Now we know how much money is at stake on the 2019 ballot with Proposition CC and TABOR refunds in Colorado

New economic forecasts show the state may refund as much as $1.7 billion to taxpayers in the next three fiscal years -- but not all will benefit the same.

SEP 20, 2019 2:56PM MDT

John Frank

In the November ballot, Colorado voters will decide a question potentially
Proposition CC asks voters for permission to end the cap on state tax revenue outlined in the Taxpayer’s Bill of Rights. If the answer is yes, the state plans to spend the money on schools, higher education and transportation projects. If the answer is no, the money would get returned to taxpayers as a refund — mostly to benefit seniors and disabled veterans.

Just how much money is at stake became clearer Friday, as state economists released the latest economic projections to inform the ballot question.

The tax revenue is estimated to exceed the TABOR caps by $541.7 million to $1.7 billion total in the next three fiscal years through 2022, according to forecasts from legislative economists and Gov. Jared Polis’ budget office. If the state’s economy continues to prosper, the total would continue to grow in future years.

House Speaker KC Becker, D-Boulder, said the numbers show how much Colorado voters can do to address priority spending areas in the $30 billion state budget if Prop. CC is approved.

“Colorado continues to have significant unfunded needs in education and transportation, and Prop. CC helps to address that without increasing taxes beyond what Coloradans pay today,” she said in an interview.

MORE: Does Colorado’s 2019 ballot question Proposition CC really amount to a tax hike? The answer is sort of.
Now we know how much money is at stake on the 2019 ballot with Proposition CC and TABOR refunds in Colorado – The Colorado Sun

Each voter. The ballot guide numbers are based on the June revenue forecasts, but economists revised the estimates to account for slower projected economic growth that may depress tax collections. The new numbers also forecast further into the future.

In the latest estimates, the legislative council is estimating the lower end of the range at $541.7 million. The governor’s office is forecasting the higher total excess revenue at $1.7 billion because it is more optimistic about the state’s economy in the future.

An additional $428.3 million in TABOR surplus revenue from the current 2019 tax year is not affected by Prop. CC and is expected to be refunded to taxpayers early next year.

MORE: TABOR faces a reckoning with Prop. CC. Here’s what you should know about its impact on state spending

An estimated $153 million from that total will go to local governments to cover the cost of property tax exemptions for seniors and disabled veterans. The remainder will get returned through a temporary reduction in the income tax to 4.5% from 4.63%.

The average tax break ranges from $10 for single filers with adjusted gross income below $40,000 to $629 for those earning $226,000 or more, according to legislative projections. The estimates for joint filers range from $1 to $651 in those respective income brackets.
Forecast Average Taxpayer TABOR Refunds
Via Sales Tax Refund Mechanism and Temporary Income Tax Rate Reduction
Amounts shown reflect refunds for full-year Colorado resident taxpayers only

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<th>Adjusted Gross Income</th>
<th>Sales Tax</th>
<th>Income Tax Rate Cut (Average)</th>
<th>Single Filers Total</th>
<th>Income Tax Rate Cut (Average)</th>
<th>Joint Filers Total</th>
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<td>$10</td>
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<td>-</td>
<td>629</td>
<td>629</td>
<td>-</td>
<td>651</td>
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</tbody>
</table>

A forecast from Legislative Council economists estimates how much taxpayers will received in refunds for tax year 2019 because revenue exceeded the TABOR caps. These refunds are not currently subject to Proposition CC. (Screenshot)

But if the ballot question is approved by voters, Polis and leading Democratic lawmakers are considering potential legislation to allow the state to keep some of the $428.3 million — a move that only adds to the total financial stakes in November.

State Sen. Dominick Moreno, a Commerce City Democrat and budget committee chairman, said the state needs the money to cover ongoing obligations. Without it, the state may struggle to pay for human services and corrections programs, among other areas, he said.

“If voters do decide to endorse Proposition CC ... voters have given us permission to retain the revenue going forward,” he said.

