2022 BALLOT GUIDE

Proposition #123: Dedicate Revenue for Affordable Housing Programs

STATEWIDE

Proposes to dedicate 1/10th of 1% of federal taxable income from the State's General Fund to create Colorado's first statewide voter initiated affordable housing fund.

- Several provisions in the measure have potential to create transformative change. The state agencies implementing the measure will need to ensure they don't waiver on strengths of the requirements for local governments to accept funds in order to increase capture rate. Those provisions include; fast track permit approval requirements, funding for land banking, creation of a tenant equity vehicle, and aspirational 3% new unit growth targets of between 15,100 and 23,500 annual units.

- While the measure does not increase tax rates, the money transferred to the new affordable housing fund, estimated to total $290 Million in first full year, will lower future TABOR refunds by an equivalent amount.

- To address the challenges the measure presents and maximize its strengths, proponents, supporters, elected officials and Coloradans alike should consider the following recommendations if the measure passes:
  - Address the Potential of a Growing Fund Balance – Institute a ***Performance Based Cap.***
  - Address the Risk of Reappropriation – ***"Re-Bruce" Any Reappropriated Funds.***
  - Resist Attempts to Loosen the Measures Requirements for Accepting Funds – ***Stay True to the Measures Value Proposition.***
  - Resist Hyper Localism – ***Incentivize Local Governments to Adopt Regional Fast Track Approval Policies.***

  Drive Continuous Improvement – Require a ***Periodic Fund Performance Analysis.***

Housing Units Baseline and Growth Targets

	Rental			Ownership			
Affordability Definition	#of Units	% Of Total Units	3% Target	#of Units	% Of Total Units	3% Target	Combined Target
2 Person Family Household	159,254	23%	4,778	345,230	24%	10,357	15,135
4 Person Family Household	345,596	50%	10,368	437,390	31%	13,122	23,490
Weighted Average of All Household Sizes	345,596	61%	7,319	402,443	28%	12,073	19,392

Full Report: *https://commonsenseinstituteco.org/proposition-123-affordable-housing/*

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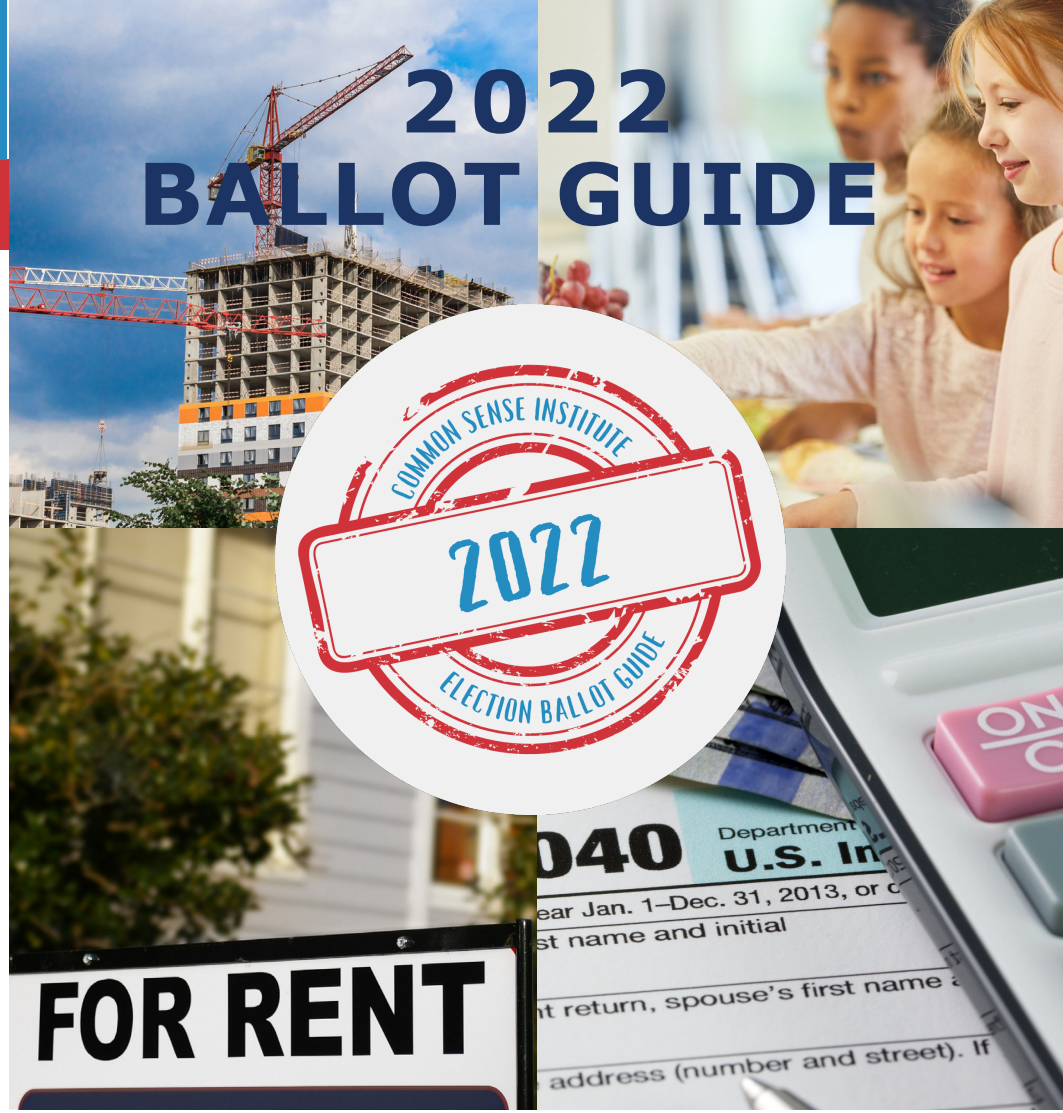

COMMON SENSE INSTITUTE

Common Sense Institute is a non-partisan research organization dedicated to the protection and promotion of Colorado's economy.

