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**LEGISLATIVE COUNCIL,
OF THE
COLORADO GENERAL ASSEMBLY**

**AN ANALYSIS OF
1978 BALLOT PROPOSALS**

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LETTER OF TRANSMITTAL

August 4, 1978

This analysis of measures to be decided at the 1978 general election has been prepared by the Colorado Legislative Council as a public service to members of the General Assembly and to the general public pursuant to section 2-3-303, Colorado Revised Statutes 1973.

Two proposed constitutional amendments are analyzed in the publication. If approved by the voters, the two proposals could only be revised by a vote of the electors at a subsequent general election. These proposals are:

Amendment No. 1 — Concerning Vacancies in the Office of County Commissioner; and

Amendment No. 2 — Concerning a Limitation on State and Local Government Spending.

Amendment No. 1 was proposed by the General Assembly, and Amendment No. 2 was initiated by Colorado citizens through petition to the Secretary of State. Initiated measures require the signatures of not less than eight percent of legal voters.

The provisions of each proposal are set forth, with general comments on their application and effect. Careful attention has been given to arguments both for and against the various proposals in an effort to present both sides of each issue. While all arguments for and against the proposals may not have been included, major arguments have been set forth, so that each citizen may decide for himself the relative merits of each proposal.

It should be emphasized that the Legislative Council takes no position, pro or con, with respect to the merits of these proposals. In listing the ARGUMENTS FOR and the ARGUMENTS AGAINST, the council is merely putting forth the arguments most commonly offered by proponents and opponents of each proposal. The quantity or quality of the FOR and AGAINST paragraphs listed for each proposal is not to be interpreted as an indication or inference of council sentiment.

Respectfully submitted,

/s/ Representative Carl Gustafson

Chairman

AMENDMENT NO. 1 — CONSTITUTIONAL AMENDMENT PROPOSED BY THE GENERAL ASSEMBLY

Ballot Title: An amendment to section 9 of article XIV of the constitution of the state of Colorado, providing that a vacancy in the office of county commissioner shall be filled within ten days after the occurrence thereof by a vacancy committee or, if said committee fails to act within ten days, shall be filled by the governor within fifteen days after occurrence of the vacancy; and providing that the person appointed to fill a vacancy in the office of county commissioner shall be a member of the same political party, if any, as the vacating commissioner.

Provisions of the Proposed Constitutional Amendment

The proposed amendment to the state constitution would establish new procedures and requirements for filling vacancies in the office of county commissioner, except where otherwise provided by home rule charter:

1. The General Assembly would be required to provide for the appointment of a vacancy committee.
2. The members of the vacancy committee and the individual appointed to fill the vacancy must be of the same political party as the vacating commissioner.
3. The vacancy committee, by majority vote, would have 10 days after the occurrence of the vacancy to appoint a new commissioner.
4. If the vacancy committee did not make the appointment within the 10-day period, the Governor would have an additional five days in which to make the appointment.

Comments

County commissioners are both legislative and administrative officers. Generally, the powers of county government are vested in the board of county commissioners. Commissioners are responsible for the administration of those laws conferred upon them by the Colorado General Assembly, and they possess such legislative powers necessary to carry out their responsibilities. Boards of county commissioners are responsible for the administration of a variety of laws. They possess such powers as have been expressly conferred upon them by the Colorado General Assembly and such incidental, implied powers as are reasonably necessary to carry out their express powers. Boards of county commissioners are obliged to construct and maintain county roads, serve as county boards of social services, regulate land use in unincorporated portions of counties, manage county property, adopt county budgets, levy taxes and carry out other functions designated by state law.

Most boards of county commissioners consist of three members. A few counties have elected to increase the size of their boards to five members. Because of the small size of most boards of county commissioners, a vacancy or vacancies may make it difficult to achieve a quorum for conducting county business.

Presently, the Colorado Constitution simply requires the Governor to appoint a qualified

elector of the county to fill any vacancy in an office of county commissioner, unless a county home rule charter makes some other provision. The constitution does not impose a deadline under which the Governor must make appointments, and the constitution does not restrict appointments by party affiliation of the vacating commissioner.

Popular Arguments For

1. For most boards of county commissioners, simultaneous vacancies (two members of a three-member board) mean a cessation in the day-to-day decisions of county government. Even a single vacancy may disrupt the decision making processes of county government when the remaining two members of the board are not in complete agreement, or there is an illness or absence of one of the remaining members. For these reasons, it is imperative that vacancies be filled in a timely manner in order to assure continuity in county government.

