

**NOTICE OF ELECTION TO INCREASE
TAXES ON A REFERRED MEASURE**

**2020 State Ballot
Information Booklet**

**STATEWIDE ELECTION DAY
is Tuesday, November 3, 2020**

Voter service and polling centers are open 7 a.m. to 7 p.m. on Election Day.
Ballots are mailed to all registered voters between October 9 and October 16, 2020.





Conduct of Charitable Gaming

Placed on the ballot by the legislature • Passes with 55 percent of the vote

Amendment C proposes amending the Colorado Constitution to:

- reduce the number of years a nonprofit organization must operate in Colorado to apply for a bingo-raffle license from five to three; and
- ease compensation and organization membership restrictions for bingo-raffle workers.

What Your Vote Means

YES A “yes” vote on Amendment C allows nonprofit organizations operating in Colorado for three years to apply for a bingo-raffle license, permits these games to be conducted by workers who are not members of the organization, and allows workers to receive compensation up to minimum wage.

NO A “no” vote on Amendment C maintains the current requirements that nonprofit organizations must operate in Colorado for five years prior to applying for a bingo-raffle license, and that workers must be unpaid volunteers who are members of the nonprofit organization.

Summary and Analysis for Amendment C

What does Amendment C do?

The Colorado Constitution currently prohibits nonprofit organizations from paying bingo-raffle workers and prohibits anyone who is not a member of the nonprofit from participating in the management or operation of a game. Amendment C makes the following changes to these provisions. The measure:

- decreases the number of years that a nonprofit organization must operate in Colorado to apply for a bingo-raffle license from five to three and permits the legislature to further modify this requirement after January 1, 2024;
- eliminates the requirement that bingo-raffle workers be members of the nonprofit organization; and
- permits people managing or operating charitable games to either be volunteers or to receive compensation, such as meals or payment, which cannot exceed the minimum wage.

What types of charitable gaming are currently allowed in Colorado?

In 1958, the Colorado Constitution was amended to permit the operation of games of chance, such as bingo and raffles, by certain nonprofit organizations. Typical games of chance include:

- bingo, in which each player has at least one card with a grid of letters and numbers and marks off the letter and number combinations called by the bingo caller until one of the players completes the designated winning pattern; and
- raffles, which are tickets that have a unique number or other identifier randomly drawn to reveal the prize winner. Pull-tabs and pickles are considered a type of raffle.

Bingo and raffle games are managed and conducted by nonprofit organizations. The proceeds of any game must be exclusively devoted to the purposes of the nonprofit organization conducting the bingo or raffle. Organizations may not pay bingo-raffle workers any wage.

What organizations can currently conduct bingo and raffle games?

Only nonprofit organizations that have operated continuously in Colorado for five or more years can be licensed to conduct bingo or raffle games. The following types of nonprofit organizations can apply for a license: chartered branches, lodges, and chapters of national or state organizations; religious, charitable, labor, fraternal, educational, voluntary firefighters', or veterans' organizations; political parties; and the Colorado State Fair Authority.

C

Conduct of Charitable Gaming

For information on those issue committees that support or oppose the measures on the ballot at the November 3, 2020, election, go to the Colorado Secretary of State's elections center web site hyperlink for ballot and initiative information:

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Argument For Amendment C

- 1) Bingo-raffle games are an opportunity for nonprofit organizations to raise funds for their programs. Allowing nonprofit organizations to compensate workers reduces the burden on nonprofits to provide volunteers to operate the games. Expanding licenses to newer nonprofit organizations removes a barrier and provides them with additional fundraising opportunities. By increasing access to bingo-raffle fundraising, this measure may help increase funding for nonprofit organizations.

Argument Against Amendment C

- 1) Professionalizing bingo-raffle operations undermines their charitable fundraising purpose. Paying workers increases overhead to operate games, potentially reducing the amount of money nonprofit organizations are able to raise and dedicate to their core mission. By removing the requirement that workers be volunteers and expanding the number of nonprofits that participate, bingo-raffle games become more like for-profit gambling than charitable fundraising.

Estimate of Fiscal Impact for Amendment C

State revenue. Beginning in state budget year 2020-21, Amendment C will increase state revenue by about \$5,000 per year as a result of additional application and renewal fees for bingo-raffle licenses, based on an assumption of approximately 50 new applicants paying the current fee of \$100. The measure may also increase state revenue from the administrative fee assessed on the charitable gaming proceeds received by bingo-raffle license holders. The administrative fees from new licensees help offset the increased state spending.

State spending. Amendment C increases state spending by about \$83,000 in state budget year 2020-21, and by about \$37,500 per state budget year in future years. This spending is required to process additional bingo-raffle licenses, conduct additional compliance investigations, and make changes to the computer system and reporting tools used for bingo-raffle licensing.



Citizenship Qualification of Voters

Placed on the ballot by citizen initiative • Passes with 55 percent of the vote

Amendment 76 proposes amending the Colorado Constitution to:

- specify that “only a citizen” of the United States rather than “every citizen” of the United States is eligible to vote in Colorado elections.

What Your Vote Means

YES A “yes” vote on Amendment 76 will change constitutional language to specify that only U.S. citizens age 18 and older are eligible to participate in Colorado elections.

NO A “no” vote on Amendment 76 means the current constitutional language allowing every eligible U.S. citizen to vote in Colorado elections will remain unchanged.