CSI's mission is to examine the fiscal impacts of policies, initiatives, and proposed laws so that Coloradans are educated and informed on issues impacting their lives.

Proposition FF: Healthy School Meals for All

STATEWIDE

Proposes to guarantee free and healthy lunches to all public K–12 students regardless of family income. To fund the program, the law will impose an income tax increase on Coloradans earning more than $300,000 a year, 4.4% of tax filers.

- If all Colorado public school food authorities participate in the program, an additional 615,000 students will become newly eligible to receive free meals at school, a 125% increase.
- In 2023, 114,000 CO taxpayers will be taxed to fund the program and have an annual increased tax bill of nearly $1,000. By 2033, it is estimated to grow to as high as 339,000 taxpayers.

There is a real risk that the funding for the program will be much higher than necessary or too low to completely fund the program. **Modeling shows this program could be WAY OVERFUNDED or MILLIONS OF DOLLARS IN THE HOLE:**

- **Overfunding Risk -** In just 10 years, in 2033, surplus revenues could be as high as $1.02 Billion. Surplus revenues will not be returned to taxpayers.
- **Underfunding Risk -** By 2033, the potential cumulative deficit in the program could be -$330 Million, and by 2050 -$4.7 Billion.

Full Report: *https://commonsenseinstituteco.org/proposition-ff-healthy-school-meals/*

City of Denver Ordinance #305: No Eviction Without Representation

DENVER

Proposes legal representation for Denver tenants facing eviction funded by a new tax levied on landlords of $75 per residential rental unit per year. The new tax would raise a projected $11,986,875 in the first year and would be adjusted for inflation annually.

- The tax increase in the measure likely far exceeds what could reasonably be spent to cover the costs for universal eviction defense. CSI projects an excess of funds between $9.9 Million and $7.8 Million of an approximately $12 Million tax increase.
- The direct tax increase and the increased legal costs to landlords from higher rates of tenant representation in eviction proceedings will primarily be passed on to renters. These additional pressures on rent come at the same time when rents have skyrocketed over the past 12 months.
- Similar programs in other cities have instituted: income limits to assist those who face a genuine need, requirements for nonprofit service providers, and limits on the types of evictions that qualify as discrimination or retaliation. Without these limits, the program would be subject to waste and abuse.

Full Report: *https://commonsenseinstituteco.org/city-of-denver-ordinance-305/*

COMMON SENSE INSTITUTE 2022 BALLOT GUIDE

Proposition #121: State Income Tax Rate Reduction

STATEWIDE

Proposes to reduce the state income tax rate from 4.55% to 4.4%. The reduction in the tax rate would be retroactive for income earned in 2022 and is projected to reduce total state income tax collections over the 2022 and 2023 tax years by $572 Million.

- Proposition #121 would save Coloradans $1.6 Billion over the first 5 years after its passage. In 2023, taxpayers would save $767 Million, which is more than in any other year—this is because both the 2022 and 2023 tax savings would be realized in 2023 without causing any corresponding reduction in the FY22 TABOR refund, which is already budgeted.
- Proposition #121 is not projected to reduce state government spending in either of its first two fiscal years because it offsets future TABOR refunds. Over those years, general fund spending is projected to increase by 13.4% from $16 Billion to $18.2 Billion. In future years, with no TABOR refund, the tax cut will lower total revenue available for spending compared to the current baseline; but it will likely not cause nominal spending reductions between any two years.
- The largest one-year economic impact of Proposition #121 would occur in 2023, which is the year of the biggest net tax reduction. The dynamic impact of the tax savings in 2023 would be an estimated additional 9,110 jobs.

Impacts of the Tax Cut

	2023	2024	2025	2026	2027	2028	2029
Total employment	9,620	250	1,460	5,200	5,820	6,120	6,240
Total private employment	9,110	0	1,250	4,820	5,310	5,530	5,600
Total public employment	510	260	210	390	510	590	630
Total wages and salaries	$537,000,000	$45,000,000	$101,000,000	$332,000,000	$392,000,000	$431,000,000	$455,000,000
Total private wages and salaries	$498,000,000	$24,000,000	$84,000,000	$300,000,000	$348,000,000	$378,000,000	$396,000,000
Total public wages and salaries	$38,000,000	$20,000,000	$17,000,000	$32,000,000	$44,000,000	$53,000,000	$59,000,000
Total GDP	$1,107,000,000	$46,000,000	$188,000,000	$667,000,000	$776,000,000	$847,000,000	$894,000,000
Total government revenue	$48,000,000	$25,000,000	$21,000,000	$39,000,000	$53,000,000	$62,000,000	$69,000,000

- Proposition #121 would increase private-sector employment and decrease government employment in the long run.
  - The state would gain 2,520 jobs in 2026 if the state government does not cut any jobs and instead constricts spending elsewhere.
  - The state would lose 1,590 jobs in 2026 if the state government cuts its employment to account for the reduction in its revenue.

Full Report: *https://commonsenseinstituteco.org/proposition-121-state-income-tax-rate-reduction/*