2. The Colorado Constitution requires that a legislator appointed to fill a vacancy in the Colorado General Assembly must be a member of the same political party as the vacating member. This is a sensible provision that ensures that the political makeup of the state legislative body could not be changed by the creation of a vacancy of one of the members. The amendment would provide a similar requirement for county government and would help ensure that the political makeup of boards of county commissioners, as determined by the voters in the last election, would not be circumvented by the appointment process. The present constitutional language allows the Governor to appoint an individual from a different political party.

3. The amendment would allow the General Assembly to establish a vacancy committee at the local level in a manner similar to that for filling vacancies for state senators and representatives. Local participation in the selection of an individual to fill the position of a vacating county commissioner is more consistent with the concept of self-government under which county commissioners are normally elected. An individual selected by a local vacancy committee must have earned the respect and political support of persons in his community. Community support for a newly appointed commissioner would be enhanced by the proposal compared with the present system of appointment by the state's chief executive.

Popular Arguments Against

1. There is no guarantee that under this amendment appointments to vacancies would be made by a **local** vacancy committee, because the amendment does not specify that appointments would be made by a **local** committee. The General Assembly could provide for a state level committee and make it responsible for filling vacancies on local boards of county commissioners. This would be less efficient and less desirable than the present system of appointment by the Governor.

2. The amendment unnecessarily complicates a very simple constitutional directive granting the Governor the power to fill vacancies on boards of county commissioners.

AMENDMENT NO. 2 — CONSTITUTIONAL AMENDMENT INITIATED BY PETITION

Ballot Title: Shall the constitution of the state of Colorado be amended by adding a new article XA limiting annual increases in per capita expenditures by the state and its political subdivisions to the percentage increase in the United States consumer price index, except when a larger increase is approved by the voters in the affected jurisdiction in a special election; providing a procedure for emergency expenditures; prohibiting the state from imposing any part of the cost of new or expanded state programs on political subdivisions; requiring adequate funding of new and existing benefit programs; and establishing a maximum limit on the surplus fund for the state and providing that excess revenues collected by the state be returned to the taxpayers?

Provisions of the Proposed Constitutional Amendment

The proposed amendment to the state constitution would place a limitation on increases in annual per capita expenditures by state government and by each unit of local government. The annual appropriated expenditures of each and every county, city and county, municipality, school district, and special district would be identified in per capita terms. The proposed annual spending limitation would apply to the total amount of money **appropriated** for expenditure by each unit of government, except monies derived from the federal government and money collected for the payment of principal and interest on lawfully incurred debt.

The spending limitations would become effective July 1, 1979, for state government and January 1, 1980, for local governments. The limitation on appropriated expenditures would be revised from one budget year to the next based on increases or decreases in resident population of the governmental unit and in accordance with the percentage change in the designated national consumer price index. Pupil enrollment would be utilized for school districts instead of resident population. The limitation on expenditures for a government unit could be exceeded by approval of a majority of electors voting at a special election; or by declaration of an emergency by the governing body and its chief executive officer; or by transfer of responsibility for funding a program from one government unit to another.

The amendment would:

1. Require the General Assembly to prescribe by law, at the first session following adoption of the amendment, a method for determining the annual population of each governmental unit;
2. Prohibit state government from imposing on local governmental units the **costs** of new **state** programs or the **costs** of increased levels of service for any existing **state** program;
3. For calendar year 1980 **only**, prohibit state government from reducing the total amount of money payable to each local unit of government below the total amount paid by the state to each local government during 1979;

4. Require that programs for the future payment of benefits by state or local government — such as payments to pensions funds — be funded on an annual basis and in a manner that would ensure the timely payment of benefits in accordance with accepted accounting and actuarial practices;

5. Require an adjustment in the per capita expenditure limitation of units of government whenever responsibility for defraying the costs of an existing program is transferred from one unit of government to another unit of government;

6. Mandate that state government revenues collected in excess of the spending limitation be placed in a surplus fund and that such revenues in excess of an allowable five percent surplus be used for tax reductions, credits, or refunds;

7. Require the General Assembly to develop procedures for establishing per capita expenditure limits for the first three operating years of newly formed units of local government; and

8. Establish a severability clause to provide that any expenditures which are specifically determined to be exempt from the limitations imposed by the proposal would not affect the limitations imposed for other expenditure items.