Summary and Analysis for Amendment 76

What are the requirements to vote in Colorado?

The Colorado Constitution and state law establish the eligibility of voters. Under current law, a U.S. citizen may vote in Colorado if he or she is at least 18 years old, has lived in the state at least 22 days immediately prior to the election, and has registered to vote. The Colorado Constitution guarantees this right to every U.S. citizen, but does not specifically prohibit extending voting eligibility to noncitizens or those under age 18. For example, state law allows 17-year-olds to vote in primary elections if they will be 18 years old by the general election.

What happens if Amendment 76 passes?

Amendment 76 allows only U.S. citizens who have met all other legal requirements to vote in elections. Adoption of the measure prevents the state from extending voter eligibility to noncitizens in the future, as well as to those under the age of 18. However, it is unclear if the measure prohibits a city or town with its own “home rule” charter from expanding voter eligibility, and ultimately the courts may have to decide how the measure is applied to elections in home rule cities and towns.¹

The measure has no immediate impact on voting requirements related to residency and registration and does not change current election law that excludes noncitizens from voting. However, under Amendment 76, 17-year-olds who are currently able to vote in primary elections will no longer be eligible to do so.

What happens if Amendment 76 fails?

The current constitutional language allowing every U.S. citizen who has met the other legal requirements to vote in elections remains unchanged.

Who is considered a U.S. citizen under the law?

U.S. citizenship is governed by federal law, specifically the federal Immigration and Nationality Act. Federal law allows a person to become a U.S. citizen if he or she:

- was born in the United States or certain territories or outlying possessions of the United States;
- was born abroad but had a parent who was a U.S. citizen at the time of the person’s birth; or
- is naturalized, which is the process by which U.S. citizenship is granted to a foreign citizen or national after he or she fulfills the requirements established by the U.S. Congress.

¹ Additional information on home rule cities and towns can be found in Legislative Council Publication Number 20-16 here: <https://leg.colorado.gov/publications/home-rule-governance-colorado>.

How are Colorado elections conducted?

Coloradans vote on a variety of offices and ballot questions at the local, state, and federal level. Local government elections include school district, special district, city, and county elections. Colorado holds a general election each November in even-numbered years. Additional elections may be called at other times, for example to decide primary contests or for voters to decide local matters. Home rule cities and towns have the power to set the procedures for all matters pertaining to city and town elections. All other elections are conducted pursuant to state laws.

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Argument For Amendment 76

- 1) Voting is a fundamental right reserved for U.S. citizens. Amendment 76 guarantees that the state will not be able to pursue policies that allow noncitizens to vote. The measure specifies who can vote in Colorado and provides additional constitutional protections for Colorado's elections.

Argument Against Amendment 76

- 1) Amendment 76 makes an unnecessary and potentially divisive change. The state already has a secure election system that ensures only those who meet legal requirements can vote in elections. Ultimately, the measure seeks to solve a problem that does not exist, may result in voter confusion about state and local elections, and could discourage and even disenfranchise voters.

Estimate of Fiscal Impact for Amendment 76

No fiscal impact. Amendment 76 does not change the revenue, spending, or workload of any state agency or local government, and is assessed as having no fiscal impact.



Local Voter Approval of Casino Bet Limits and Games in Black Hawk, Central City, and Cripple Creek

Placed on the ballot by citizen initiative • Passes with a majority vote

Amendment 77 proposes amending the Colorado Constitution and the Colorado statutes to:

- allow voters in the three gaming cities — Black Hawk, Central City, and Cripple Creek — to increase or remove current bet limits and approve any new casino games in each city; and
- expand the current use of casino tax revenue for community colleges to include student retention and completion programs.

What Your Vote Means

YES A “yes” vote on Amendment 77 means that the voters of Black Hawk, Central City, and Cripple Creek will be allowed to increase or remove casino bet limits and approve new casino games to help fund community colleges.

NO A “no” vote on Amendment 77 means that current casino bet limits and games will remain in the constitution, and a statewide vote will continue to be required to make any changes to these restrictions.

Summary and Analysis for Amendment 77

What happens if Amendment 77 passes?

- Casino bet limits and restrictions on the types of casino games in each gaming city will be removed from the constitution.
- Voters in Black Hawk, Central City, and Cripple Creek may approve new casino bet limits and add new casino games in their respective cities. Current games and bet limits of \$100 will remain until the voters of each city authorize different bet amounts and/or games.
- If local voters in the three gaming cities approve new casino games and bet limits:
 - the Colorado Gaming Commission will establish rules for the new games;
 - casinos may offer new casino games and any new bet limits starting May 1, 2021; and
 - community colleges may use any additional casino tax revenue to fund student retention and completion programs, in addition to uses already allowed under current law, which include student financial aid, classroom instruction, and workforce development programs.

What types of gambling are currently allowed in Colorado?

In 1990, Colorado voters passed a constitutional amendment allowing bets of up to \$5 on slot machines, blackjack, and poker only in Black Hawk, Central City, and Cripple Creek. The limits on casino gambling were expanded in 2008, allowing the games of roulette and craps, bets of up to \$100, and extended casino hours of operation. Sports betting was legalized both online and at casinos in 2019.

Outside of Black Hawk, Central City, and Cripple Creek, Colorado also permits gambling on horse racing, simulcast horse and dog races, the state lottery, and bingos and raffles sponsored by nonprofit organizations. These types of gambling will not be impacted by this measure.

