



To: CML Executive Board
From: Kevin Bommer, Executive Director
Date: June 11, 2019
Subject: Recommendation to support Proposition CC – Retain State Revenue in Excess of Limit

Summary

During the 2019 legislative session, CML supported HB 19-1257 and HB 19-1258. HB 1257 refers to the voters in November a single ballot question – Proposition CC – that, if passed, allows the state to permanently retain revenue in excess of the state’s TABOR limit set by Referendum C and requiring that retained revenue be distributed to public schools, higher education, and transportation/transit. HB 1258, effective only upon voter approval of Proposition CC, requires a 1/3 split to each category.

If approved, there may be no short-term revenue impact. The state’s March revenue forecast does not anticipate a TABOR surplus in the current or next state fiscal year, the latter ending June 30, 2021. The next forecast is due this month, which may revise that estimate. Regardless, enactment by Proposition CC by voters would ensure that in any future years that state revenue exceeds the state TABOR limit, excess revenues will be allocated accordingly in the next state fiscal year. Specific to municipal interests, the portion allocated to transportation/transit will be distributed through the HUTF formula, meaning municipalities will split 18% in the same manner that regular HUTF calculations and disbursements are made annually.

Staff noted in testimony that this approach should not be mistaken for a statewide solution to transportation funding problems – and the same could likely be said for K-12 and higher education. Staff also noted passage of this measure would remove pressure to backfill future TABOR refunds with severance tax revenue, as was done in 2015. Given the important inclusion of local transportation interests by the General Assembly, as well as the League’s general interest in ensuring constraints of the revenue limit both do not harm and may help municipal interests, staff recommends CML support Proposition CC.

Staff Recommended Motion

Because of the potential to assist with local transportation funding needs, as well as to protect municipal interests from constraints on the state budget during times of economic prosperity, the Colorado Municipal League does now support Proposition CC. The League is authorized to make cash and other contributions from private source revenues to an appropriate issue committee provided such contributions are expended from the special fund maintained by the League for such purposes. Such contributions shall not exceed private source revenues available to the League. The League is also authorized to make expenditures of staff time and other resources in the regular course and scope of the League’s work informing its membership and others.