



Proposition 101, Amendments 60 and 61

How will they impact local governments?

60, 61 and 101 affect...

- State government
- School districts
- Special districts
- County governments
- Municipalities

Amendment 60

- Amends TABOR to:
 - Allow electors to vote on property taxes where they own real property. (“Electors” is not defined; could include residents of other states/countries.)
 - Allow citizens to petition any local government to lower property taxes. Requires property tax issues to be voted on in November.

Amendment 60

- Limits future property tax rate increases to a 10 year term.
- Invalidates prior actions where voters decided to allow the government to keep and use revenue collected beyond the TABOR limit.
- Future TABOR overrides require voter approval and must expire within 4 years.

Amendment 60

- Enterprises and unelected boards may not levy mandatory fees or taxes on property.
 - Examples: Storm water or drainage enterprises and appointed boards such as library and water districts and downtown development authorities.
- Property tax increases must be voted separately from related debt questions.
- Enterprises and authorities must pay property taxes. Local governments must offset added revenue with lower tax rates.

Amendment 60

- School districts must phase out one-half of their current mill levy by 2020. (State must backfill.)

Amendment 61

- Prohibits state debt
- Prohibits the State from borrowing money or other items of value for any reason or period of time. This ban includes all loans and lease purchase agreements, certificates of purchase, dedicated revenue bonds and other obligations subject to annual appropriation or discretion. This is not an exception for voter-approved State debt.

Amendment 61

- Limits local government debt.
- Local governments and their enterprises, authorities and other local political entities may borrow money, but only after a November vote.
- Will add a new voter approval requirement for transactions such as:
 - Enterprise borrowings
 - Refinancing at a lower interest rate
 - Borrowings by Urban Renewal Authorities
 - Cash flow borrowings lasting less than one year

Amendment 61

- Non-enterprise local government debt limits set at 10% of assessed value.
- This would be a significant decline from existing law, even for entities that primarily use general obligation debt.
 - School districts have a debt limit which is generally 20 percent of the assessed value of all taxable property.
 - Most special districts have a debt limit of 50 percent of the assessed value of all taxable property, which is subject to certain exceptions that would also be repealed.
 - Municipal limits vary.

Limits on Borrowings

- May only be in the form of bonded debt.
- Must be subject to prepayment without penalty at any time.
 - This is not common in the current municipal marketplace, and will likely increase interest costs for issuers.
- Must mature within 10 years.
 - Current borrowings often last 20 or 30 years. This will increase the annual repayment costs of borrowing, which may force special districts to downsize projects.
- “No borrowing may continue past its original term.”

Other Provisions of Amendment 61

- Except for enterprise borrowings, when a borrowing is repaid, tax rates must decline in an amount equal to its planned average repayment, even if the debt is not repaid from taxes.
 - The proponents intend this to include when a current lease purchase or other non-debt transaction is repaid.
 - The proponents state that if no specific tax is pledged to the debt, the government may choose which tax to decrease.

Proposition 101

- Would add a new section to Title 39 (Taxation) of the Colorado Revised Statutes that reduces or eliminates a number of taxes.
- Specific ownership taxes would decrease in four equal yearly steps to reach \$2 for new vehicles and \$1 for used vehicles.
- The total loss for local Gov't according to DORA would be \$492.4 million.

Proposition 101

- All registration, license, and title charges combined shall total \$10 yearly per vehicle. Loss to counties and municipalities would be 37.9% of HUTF funding.
- There will be no State or local taxes on vehicle rentals or leases.
- There will be no State or local taxes on the first \$10,000 of value of vehicle sales prices.
- State and local charges on telecommunications are eliminated.

Proposition 101

- The State Income Tax rate would be reduced to 4.5% from the current rate of 4.63%.
- Rates would decrease 0.1% yearly, in each of the first ten years that yearly income tax revenue net growth exceeds 6%, until the rate reaches 3.5%.
- Estimates show a \$1.2 Billion State Impact.

What Can You Do?

- Take a position of advocacy against 60,61 & 101.
- Pass a resolution and urge the public to vote against 60,61 & 101.
- Elected Bd members may speak against 60,61 & 101.
- Local government employees may speak out against 60,61 & 101. ***BUT ON THEIR OWN TIME.***

For more information...



Ann Terry
Executive Director
Special District Association
ann.terry@sdaco.org
303-863-1733



Colorado Counties, Inc.
Chip Taylor
Executive Director
Colorado Counties, Inc.
jtaylor@ccionline.org
303-861-4076



Sam Mamet
Executive Director
Colorado Municipal League
smamet@cml.org
303-831-6411



Ken DeLay
Executive Director
Colorado Association of School
Boards
kdelay@casb.org
303-832-1000

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