Gambling is also legal at the Southern Ute and Ute Mountain Ute tribal casinos, which will not be impacted by this measure.

If new casino bet limits and games are approved, how would additional state tax revenue be spent?

Under current law, casinos pay taxes on all bets made minus all payouts to players. Conditional upon voter approval, Amendment 77 will likely generate additional casino tax revenue, depending on the bet limits and games that are approved.

After casino regulation expenses are paid, any additional tax revenue will be distributed, along with existing tax revenue, in the manner required under current law:

- 78 percent will go to community colleges;

- 12 percent will go to Gilpin and Teller Counties; and
- 10 percent will go to the cities of Black Hawk, Central City, and Cripple Creek.

How does Amendment 77 change the way community colleges spend gaming tax revenue?

This measure expands the way community college funding from gaming can be spent to include programs and services that promote student retention and degree completion programs. Currently, community colleges are allowed to spend gaming tax revenue on financial aid, classroom instruction, and workforce development programs.

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Arguments For Amendment 77

- 1) Amendment 77 allows voters in Black Hawk, Central City, and Cripple Creek to make decisions that are best for their communities. Local residents impacted by changes to gambling in Colorado are best equipped to address the needs of their communities and should be allowed to control what happens in their cities.
- 2) Without raising taxes on Coloradans, Amendment 77 will likely increase the amount of funding for community college financial aid, classroom instruction, workforce development, student retention, and degree completion programs. This additional revenue will help provide important educational and employment opportunities during this economic downturn and is essential when recent state and local tax revenues have decreased significantly.

Arguments Against Amendment 77

- 1) Removing bet limits may increase the prevalence and severity of problem gambling. Problem gambling often leads to negative social impacts ranging from lower work productivity, financial problems, and higher crime rates to family neglect and abuse, substance abuse, and suicide. Amendment 77 increases the risk of gambling problems without setting aside any of the new tax revenue to help people harmed by problem gambling.
- 2) Expanding casino gambling may negatively impact other communities in Colorado that will no longer have a voice in changes to limits on bets and games. Other cities will not receive any of the tax revenue to help offset the burden created by additional traffic, intoxicated driving, or any problem gambling issues. All Colorado voters deserve to have a say in activities that impact the entire state.

Estimate of Fiscal Impact for Amendment 77

The following fiscal impacts are conditional upon voter approval in at least one of the three gaming cities and will depend on the casino bet limits and new games approved in those cities.

State and local government revenue. Amendment 77 will likely increase state and local revenue. If bet limits go up, taxable casino revenue and state gaming tax collections are likely to increase. State gaming tax revenue is distributed in part to the municipal and county governments where casinos are allowed. The amount of any revenue increase will depend on how much any locally approved gaming changes increase the revenue on which casinos pay taxes. For reference, a previous expansion of betting limits and allowable casino games in 2008 increased gaming revenue by about \$10 million per year.

State and local government spending. Amendment 77 will likely increase state, local, and community college spending if gaming revenue increases. The amount of any spending will depend on how much any locally approved gaming changes increase the revenue on which casinos pay taxes. The Division of Gaming in the Department of Revenue will need to update rules and documentation if either bet limits are increased or new games are added. This measure will also increase local government spending in the three gaming cities if they hold an election to increase bet limits or add new casino games in each city. Any additional revenue received by community colleges will be spent on programs allowed under current law and those included in this amendment.

Taxpayer impacts. Amendment 77 will likely increase taxes paid by casinos. The amount by which taxes will increase depends on future decisions made by voters in the three gaming cities.



Taxes on Nicotine Products

Placed on the ballot by the legislature • Passes with a majority vote

Proposition EE, if approved, would:

- increase taxes on cigarettes and tobacco products;
- create a new tax on nicotine products, including vaping products; and
- distribute the new revenue to expanded preschool programs, as well as to K-12 education, rural schools, affordable housing, eviction assistance, tobacco education, and health care.

What Your Vote Means

YES A “yes” vote on Proposition EE increases taxes on cigarettes and other tobacco products, and creates a new tax on nicotine products, including vaping products. The new tax revenue will be spent on education, housing, tobacco prevention, health care, and preschool.

NO A “no” vote on Proposition EE means taxes on cigarettes and other tobacco products will stay the same, and there will be no new taxes on nicotine or vaping products.

Summary and Analysis for Proposition EE

Why is Proposition EE on the ballot?

Earlier this year, the state legislature passed a law to raise taxes on cigarettes and tobacco products, create a state tax on nicotine products, and modify the regulation of these products. The new law takes effect only if Proposition EE is approved by voters, as all tax increases require voter approval under the Colorado Constitution. This analysis discusses the changes that will occur if Proposition EE passes.

How are cigarettes, other tobacco products, and nicotine products currently taxed?

Cigarettes are currently taxed at 4.2¢ per cigarette, which is 84¢ per pack of 20 cigarettes. Tobacco products include chewing tobacco, cigars, and snuff and are currently taxed at 40 percent of the manufacturer's list price, which is the price at which a manufacturer sells the product to a distributor. Nicotine products, which include vaping products, are not currently subject to any existing state cigarette or tobacco tax. All three products are currently subject to the state sales tax.

Cigarette and tobacco taxes are required to be paid by the distributor that first receives products in the state, which may include local manufacturers. The business pays taxes to the state, but may keep a portion of the tax as compensation for work associated with filing taxes.