Comments

The Colorado amendment is based on the theory that in order to provide tax relief, the level of government spending must be contained. The amendment would place a limit on growth in spending on a per capita basis. The amendment would not roll back or reduce present per capita levels of spending; however, it would result in lower total expenditures for those governmental units which are experiencing declining populations. The amendment would provide for adjustments in spending levels of governmental units based on increases in the designated federal consumer price index and changes in population.

The provisions of this proposed amendment should not be confused with those of Proposition No. 13, which was approved by the voters in California on June 6, 1978. The California amendment called for an immediate reduction in property taxes and placed limits on the authority of elected officials to impose new taxes. Proposition No. 13 had an instant effect on the capacity of local governments to meet expenditures. Steps have been taken to allocate surplus state revenues to reduce its impact. Unlike Proposition No. 13, this proposed Colorado spending limitation amendment does not directly address the property tax or any other tax. The amendment does not limit increases in governmental expenditures to changes in personal income as proposed in other states.

The sponsors of the amendment advocate that annual expenditures of state and local government should not increase at a rate greater than annual percentage increases in the cost of living. They contend that limiting governmental expenditures in this manner would stabilize or halt the expansion of government programs (unless the qualified voters approve an increase in the level of spending). To achieve this objective, the amendment would provide that nonfederal expenditures appropriated by state and local units of government be limited to the prior year's level, with increases permitted for changes in the cost of living as measured by the United States consumer price indices. The percentage change in a consumer price index for the first twelve months of the eighteen-month period prior to the beginning of the budget year would be used to calculate changes in per capita spending. The selection of this period of time would enable a governing unit to know six months in advance of the next budgetary year

what changes would be permitted in expenditures. Increases or decreases in the spending limit for each governmental unit could also result from changes in the population of the governmental unit or, in the case of school districts, changes in pupil enrollment.

Problems in forecasting fiscal impact. It is impossible to forecast the fiscal impact of this proposal on over 1,400 governmental units in the state. Application of its provisions to past governmental expenditures does not provide an adequate basis for analysis of the proposal because of changes in the state's economy and revisions in the expenditure base of governments. In recent years, the state and nation have experienced high levels of inflation and steps have been taken by state lawmakers to limit state and local government spending.

The character of the expenditure bases of state and local governments has changed markedly since the 1950's. For example, in the 1950 to 1975 period, the state's economy experienced relative prosperity, substantial growth in population (particularly because of the migration of new residents), a "baby boom", and modest increases in the consumer price index. This was a period during which increases in school enrollments, resulting from the baby boom, placed great stress on the property tax — the then main source of school revenue.

In the 15-year period from fiscal year 1961-62 through fiscal year 1976-77, state support for elementary and secondary schools increased from \$43 million to \$418 million. Support of public education is now a major part of the state general fund budget. The state general fund appropriations for fiscal year 1978-79 are over \$1.0 billion; appropriations for public elementary and secondary education amount to \$474 million — about 45 percent of the state general fund. The growth in state support of education was designed 1) to relieve the property tax burden, and 2) to provide an equal educational opportunity for each child within the state. It is doubtful that the restrictions set forth in this amendment would have permitted this shift in financing education from local property taxes to state income and sales taxes.

In considering the future implications of the amendment it is important to recognize that state and local governments tend to be labor intensive. School district expenditures, for example, largely reflect salaries and employee benefits. In general, the salaries for public employees in Colorado have, by law, been pegged to salaries for similar work in the private sector and other governmental units. Under the amendment, salary increases for government employees **basically** would be restricted to increases in the national consumer price indices. Per capita personal income of all Colorado residents increased at more than twice the rate of the national consumer price index over the past 25 years. Thus, public employee salary adjustments, if they had been restricted to the increases in the consumer price index, would not have kept pace with comparable salaries in the private sector, during the 1950-1975 period.

