

NOTICE OF ELECTION ON A REFERRED MEASURE

STATEWIDE ELECTION DAY IS
Tuesday, November 3, 2015
Voter service and polling centers are open
7 a.m. to 7 p.m. on election day.

This election is a mail ballot election. Voter service and polling centers are open beginning October 26, 2015. For information about these centers, please contact your county election office. Contact information for county election offices appears inside the back cover of this booklet.



2015 STATE BALLOT INFORMATION BOOKLET

Legislative Council of the
Colorado General Assembly

Research Publication No. 652-1

ANALYSIS

Proposition BB Retain Revenue in Excess of Blue Book Estimate

Proposition BB

Proposition BB, if approved, would:

- ◆ allow the state to retain and spend \$66.1 million, which has already been collected, rather than refund it to taxpayers.

Summary and Analysis

This summary and analysis includes the following:

- the constitutional requirements under which this ballot measure applies;
- the specific events that led up to this measure; and
- the outcomes of passage or failure of this measure.

Constitutional requirements for new taxes. The Colorado Constitution requires voters to approve new taxes and to receive the following two estimates in the ballot information booklet (Blue Book) prior to voting:

- state revenue subject to the state's constitutional spending limit;¹ and
- revenue from the new taxes.

If voters approve a new tax and either estimate is exceeded, the state must refund the excess up to the amount of revenue collected from the new tax. The state legislature can ask voters for permission to keep and spend the refund amount. The refund requirement applies only in the first state budget year for which taxes are collected.

¹For more information on the state's constitutional spending limit, please refer to the Legislative Council Staff Issue Brief 15-14 available online at: www.coloradobluebook.com.

Specific events that led to Proposition BB being on the ballot.

In 2012, voters approved Amendment 64, which legalized the sale and use of retail (non-medical) marijuana sold to adults 21 years of age and older. In 2013, voters approved Proposition AA, which authorized excise and sales taxes on retail marijuana. Voters received estimates of state revenue subject to the state's constitutional spending limit and revenue from the new taxes for budget year 2014-15, the first full year in which the new taxes were to apply. State revenue for budget year 2014-15 was higher than estimated in the Proposition AA Blue Book, while retail marijuana tax revenue was slightly lower than the estimate, as shown in Figure 1.

**Figure 1.
Proposition AA Blue Book Estimates
Compared to Actual Figures**

	2013 Blue Book Estimates	FY 2014-15 Actual Figures	Difference from Estimate
Total Revenue Subject to Spending Limit	\$12.08 billion	\$12.35 billion	\$270.0 million above estimate
Revenue from Marijuana Taxes	\$67.0 million	\$66.1 million	\$0.9 million below estimate

Because actual revenue exceeded one of the estimates in Figure 1, the state owes taxpayers a refund, unless voters allow the state to spend the refund amount. The refund is equal to the amount of revenue collected from the voter-approved taxes on retail marijuana in budget year 2014-15, or \$66.1 million.

Outcomes of passage or failure of Proposition BB. In 2015, the state legislature passed House Bill 15-1367 referring this measure, Proposition BB, to voters. Proposition BB asks voters whether the state may retain and spend revenue collected in excess of an estimate provided for Proposition AA. Depending on the outcome of the vote on Proposition BB, the bill specifies that this money either be used by the state or refunded to taxpayers, as shown in Figure 2.

**Figure 2.
Outcomes under Proposition BB**

If Proposition BB Passes ("Yes" Vote)	If Proposition BB Fails ("No" Vote)
<ul style="list-style-type: none"> • \$40.0 million will be spent on school construction; • \$12.0 million will be spent to fund the state programs listed below; and • the remainder has not yet been allocated because the actual amount of revenue was unknown when House Bill 15-1367 passed. 	<ul style="list-style-type: none"> • \$25.0 million will be refunded to Colorado residents who file a 2015 state income tax return; • \$24.0 million will be refunded directly to retail marijuana cultivators; and • \$17.1 million will be refunded to retail marijuana purchasers through a temporary reduction in the retail marijuana sales tax rate.