Current revenue distributions. Current cigarette and tobacco tax revenue is distributed to a variety of health care, tobacco education, and disease prevention programs, as well as for general state programs and services.

How does Proposition EE change taxes on those products?

Proposition EE raises taxes on cigarettes and tobacco products, and establishes a new tax on nicotine products. The new taxes increase incrementally until they are fully phased in by 2027. Table 1 lists the current tax rates and the new rates under the measure. The new revenue is exempt from constitutional spending limits.

Table 1
Changes to Cigarette, Tobacco, and Nicotine Products Taxes

Product	Current Tax Rates	New Rates Under Proposition EE*							Tax Rate Increase 2021-2027
		2021	2022	2023	2024	2025	2026	2027	
Cigarettes <i>Tax per pack</i>	\$0.84	\$1.94	\$1.94	\$1.94	\$2.24	\$2.24	\$2.24	\$2.64	\$1.80
Tobacco Product <i>Percent of price**</i>	40%	50%	50%	50%	56%	56%	56%	62%	22%
Nicotine Products <i>Percent of price**</i>	None	30%	35%	50%	56%	56%	56%	62%	62%

* Rate increases begin January 1, except in 2024 and 2027, when rate increases begin July 1.

** Manufacturer's list price.



Taxes on Nicotine Products

If approved, the measure also:

- sets new tax rates for modified risk tobacco products, which are federally designated as having lower health risks compared to existing commercial products. Currently, there is only one type of tobacco product that has received this designation for sale nationwide. This product would be taxed at 35 percent of the manufacturer's list price, while a regular tobacco product would be taxed at 50 percent in 2021;
- establishes a minimum tax for moist snuff products at \$1.48 per 1.2 ounce container, increasing to \$2.26 by 2027-28. Moist snuff is a type of cut, smokeless tobacco that can be loose or pouched and is intended to be placed in the mouth rather than sniffed;
- sets the minimum after-tax price of cigarettes for consumers at \$7.00 per pack beginning in January 2021, and \$7.50 per pack beginning in July 2024;
- makes online sales from out of state retailers to Colorado consumers subject to the new taxes; and
- reduces the portion of the taxes that distributors may keep as compensation for the work associated with filing taxes from 4.0 percent to 0.4 percent for cigarette distributors, from 3.33 percent to 1.6 percent for tobacco distributors, and sets this rate at 1.1 percent for nicotine distributors.

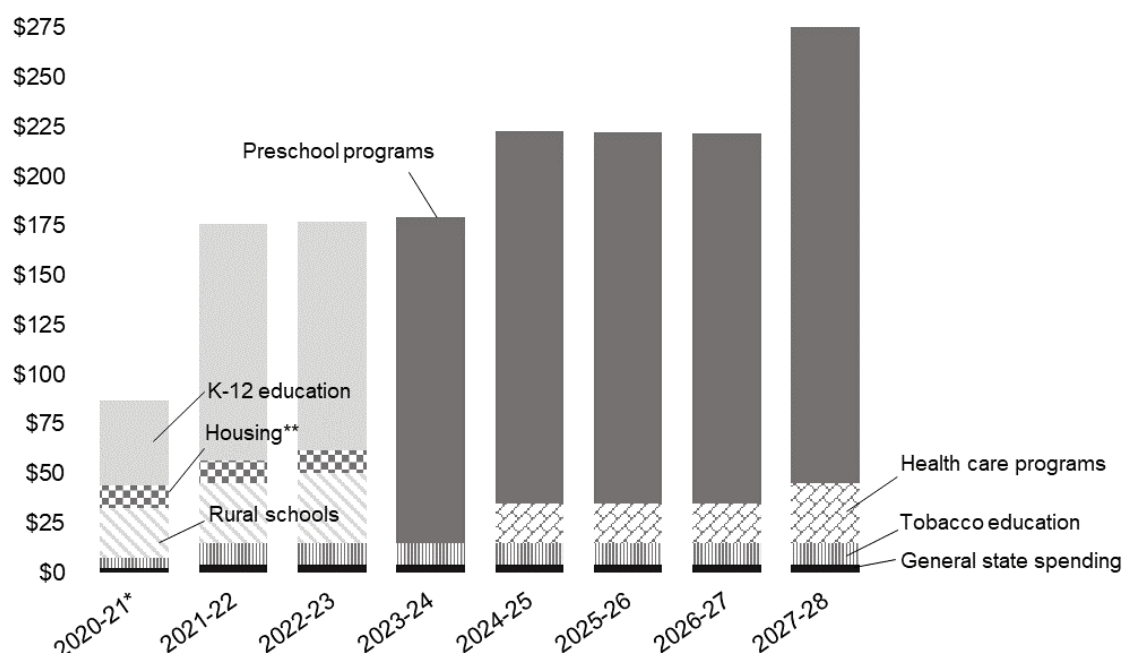
Are vaping products taxed under Proposition EE?

Yes, vaping products that contain liquid nicotine are subject to the nicotine tax established by Proposition EE. Vaping products and devices that do not contain nicotine are not subject to the tax. Vaping products are not eligible for the lower tax rates for modified risk tobacco products, even if they are approved for this designation by the federal government.

How will the new tax revenue be spent?

