

Proposition 117 – VOTER APPROVAL OF NEW FEE BASED ENTERPRISES

Under the Colorado Constitution, the creation of new taxes or the raising of existing taxes must be voted on by the people of Colorado.ⁱ Proposition 117 proposes a similar voter approval process for new state fees. If Proposition 117 passes, every new fee or enterprise “with projected or actual revenue from fees and surcharges of over \$100,000,000 total in its first five fiscal years must be approved at a statewide general election.”ⁱⁱ

View the full Proposition 117 Report - <https://commonsenseinstitute.org/initiative-295/>

Total state spending in Colorado comes from three main revenue sources: state taxes, state fees, and federal funding. Most fees and all federal revenues are exempt from the TABOR provisions of the Colorado Constitution. This has allowed them to increase outside our state’s constitutional limits on spending.ⁱⁱⁱ From 2001 to 2018, total fee-based revenue grew from \$1.1b to \$17.9b. Higher education fees, such as tuition, grew from \$657m to \$12.9b.

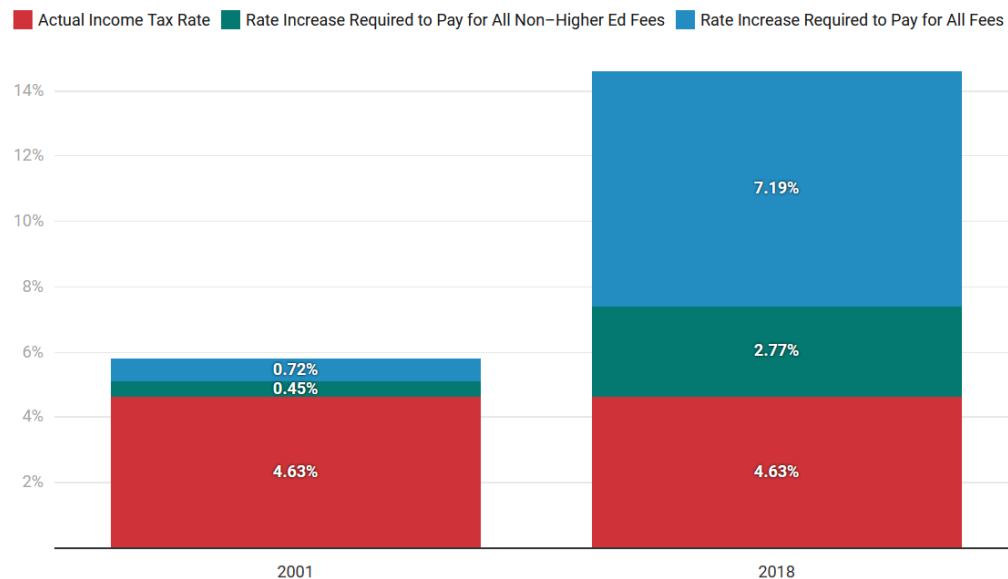
How Much Does the Growth in Fees Equate to in Income Taxes?

The following chart shows how much the personal income tax rate would have to increase, to raise enough revenue to eliminate all fees, or all non–higher education–related fees.

- **In 2001** the personal income tax rate would have needed to **increase from 4.63% to 5.8%.**
- **By 2018** the personal income tax rate would have needed to **increase from 4.63% to 14.6% to replace all fees.**
- If the income tax were to only **replace the revenue for non-higher education-based fees**, the rate would have grown from **5.08% in 2001 to 7.4% in 2018.**
- For someone making \$50,000 in income, **an income tax increase from 4.63% to 7.4% or 14.6% would equate to an additional \$1,387 or \$4,984 in taxes per year.**

Trading Fees for a Tax Increase

How high would Colorado's income tax rate be if fee-based enterprises were funded by income taxes?



ⁱ <https://leg.colorado.gov/agencies/legislative-council-staff/tabor#:~:text=The%20TABOR%20Amendment%2C%20which%20was,Colorado%20can%20retain%20and%20spend.&text=The%20TABOR%20limit%20%E2%80%9Cbase%E2%80%9D%20is,the%20current%20fiscal%20year's%20revenue.>

ⁱⁱ <https://www.sos.state.co.us/pubs/elections/Initiatives/titleBoard/filings/2019-2020/295OriginalFinal.pdf>

ⁱⁱⁱ <https://leg.colorado.gov/publications/tabor-revenue-limit>