Goals

Note: The Negative Factor is $830 million. $2.5 billion is approximately the national average.
Two main policy strategies

Total of 22 initiatives filed through Review and Comment as of 1.9.18

19 initiatives granted Title from Title Board
9 initiatives are free (no challenges) granted titles on 1.3 & 1.17

10 initiatives, as of 98-107 received a Motion for Rehearing (challenges), motions have been withdrawn.
Major Policy Strategies Considered

2018 Ballot Initiative Overview

Removes barriers to funding public education by giving legislators the power to raise money for public schools.

Creates a fund for education investment and distributes more revenue more fairly.

Creates a fund for education investment and stabilizes local funding.

7.0% 24.0%

Gallagher

Initiative #93: Great Schools, Thriving Communities

Amends the Constitutional prohibition on graduated taxes

Enacts higher tax rates on higher incomes

Distributes more revenue more fairly

Lowers RAR (Education Funding Only)

Lowers Non-RAR (Education Funding Only)

$1.6 Billion in additional support for public schools

<table>
<thead>
<tr>
<th>Taxable Income Bracket</th>
<th>Increment</th>
<th>Marginal Rate</th>
<th>Filers Impacted</th>
<th>Avg Tax Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0-150,000</td>
<td>0</td>
<td>4.63%</td>
<td>None</td>
<td>No Change</td>
</tr>
<tr>
<td>$150,001 - 200,000</td>
<td>0.37%</td>
<td>5.00%</td>
<td>73,156</td>
<td>$81</td>
</tr>
<tr>
<td>$200,001 - 300,000</td>
<td>1.00%</td>
<td>6.00%</td>
<td>56,536</td>
<td>$729</td>
</tr>
<tr>
<td>$300,001 - 500,000</td>
<td>1.00%</td>
<td>7.00%</td>
<td>31,900</td>
<td>$3,456</td>
</tr>
<tr>
<td>&gt;$500,000</td>
<td>1.25%</td>
<td>8.25%</td>
<td>24,070</td>
<td>$42,528</td>
</tr>
<tr>
<td>Corporate</td>
<td>1.37%</td>
<td>6%</td>
<td>N/A</td>
<td>N/A</td>
</tr>
</tbody>
</table>

Path to Victory: 2% of registered voters in all senate districts + filling in the gap in signatures anywhere across the state to get 98,492 signatures + 55% of the vote.
Funds those expanded opportunities through tax increments on taxable income above $150,000 and on corporations.

Federal Taxable Income

\[
\text{Gross Income} - \text{Specific Deductions} = \text{Adjusted Gross Income} \\
\text{Adjusted Gross Income} - \text{Exemptions} - \text{Itemized Deductions} = \text{Taxable Income} \\
(\text{Taxable Income} \times \text{Tax Rates}) - \text{Tax Credits} = \text{Net Federal Income Tax}
\]

Provides sustainable support for schools as it stabilizes the volatile local share of education funding.

All property tax revenues remain at the local level and go to pay for schools, roads, fire protection, police and other local services.

<table>
<thead>
<tr>
<th>Year</th>
<th>Residential</th>
<th>Non-Residential (commercial)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1982</td>
<td>21%</td>
<td>29%</td>
</tr>
<tr>
<td>1995</td>
<td>10.36%</td>
<td>29%</td>
</tr>
<tr>
<td>2018</td>
<td>7.2%</td>
<td>29%</td>
</tr>
<tr>
<td>2019</td>
<td>7.0%</td>
<td>24%</td>
</tr>
<tr>
<td>2019</td>
<td>6.1%</td>
<td>29%</td>
</tr>
</tbody>
</table>

Colorado property tax rates are third lowest in the nation and continue to drop, resulting in fewer resources for local services.

Great Schools, Thriving Communities Initiative:
- Makes funding more sustainable for years to come
- Provides relief to commercial tax payers
- Provides relief to state budget that attempts to backfill losses to education

Great Schools, Thriving Communities
- Sets assessment rates permanently for the purpose of education funding.
Why address corporate tax?

*C-corps ONLY are taxed in these brackets
(not S-corps, also known as “pass-through” businesses, which includes many small businesses)

Colorado is among the 27 states that use a flat rate system.

Colorado is the 3rd lowest corporate income tax rate nationally at 4.63%

Ensures that decisions about how to use those new funds are made at the local level

Unless and until the legislature creates a more equitable School Finance Formula:
- Increase base funding for all students
- Full-Day K and increase in ECE funding
- Expand “at-risk” to include free and reduced lunch kids
- Approximately doubles the amount of funds from state to districts for:
  - English Language Learners
  - Special Education
  - Gifted & Talented
Please review DRAFT talking points document

Great Schools, Thriving Communities

Builds on the successes of Colorado’s public schools by expanding educational opportunities for our students to prepare them for success in college, career and life.

1. Funds those expanded opportunities through tax increments on taxable income above $150,000 and on corporations
2. Ensures that decisions about how to use those new funds are made at the local level
3. Provides sustainable support for schools as it stabilizes the volatile local share of education funding