Proposition EE is expected to generate up to \$175.6 million in cigarette, tobacco, and nicotine tax revenue in budget year 2021-22, the first full year the measure will be in effect, and up to \$275.9 million beginning in budget year 2027-28 when the new tax rates are fully phased in. Figure 1 shows the programs that will receive funding as the new tax rates are phased in through budget year 2027-28. Programs funded in budget year 2027-28 will continue to receive funding in future years.

Figure 1
Distributions of New Tax Revenue
Millions of dollars, by budget year



* Half-year impact.

** Includes housing development and eviction legal assistance.

As shown in the above figure, the measure will provide funding for the following programs:

- **Preschool programs.** Proposition EE provides funding for expanded preschool, including at least ten hours per week of free preschool for every child in their final year before kindergarten. A portion of the additional sales tax revenue from the minimum cigarette price is also used for this purpose.
- **Rural schools.** Of the money allocated for rural schools in the first three years, 55 percent goes to rural school districts with between 1,000 and 6,500 students, and 45 percent goes to rural school districts with fewer than 1,000 students. The funding is allocated on a per-student basis.
- **K-12 education.** In addition to the funding for rural schools, any revenue not allocated to other programs will be available for K-12 education funding for the first three years. Specific uses may include school finance funding to school districts statewide, including charter schools, as well as other education programs.
- **Housing development.** In the first three years, funding will be allocated as grants or loans to buy, renovate, and construct houses, or provide rental assistance, in an effort to increase the supply of affordable housing. Of the amount allocated for this purpose, \$5.0 million must be used in rural areas.
- **Eviction legal assistance.** Funding for this purpose is allocated in the first three years and will be awarded to organizations that provide legal assistance to low-income clients at risk of eviction.



Taxes on Nicotine Products

- **Health care programs.** Funding allocated for health care programs will be used for Medicaid, primary care, tobacco use prevention, children's health and a variety of other health care programs that currently receive cigarette and tobacco tax revenue.
- **General state spending.** Of the amount allocated for this purpose, 27 percent must be distributed to local governments, and the remainder used for general state spending, which may include education, transportation, and health care, and will be determined by the state legislature. A portion of the additional sales tax revenue from the minimum cigarette price is also used for general state spending.
- **Tobacco education programs.** Money allocated for this purpose is used for grants for community-based and statewide programs to reduce tobacco use by youth, encourage cessation, and reduce exposure to secondhand smoke.

How would preschool availability and funding change?

Currently, the Colorado Preschool Program funds 29,360 half-day preschool slots for three- and four-year-old children who are from low-income families, in need of language development, or who meet certain criteria indicating they may be in danger of falling behind in school. About 9,000 low-income students also have access to preschool through federal Head Start programs. The measure requires that the new funding be used to offer at least 10 hours per week of free preschool to every child in their final year before kindergarten. This is expected to begin in the 2023-24 school year. Any remaining revenue must be used to expand preschool opportunities for low-income families and children at risk of not being ready for kindergarten.

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Arguments For Proposition EE

- 1) Colorado has one of the highest rates of youth vaping in the country, while also having one of the lowest tax rates on cigarettes and tobacco products, and no tax on vaping products. Cigarettes, tobacco, and nicotine products are addictive and have negative health impacts, which can include cancer as well as heart and lung disease. Tax increases usually result in higher prices, which deter smoking and tobacco use, especially among youth and young adults. Higher taxes on cigarettes, tobacco products, and vaping products could decrease consumption while funding health care, and tobacco cessation, education, and prevention programs.
- 2) Proposition EE provides needed funding for education. The impacts of the COVID-19 pandemic on the state budget have resulted in a 10 percent decrease in the state share of public school funding for the 2020-21 school year. Additional federal funding has helped lessen the impact of this state budget cut in 2020; however, it is not likely to be available next year, and further cuts are expected. The

measure provides vital funding for schools as the economy recovers, and additional assistance for small rural districts that are disproportionately impacted by state funding cuts.

- 3) Providing access to free preschool gives all children the same foundation before entering kindergarten. Currently, half of Colorado three- and four-year-olds do not attend any type of preschool. High quality preschool is shown to improve educational, economic, and health outcomes throughout a child's life, including higher wages, higher graduation rates, and fewer criminal convictions. Access to preschool also supports working parents by giving them the option to enroll their children in up to ten hours per week at no cost.

Arguments Against Proposition EE

- 1) Increasing taxes on cigarette, tobacco, and nicotine products imposes a financial burden on people who choose to consume them, particularly low-income users. Because these products are addictive, users may continue to purchase them even after a tax increase. In addition, vaping products are used by many as a way to quit using traditional cigarettes. Youth vaping should be addressed through enforcement of existing age restrictions and additional education and prevention, not through raising taxes on a product that some use as a cessation device.
- 2) Raising taxes and establishing a minimum purchase price hurts business owners. This is particularly true for businesses that sell low-cost products, or that are in areas of the state where local governments have already imposed cigarette, tobacco, and nicotine taxes. Businesses selling these products may see a decline in sales, which can be particularly harmful for small, local businesses at a time when many are already struggling. Private businesses and market competition are best suited to determine the prices at which products are bought and sold.
- 3) The state should not be dependent on tax revenue from a specific, addictive product to fund schools, preschool, and other state services. Once Proposition EE is fully phased in, revenue from this tax is likely to decline over time as the increased price results in fewer products being purchased. At the same time, preschool funding needs are likely to grow. A tax intended to decrease consumption is not a funding source on which the state should rely.