Fiscal impact of federal and state mandates. Many costs incurred by local government are the result of actions by the federal government. Increases in the cost of minimum wages, social security benefits, and environmental standards (waste treatment, air pollution, potable water, etc.) all add to the cost of local government in the same manner that such costs affect the private sector. Federal funds are often made available to help alleviate some of these imposed burdens, but in many instances, local government must utilize their own resources to meet such costs. The limitations contained in the amendment do not apply to federal funds, but that portion of mandated costs supported from local funds would be included in the total spending limitation of the unit of government. This simply means that, in order to implement federally mandated expenses which are not fully funded by the federal government, other local

programs would have to be reduced to permit such increased expenditures. Maintenance of local programs would be achieved, of course, through a special election.

In terms of state mandates, the amendment would have a dual effect. The proposal would require state government to fully fund any new state mandated costs. In order for the state to provide such funds, the mandated monies would have to come under the limitation of state expenditures. The state would have to reduce other programs in order to meet such requirements. Although any state mandate would be entirely funded by state government, such monies would also affect the local unit of government's spending limitation. This would mean that local governments would have to reduce their level of services to implement state funded programs unless a change in spending limits were permitted at a special election.

Population provisions. The amendment provides for increases or decreases in the expenditure limit on the basis of changes in the number of residents within the boundaries of each unit of government. For school districts, the number of pupils enrolled in school would serve as the base. There is no provision in the amendment for revision of spending limits to meet service requirements of nonresident populations. In all likelihood, the proposal for limiting expenditures on a per capita basis would require that accurate population counts and estimates be made for each unit of government. Recent population studies conducted by the Bureau of the Census for Archuleta, Eagle and Pitkin counties revealed costs ranging from \$1.10 to \$1.43 per person. A very rough estimate of the cost of an annual statewide census for Colorado, based on 2.6 million persons, is from \$3 million to \$3.5 million.

In making population estimates, a number of data sources are utilized: births, deaths, auto registrations, public school enrollments, tax records, building permits, utility connections and others. The data are not easily identified by units of government, particularly special districts. Actual statewide headcounts do not resolve all the problems associated with determining populations of each unit of government. The data must be coordinated with the boundaries of each unit of government.

Appropriated expenditures. The language of the amendment is not entirely clear as to the scope of expenditures of state and local government that are to be subject to the limitations. The limitations apply to **appropriated expenditures** only. Federal funds are not subject to the limitations contained in the amendment. Highway construction and maintenance are major areas in which the General Assembly does not appropriate funds. Expenditures from the Highway Users Tax Fund are authorized by Article X, Section 18 of the Colorado Constitution, and such funds can only be used for construction, maintenance, and supervision of the public highways of this state. The sponsors of the amendment believe that such dedicated funds are not subject to the limitations contained in the amendment so long as they are not appropriated.

If the term "appropriated for expenditure" is intended to limit the scope of the amendment to those expenditures specifically funded through annual appropriations, the ultimate impact of the proposed spending limitation could be smaller. Dedicated funds administered by autonomous boards and commissions may not be subject to the amendment because these funds are not always appropriated by the governing body of their respective units of government. Changing the character of appropriated and nonappropriated funds could alter the effect of the amendment. Article V, Section 33, Colorado Constitution, provides, in part, that no moneys in the state treasury shall be disbursed except upon appropriation or as **otherwise authorized by law.**

Transfer of services provision. The amendment provides for an adjustment in the per capita expenditure limit of a governmental unit when a governmental service is transferred from one government to another. If responsibility for administration of a specific program were transferred from the state to local government, the state's expenditure limit would be decreased accordingly and the local government limit would be increased to permit administration of the program. However, if the state were to reduce its level of financial assistance for a program administered by a local government, the expenditure limit of local government probably would not be affected. A reduction in state aid would simply mean that local government could choose to either reduce expenditures or replace state assistance through increases in property taxes or other revenues. The limitation contained in the amendment is based on spending and **not** on increases in taxes. Also, the wording of the amendment could mean that certain reductions in state aid to local units of government would not reduce the state spending limit and would permit increased expenditures for other state programs without a vote of the electorate. (Note: there is a one-year provision that would require the state to maintain grants or aggregate payments during 1980, but that provision does not apply to subsequent years.)

Emergencies. Officials of a governmental entity may exceed the limitation by declaring that an emergency exists. The term is defined in the amendment as an "event or happening which could not have been reasonably foreseen or prevented." The emergency provision would seem to be designed to meet expenditures associated with a natural disaster such as a tornado. However, the definition of emergency could preclude use of the emergency provision in certain situations. The amendment may be too restrictive to allow a community to address sudden changes in the economy of the community or for the state to attempt to alleviate economic crises in a given region.

