3)(a) OF THIS SECTION.

SECTION 4. Effective date. (1) Except as otherwise provided in subsection (2) of this section, this act takes effect upon passage.

(2) Section 1 of this act amending section 24-77-103.6, Colorado Revised Statutes, takes effect only if, at the November 2017 statewide election, a majority of voters approve the ballot issue referred in accordance with section 24-77-104.1, Colorado Revised Statutes, created in section 2 of this act. If the voters approve the ballot issue, then section 1 of this act amending section 24-77-103.6, Colorado Revised Statutes, takes effect on January 1, 2018.

SECTION 5. Safety clause. The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.