Estimate of Fiscal Impact for Proposition EE

State revenue. Proposition EE will increase state revenue from cigarette, tobacco product, and nicotine product taxes by \$87 million in state budget year 2020-21 and \$176 million in state budget year 2021-22, the first full year under the measure. The amount of new revenue will increase as the measure is phased in, with \$276 million expected to be generated in state budget year 2027-28.

In addition, the measure will also increase state revenue from sales taxes by \$0.8 million in state budget year 2020-21 and by \$1.5 million in state budget year 2021-22, the first full year under the measure. The amount of additional sales tax revenue will decline as



Taxes on Nicotine Products

the measure is phased in, with no new sales tax revenue expected in state budget year 2027-28.

State spending. Proposition EE will increase state spending by \$87 million in state budget year 2020-21 and by \$177 million in state budget year 2021-22. As the measure is phased in, state spending will increase, with \$276 million expected to be spent in state budget year 2027-28. Spending includes the amounts shown in Figure 1 for education, housing, preschool, tobacco and nicotine education and cessation programs and other programs, as well as costs for administrative and auditing purposes.

Taxpayer impacts. Proposition EE is expected to increase taxes paid by an average of \$38 per Colorado adult in state budget year 2021-22, and \$53 per Colorado adult in budget year 2027-28; however, the direct tax impact applies only to people who consume cigarette, tobacco products, and/or nicotine products. If the percentage of adult smokers remains constant at 14.5 percent, the measure is expected to increase the taxes paid by cigarette smokers by an average of \$222 in state budget year 2021-22 and by \$291 in state budget year 2027-28.

State Spending and Tax Increases

Article X, Section 20, of the Colorado Constitution requires that the following fiscal information be provided when a tax increase question is on the ballot:

- Estimates or actual amounts of state fiscal year (FY) spending for the current year and each of the past four years with the overall percentage and dollar change; and
- For the first full fiscal year of the proposed tax increase, estimates of the maximum dollar amount of the tax increase and of state fiscal year spending without the increase.

“Fiscal year spending” is a legal term in the Colorado Constitution. It equals the amount of revenue subject to the constitutional spending limit that the state or a district is permitted to keep and either spend or save for a single year. Table 2 shows state fiscal year spending for the current year and each of the past four years.

Table 2
State Fiscal Year Spending

	Actual FY 2016-17	Actual FY 2017-18	Actual FY 2018-19	Actual FY 2019-20	Estimated FY 2020-21
Fiscal Year Spending	\$12.89 billion	\$13.70 billion	\$14.36 billion	\$14.87 billion	\$12.70 billion
Four-Year Dollar Change in State Fiscal Year Spending: -\$0.19 billion					
Four-Year Percent Change in State Fiscal Year Spending: -1.5 percent					

Table 3 shows the revenue expected from the cigarette, tobacco product, and nicotine product tax increase for FY 2021-22, the first full fiscal year for which the tax increase would be in place, and an estimate of state fiscal year spending without the tax increase. The estimate in Table 3 differs from the amount in the ballot question for Proposition EE because it reflects a different fiscal year, FY 2021-22 rather than FY 2027-28.



Table 3
Estimated State Fiscal Year Spending
and the Proposed Cigarette, Tobacco Product, and Nicotine Product Tax Increase

	FY 2021-22 Estimate
Fiscal Year Spending Without the Tax Increase	\$16.46 billion
Revenue from the Tax Increase	\$186.5 million



Adopt Agreement to Elect U.S. President By National Popular Vote

Placed on the ballot by referendum petition • Passes with a majority vote

Proposition 113, if approved, would:

- enter Colorado into an agreement among states to elect the President of the United States by a national popular vote once enough states join the National Popular Vote Interstate Compact.

What Your Vote Means

YES A “yes” vote on Proposition 113 approves a bill passed by the legislature and signed by the Governor joining Colorado with other states as part of an agreement to elect the President of the United States by national popular vote if enough states enter the agreement.

NO A “no” vote on Proposition 113 rejects a bill passed by the legislature and signed by the Governor and retains Colorado’s current system of awarding all of its electors for the President of the United States to the winner of the Colorado popular vote.

Summary and Analysis for Proposition 113

What is the National Popular Vote Interstate Compact?

The National Popular Vote Interstate Compact is an agreement among participating states to ensure that the presidential candidate who wins the most votes nationwide is elected President. States that join the agreement commit to awarding all of their state's electoral votes to the candidate who receives the most popular votes nationwide once the agreement becomes binding. The agreement only becomes binding when participating states represent more than half of all electoral votes, at least 270 of the total 538 votes in the Electoral College. This ensures that the candidate who wins the most votes nationwide is also elected by the Electoral College, since a majority of electoral votes will go to the winner of the national popular vote.

If Proposition 113 is approved by voters, Colorado will be the fifteenth state, plus the District of Columbia, to join the agreement, bringing the number of committed electoral votes to 196, short of the 270 needed.

What happens if Proposition 113 passes?

Until enough states join the agreement, Colorado will continue to award its electoral votes to the winner of the state's popular vote. Thus, this measure will have no effect on the 2020 presidential election. If the agreement goes into effect, because states with enough electoral votes join it in the future, this measure would require Colorado's presidential electors to vote for the winner of the national popular vote, regardless of which candidate wins the most votes in Colorado.

How is the President of the United States elected now?