But for Republican lawmakers opposed to Prop. CC, the new numbers only reaffirmed their desire to return the money. “The Taxpayer’s Bill of Rights is a huge boon to the taxpayers of our state and it’s their money,” said Rep. Kim Ransom, a Douglas County Republican and state budget writer. “Everytime I see the word refund or rebate I’m glad to hear it. Because we have a budget we can work with, it grows every year and we have room to give taxpayers their money back.”
How much taxpayers would get as a refund varies widely

Not all Colorado taxpayers will get the same refund if Prop. CC fails at the ballot box, and the two economic estimates vary greatly about how much would get returned in each of the next two years.

If the lower estimate by legislative economists is correct, most of the money would get paid to local governments to cover the cost of property tax breaks for seniors and disabled veterans. The remainder would get returned as a sales tax refund to all taxpayers. The estimated rebate is between $20 and $62 for single filers, and double that amount for joint filers. The break would come in tax year 2020 filings made in 2021.

A report from the Colorado Legislative Council shows the estimated taxpayer refund if Proposition CC fails at the November ballot. The estimate is lower than projections from the governor’s office and the figures don’t include property tax breaks for seniors and disabled veterans. (Screenshot)

But if tax revenues hit the higher projections from the governor’s budget office, the average tax refunds would increase with single–filers receiving $248 and joint filers $638. The refunds would be spread out over three years starting in tax year 2021.

A report produced by Gov. Jared Polis’ Office of State Budget and Planning outlines the high end of the average TABOR refunds expected in the 2020-21 fiscal year and beyond if Proposition CC fails in November. (Screenshot)
If Prop. CC passes, the tax break for seniors and disabled veterans would remain in law. But the possibility of income and sales tax refunds would be negated.

Becker, the House speaker and a chief proponent of Prop. CC, said the measure would give the state more flexibility. “We just feel like we need to invest in good times to prepare for when the economy does slow down,” she said.

But Jesse Mallory, the state director for Americans for Prosperity, which is opposed to the ballot question, said there’s no guarantee the money will go toward its promised destination because lawmakers can change state law and shift it elsewhere.

“I think first and foremost it’s important to remind everybody that’s taxpayer money, that’s not government money,” he said in an interview. “At the end of the day, it’s also important to discuss that there’s no guarantee that the state will continue to spend money on that stuff in the future.”

MORE: Colorado voters leaning toward approving the elimination of state spending caps under TABOR, August poll finds

The campaign is starting to get underway

The campaigns for and against Prop. CC are so far operating below the radar. But state campaign finance records show money is accumulating behind the causes.

One of the leading organizations behind the campaign to pass Prop. CC is Coloradans for Prosperity, a group that raised $800,000 with big donations from Gary Community Investment Group, Education Reform Now Advocacy, Oakwood Homes CEO Patrick Hamill, and the Colorado Fund for Children and
Education, which is operated by teachers unions. Other major donors include billionaire philanthropist Pat Stryker, retired University of Denver Chancellor Daniel Ritchie, the Colorado Construction Industry Coalition and attorney Steven Halstedt.

A second group, Great Education Colorado, is supporting the ballot question and received $50,000 from Ritchie in August, making up virtually all of its $51,000 raised.

On the other side, Americans for Prosperity, the national group founded by the billionaire Koch brothers, has spent nearly $419,000 on canvassing, mailers, digital and radio ads. All that money came from the national organization. A separate No on CC committee is operated by the free-market think tank Independence Institute, which has put in $31,000 of the group’s nearly $42,000 thus far.

Correspondent Sandra Fish contributed to this report.

Updated 4:45 p.m. 9/20/19: This developing story was updated to add new details.

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Eric Lubbers

SEP 23, 2019 9:32AM MDT
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Jesse Paul

SEP 23, 2019 5:10AM MDT

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Jennifer Brown

SEP 23, 2019 5:01AM MDT