State programs to be funded if Proposition BB passes. In addition to \$40.0 million for school construction, House Bill 15-1367 identifies the following programs to receive a total of \$12.0 million if Proposition BB passes:

- marijuana education and prevention campaigns (\$2.5 million);
- bullying prevention school grants (\$2.0 million);
- drop-out prevention school grants (\$2.0 million);
- youth mentoring services (\$2.0 million);
- poison control centers (\$1.0 million);
- local government marijuana impact grants (\$1.0 million);
- substance abuse screening, intervention, and referral (\$500,000);
- substance abuse treatment (\$500,000);
- Future Farmers of America and 4-H programs at the State Fair (\$300,000); and
- roadside impaired-driving enforcement training for peace officers (\$200,000).

Tax refund if Proposition BB fails. If Proposition BB fails, \$25.0 million will be refunded to Colorado residents who file a 2015 state income tax return. The refund will average \$8 per full-year taxpayer, but actual amounts will vary depending on the taxpayer's income and filing status as shown in Figure 3.

**Figure 3.
Tax Year 2015 Tax Refund if Proposition BB Fails**

Single Returns		Joint Returns	
Adjusted Gross Income*	Refund	Adjusted Gross Income*	Refund
Up to \$36,800	\$6	Up to \$30,000	\$12
\$36,800 to \$79,000	\$7	\$30,000 to \$73,600	\$14
\$79,000 to \$115,000	\$8	\$73,600 to \$116,800	\$16
\$115,000 to \$182,400	\$10	\$116,800 to \$195,700	\$20
\$182,400 and over	\$16	\$195,700 and over	\$32

**Adjusted gross income is a taxpayer's total gross income minus specific deductions.*

Effect on local governments. Local governments that permit retail marijuana sales will receive \$6.3 million less from the state beginning January 1, 2016, if Proposition BB fails.

For information on those issue committees that support or oppose the measures on the ballot at the November 3, 2015, election, go to the Colorado Secretary of State's elections center web site hyperlink for ballot and initiative information:

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

Argument For

1) Coloradans voted to legalize and tax retail marijuana with the expectation that doing so would harness revenue from a hidden economy for the greater good of the state. While an average refund of \$8 per person is a relatively small amount, \$66.1 million will boost school construction and address the effect of marijuana legalization on communities and children. These are valuable programs that voters intended to use marijuana taxes to support. If this money is refunded, a year of marijuana taxation is undone.

Argument Against

1) Proposition BB is effectively a temporary tax increase. The measure eliminates a tax refund required by the Colorado Constitution. The state economy generated more revenue than forecast when Proposition AA passed, which could have been used to fund the programs identified in the measure. Taxpayers are being asked to give up this refund to pay for program expenditures that were not prioritized in the state budget.

Estimate of Fiscal Impact

House Bill 15-1367 specifies changes to state law that take effect upon the passage or failure of Proposition BB. The paragraphs below describe the state fiscal impacts under either outcome.

Fiscal impact if Proposition BB passes. If Proposition BB passes, the state will not be required to refund \$66.1 million to taxpayers. Spending on state and local programs in state budget year 2015-16 will increase by \$52.0 million, including \$40.0 million for public school capital construction projects and \$12.0 million for the education, health care, and public safety programs listed previously. The remaining \$14.1 million is not yet allocated within the state budget.

Fiscal impact if Proposition BB fails. If Proposition BB fails, the state will be required to refund \$66.1 million in state budget year 2015-16. The refund will occur as follows:

- \$25.0 million, averaging \$8 per taxpayer, will be available as a refund to all year-round resident taxpayers on 2015 state income tax forms;
- \$24.0 million will be refunded to retail marijuana cultivators; and
- \$17.1 million will be refunded via a temporary reduction in the retail marijuana sales tax rate from 10.0 percent to 0.1 percent effective January 1, 2016. The rate reduction will continue until taxes are reduced by \$17.1 million.

Additionally, the local government share of retail marijuana sales tax revenue will be cut from 15.0 percent to 7.5 percent until the local government share is reduced by \$6.3 million, the amount that local governments received in state budget year 2014-15.