Individual voters in the states vote for a ticket consisting of the President and Vice President of the United States. The tally of individual votes is known as the popular vote. The President is then elected by the 538 members of the Electoral College, known as electors. The popular vote in each state determines which candidate the state's electors will vote for in the Electoral College.

Each December after a presidential election, the electors cast votes to elect the President and Vice President. Each state receives a number of electors equal to the total of its Senators and Representatives in Congress, plus the District of Columbia receives three electors. Every state has two Senators and a number of Representatives based on the state's population at the last census. Colorado has two Senators and currently has seven Representatives, for a total of nine electors. Individual electors are chosen by the political parties in each state.

To win the presidential election, a candidate must receive a majority of electoral votes, at least 270 out of the 538. Under Article II, Section 1 of the U.S. Constitution, each state's legislature determines how to award its electoral votes. In all but two states (Maine and Nebraska), all of the state's electoral votes are allocated to the candidate who wins the most votes in the state. If no candidate receives a majority in the Electoral College, the House of Representatives chooses the President and the Senate chooses the Vice President, although this has not occurred since 1824.

Throughout the history of the United States, there have been five elections in which the national popular vote and the Electoral College vote have diverged. Two of these elections were in 2000 and 2016, while the other three occurred in the 1800s.

Why is Proposition 113 on the ballot?

The General Assembly passed, and the Governor signed, Senate Bill 19-042 during the 2019 legislative session. This measure is the result of a referendum petition, a right reserved under the Colorado Constitution that allows citizens to place a bill passed by the General Assembly on the statewide ballot. A referendum petition can be filed against any bill passed by the Colorado legislature, unless the General Assembly declares that the bill is necessary to preserve public peace, health, and safety. Proposition 113 consists of the text of Senate Bill 19-042, and if it passes, the bill remains state law. If Proposition 113 is rejected, this text will be removed from state law. This measure is on the ballot because enough signatures were collected to refer the bill to voters.

For information on those issue committees that support or oppose the measures on the ballot at the November 3, 2020, election, go to the Colorado Secretary of State's elections center web site hyperlink for ballot and initiative information:

<https://www.sos.state.co.us/pubs/elections/Initiatives/InitiativesHome.html>

Arguments For Proposition 113

- 1) A national popular vote for President advances the democratic principle of one person, one vote, and ensures that votes in every community count equally. The national popular vote for President could also encourage candidates to campaign in a way that addresses the concerns of voters in all 50 states. The current system places too much importance on just a few competitive states where candidates focus almost all of their attention and campaign efforts. Candidates should reach out to voters wherever they live and take positions on issues that affect all parts of the country. The national popular vote gives all voters an equal impact on the outcome of the election, regardless of where they live or whether their state's final vote count might be close.
- 2) The President of the United States should be the person who gets the most popular votes nationwide. Five times in our country's history, including twice in the last 20 years, a candidate has won the presidential election despite losing the popular vote. A "yes" vote on Proposition 113 is an important step toward making sure this cannot happen in the future. Recent history demonstrates that when the results are close in even a few states, it is easy for the Electoral College vote to not reflect the national popular vote.

Arguments Against Proposition 113

- 1) Colorado should cast its electoral votes for the candidate who obtains the most votes in Colorado. If the agreement goes into effect, Colorado's presidential electors would be obligated to vote for whomever wins the national popular vote, even if that candidate did not win the majority of votes in the state. Further, a national popular vote may encourage candidates to focus their campaigns in large population centers where they can efficiently reach more voters. In this process, all Coloradans risk having the unique regional issues they care about lose out to the interests of a few large cities in a few large states.
- 2) This agreement attempts to sidestep the U.S. Constitution and could lead to disruptions in our electoral system. Rather than amend the U.S. Constitution to implement a true national popular vote, the compact relies on legal agreements between member states, which have different election requirements and policies, to ensure that their electors will vote the way the compact demands. In addition, in a close election run by 50 separate states, trying to determine who won the national popular vote could lead to recounts and litigation in every state, delaying results, causing confusion, and eroding confidence in our electoral system.

Estimate of Fiscal Impact for Proposition 113

No fiscal impact. Proposition 113 is assessed as having no fiscal impact. The Secretary of State is responsible for certifying presidential electors, and this bill does not change the process by which this is done. Therefore, the measure does not affect the revenue, spending, or workload of any state or local government entity.



Reintroduction and Management of Gray Wolves

Placed on the ballot by citizen initiative • Passes with a majority vote

Proposition 114 proposes amending the Colorado statutes to require the state to:

- develop a plan to reintroduce and manage gray wolves in Colorado;
- take necessary steps to begin reintroduction by December 31, 2023; and
- pay fair compensation for livestock losses caused by gray wolves.

What Your Vote Means

YES A “yes” vote on Proposition 114 means that the Colorado Parks and Wildlife Commission will develop a plan to reintroduce and manage gray wolves west of the Continental Divide.

NO A “no” vote on Proposition 114 means that Colorado will not be required to reintroduce gray wolves.

Summary and Analysis for Proposition 114

What happens if Proposition 114 passes?

The Colorado Parks and Wildlife Commission will be required to:

- develop a plan to reintroduce and manage gray wolves in Colorado by December 31, 2023, on designated lands west of the Continental Divide;
- hold statewide hearings about scientific, economic, and social considerations;
- periodically obtain public input to update the plan; and
- use state funds to assist livestock owners in preventing conflicts with gray wolves and pay fair compensation for livestock losses.

What will be included in the plan?

The plan will identify gray wolves to be reintroduced in Colorado, as well as the locations, methods, and timing for reintroduction. The plan will also determine how to establish and maintain a self-sustaining population and the criteria for removing the gray wolf from the state's threatened and endangered species list. The reintroduction may be subject to federal approval. The commission is prohibited from imposing any land, water, or resource use restrictions on private landowners.

What is the gray wolf?

The gray wolf (*Canis lupus*) is a large predatory canine that lives in packs. Historically, gray wolves were found throughout North America, including Colorado. Gray wolf populations declined during the nineteenth and twentieth centuries due to human activities, such as hunting and trapping, and were largely eliminated from the lower 48 states, except for the northern portions of Minnesota and Michigan. They are carnivores that consume small and large prey, including elk and deer, and are able to survive in a range of habitats if enough food is available.

What is the deer and elk population in Colorado?

Colorado is home to about 710,000 deer and elk, roughly three-quarters of which live west of the Continental Divide. The size of these herds is impacted by many factors, including disease, hunting, land use, predators, and weather. About 73,000 deer and elk were killed statewide by licensed hunters in 2019. Since 2006, the statewide deer population has declined, while the elk population has remained relatively stable.

Where does the gray wolf live today?

Gray wolves in the lower 48 states are largely clustered in two self-sustaining populations: about 4,000 in the western Great Lakes region and about 2,000 in the northern Rocky Mountain region. An additional 60,000 to 70,000 gray wolves live throughout Alaska and Canada. While there have been confirmed sightings of gray wolves in Colorado in recent years, a self-sustaining population of gray wolves has not been confirmed in Colorado since the 1930s or 1940s. Figure 1 shows the estimated current and historical range of the gray wolf in the United States.

Figure 1
Approximate Gray Wolf Range



Source: Adapted from U.S. Fish and Wildlife Service Proposed Rule Docket No. FWS-HQ ES-2018-0097 to exclude the Mexican gray wolf, a separately listed entity under the Endangered Species Act, which resides in Arizona and New Mexico.

Do gray wolves present a danger to humans?

All wild animals, including gray wolves, can pose a danger to humans under certain conditions, and caution should be exercised when near them. Gray wolves are generally shy of people and tend to avoid contact when possible. Aggressive behavior from wild gray wolves toward humans is rare. However, when wild animals are cornered, injured, sick, or become accustomed to humans, they can become dangerous and cause harm.

Who manages wildlife in Colorado?

The Colorado Parks and Wildlife Commission is responsible for wildlife management in Colorado and regulates hunting, fishing, and trapping. State law requires wildlife and their environment to be protected, preserved, enhanced, and managed for the use, benefit, and enjoyment of the people and visitors of Colorado. The commission develops recreation areas, wildlife habitat, and species conservation and management plans.

How are gray wolves protected and managed in the United States?

The Endangered Species Act requires the federal government to conserve and restore species deemed threatened by or in danger of extinction. In 1978, the U.S. Fish and Wildlife Service (USFWS) listed the gray wolf as endangered throughout the contiguous United States, except in Minnesota, where they are classified as threatened. States are prohibited from managing federally endangered species without federal permission. In 1995, gray wolves were reintroduced in the northern Rocky Mountains, and in 2011 they were removed from the federal endangered species list in that region. Because of this, Idaho, Montana, and Wyoming now have statewide management authority for gray wolves. Gray wolves in these states are managed to maintain populations above species recovery thresholds while mitigating predation on livestock and sustaining deer and elk herds. These states monitor gray wolf populations and distribution, permit

limited hunting and trapping, and allow gray wolves to be killed in order to protect livestock. These states also monitor livestock losses and offer compensation programs for livestock owners. Across these three states, confirmed livestock losses total about 300 per year, mostly consisting of cattle and sheep.

Who would manage gray wolves in Colorado if Proposition 114 passes?

If gray wolves remain on the federal endangered species list, management authority rests with the USFWS, and the state would need to obtain federal approval prior to reintroduction. If gray wolves are removed from the federal endangered species list, Colorado could assume management responsibility as other states have done. In 2019, the USFWS proposed removing gray wolves from the endangered species list in the remaining portions of the United States, including Colorado.

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Arguments For Proposition 114

- 1) Gray wolves perform important ecological functions that impact other plants and animals. Without them, deer and elk can over-graze sensitive habitats such as riverbanks, leading to declines in ecosystem health. Leftover prey can also provide food for other scavengers such as birds and smaller mammals. Reintroducing gray wolves can help support a healthy environment upon which Coloradans depend.
- 2) Reintroduction is necessary to ensure that a permanent gray wolf population is restored to western Colorado. Through eradication efforts such as bounty programs, gray wolves were eliminated in Colorado by the 1940s. While there have been sightings in Colorado, it is uncertain gray wolves will establish a permanent population on their own. The measure aligns with other states' successful recovery efforts while considering Colorado's interests.

Arguments Against Proposition 114

- 1) The presence of gray wolves can cause conflict with humans and animals that live in Colorado now. Gray wolves are known to prey on livestock. Deer herds in some areas have fallen below population goals established by state wildlife managers, and introducing another predator would put further pressure on these herds. In addition, many people live and recreate in areas being considered for gray wolf habitat.