BALLOT ISSUE

Proposition BB Retain Revenue in Excess of Blue Book Estimate

Proposition BB

Ballot Issue: MAY THE STATE RETAIN AND SPEND STATE REVENUES THAT OTHERWISE WOULD BE REFUNDED FOR EXCEEDING AN ESTIMATE INCLUDED IN THE BALLOT INFORMATION BOOKLET FOR PROPOSITION AA AND USE THESE REVENUES TO PROVIDE FORTY MILLION DOLLARS FOR PUBLIC SCHOOL BUILDING CONSTRUCTION AND FOR OTHER NEEDS, SUCH AS LAW ENFORCEMENT, YOUTH PROGRAMS, AND MARIJUANA EDUCATION AND PREVENTION PROGRAMS, INSTEAD OF REFUNDING THESE REVENUES TO RETAIL MARIJUANA CULTIVATION FACILITIES, RETAIL MARIJUANA PURCHASERS, AND OTHER TAXPAYERS?

To access a specific office, select the county name

LOCAL ELECTION OFFICES

Adams	4430 S. Adams County Pkwy., Suite E3102, Brighton, CO 80601	(720) 523-6500
Alamosa	8999 Independence Way, Alamosa, CO 81101	(719) 589-6681
Arapahoe	5334 S. Prince St., Littleton, CO 80120	(303) 795-4511
Archuleta	449 San Juan St., Pagosa Springs, CO 81147	(970) 264-8331
Baca	741 Main St., Suite 3, Springfield, CO 81073	(719) 523-4372
Bent	725 Bent Ave., Las Animas, CO 81054	(719) 456-2009
Boulder	1750 33rd St., Suite 200, Boulder, CO 80301	(303) 413-7740
Broomfield	1 Descombes Dr., Broomfield, CO 80020	(303) 464-5857
Chaffee	104 Crestone Ave., Salida, CO 81201	(719) 539-4004
Cheyenne	51 S. 1st St. E., Cheyenne Wells, CO 80810	(719) 767-5685
Clear Creek	405 Argentine St., Georgetown, CO 80444	(303) 679-2339
Conejos	6683 County Rd. 13, Antonito, CO 81120	(719) 376-5422
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Custer	205 S. 6th St., Westcliffe, CO 81252	(719) 783-2441
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Denver	200 W. 14th Ave., Suite 100, Denver, CO 80204	(720) 913-8683
Dolores	409 N. Main St., Dove Creek, CO 81324	(970) 677-2381
Douglas	125 Stephanie Pl., Castle Rock, CO 80109	(303) 660-7444
Eagle	500 Broadway St., Eagle, CO 81631	(970) 328-8726
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Fremont	615 Macon Ave., Suite 102, Cañon City, CO 81212	(719) 276-7340
Garfield	109 Eighth St., Suite 200, Glenwood Spgs, CO 81601	(970) 384-3700 ext. 2
Gilpin	203 Eureka St., Central City, CO 80427	(303) 582-5321
Grand	308 Byers Ave., Hot Sulphur Springs, CO 80451	(970) 725-3065
Gunnison	221 N. Wisconsin St., Gunnison, CO 81230	(970) 641-7927
Hinsdale	317 N. Henson St., Lake City, CO 81235	(970) 944-2228
Huerfano	401 Main St., Suite 204, Walsenburg, CO 81089	(719) 738-2380 ext. 3
Jackson	396 Lafever St., Walden, CO 80480	(970) 723-4334
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Kiowa	1305 N. Goff St., Eads, CO 81036	(719) 438-5421

Kit Carson	251 16th St., Burlington, CO 80807	(719) 346-8638 ext. 301
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Las Animas	200 E. First St., Room 205, Trinidad, CO 81082	(719) 846-3314
Lincoln	103 Third Ave., Hugo, CO 80821	(719) 743-2444
Logan	315 Main St., Suite 3, Sterling, CO 80751	(970) 522-1544
Mesa	200 S. Spruce St., Grand Junction, CO 81501	(970) 244-1662
Mineral	1201 N. Main St., Creede, CO 81130	(719) 658-2440
Moffat	221 W. Victory Way, Suite 200, Craig, CO 81625	(970) 824-9120
Montezuma	140 W. Main St., Suite 1, Cortez, CO 81321	(970) 565-3728
Montrose	320 S. First St., Room 103, Montrose, CO 81401	(970) 249-3362 ext. 3
Morgan	231 Ensign St., Ft. Morgan, CO 80701	(970) 542-3521
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Washington	150 Ash Ave., Akron, CO 80720	(970) 345-6565
Weld	1401 N. 17th Ave., Greeley, CO 80631	(970) 304-6525 ext. 3070
Yuma	310 Ash St., Suite F, Wray, CO 80758	(970) 332-5809