Emergency expenditures in excess of the spending ceiling would be limited to a twelve-month period. An emergency could not be declared at the state level without agreement between the Governor and two-thirds of the members of the General Assembly. In the case of a local unit of government, agreement would have to be reached between two-thirds of the members of the governing body and the chief executive officer. For state and municipal governments the two-thirds requirement is important. However, most counties in the state have three-member boards of county commissioners. In a sense, the impact of the emergency provision could be less for county government, because most county budgets are already adopted by a two-thirds vote.

Payment of future benefit obligations. The amendment requires that measures providing for the payment of future benefits be adequately funded in accordance with accepted accounting principles and actuarial practices. Apparently, this provision was included in the amendment to address the problem of underfunding of employee pension obligations, particularly fire and police pension programs.

Some persons have expressed concern, however, that the payment of future benefits section could have an impact beyond that intended by the sponsors. The language of the amendment could be interpreted to apply to benefit payments other than pensions in which state and local governments are involved. A question also exists as to whether the provision for future payment of benefits would prohibit the modification of present levels of benefits.

Popular Arguments For

1. The amendment would help restore to citizens greater discretion over that portion of their income now being spent by state and local governments. Over a period of time, the amendment would limit the proportion of personal income collected by such governments. This would increase individual purchasing power and help many families offset the impact of inflation. If it were necessary for a governmental unit to increase its spending beyond the limitation contained in the amendment, this decision would be made by popular vote. The amendment would force government officials to provide citizens with an understanding of the need to increase expenditures at a greater rate than increases in the cost of living and population growth. Thus the amendment would return the "power of the purse" to the Colorado electorate.

2. The total financial resources of Coloradans and the capacity of taxpayers to support government are limited. Government must recognize these limits and establish budgets in the same way most families must make choices within their incomes. Why should the cost of government increase faster than necessary to meet population growth and changes in the cost of living? The national consumer price index provides a reasonable basis upon which to control future state and local government spending. The national index responds to changes in the economy but is not subject to state and local political influence. The amendment would place reasonable restraints on future spending without disrupting current programs or curtailing necessary services. Of the various approaches to halting the growth of government, limitations based on cost of living and changes in population are the most reasonable.

3. The amendment would help public officials resist the demands of special interest groups for public financing of programs that provide little benefit to the majority of citizens. The management of government is an exceedingly complex business. Most governing boards consist of part-time elected officials. These lawmakers do not have time to become knowledgeable on all aspects of government and must depend on governmental administrators, lobbyists, and others for advice and counsel. Under such circumstances, special interest groups can exert pressures for increased public spending for a number of programs that tend to drive up the total cost of government. The amendment would force governing bodies to make choices among competing demands for service rather than to continually expand government programs at the expense of all citizens.

4. The concept of budgets prepared on a spending limit is not untried in Colorado. The School Finance Act of 1973 is based on the concept of a limited revenue base. Many local governmental units operate under a seven percent limit with regard to their annual property tax revenues. In each case, provisions for increases greater than the allowable limits are provided through appeal to boards or to the electorate. Experience has shown that this appeal process does not provide adequate protection for the taxpayer. In 1976, 71 of the 181 school districts in Colorado requested increases in authorized revenues from the School District Review Board. Fourteen were denied in full; the other 57 school districts received all or part of the increases requested. In the same year, 14 districts asked the voters for authority to increase their revenue bases. Requests were approved in six of the districts. The increase in each case was paid in full from local property taxes for that year.

In 1977, the General Assembly adopted a spending limitation which provides that for each of the five budget years beginning in 1978, "state general fund spending shall be limited to

seven percent over the previous year." The law also provides that "Any amount of general fund revenues in excess of seven percent, and after retention of unrestricted general fund year-end balances of four percent of revenues, shall be placed in a special reserve fund to be utilized for property tax relief." One year later, the General Assembly, operating under the seven percent limit, applied \$34 million of the surplus to increased state aid to schools, a form of property tax relief, and the remaining \$66 million was applied to a reduction in income taxes. This shows that in just one year the General Assembly can change the intent of a law by a simple majority vote. A constitutional amendment can be changed only by a vote of the people.

5. Both the federal and state governments, through legislative and judicial action, have been responsible for the development of standards for environmental protection, public safety, health, employee benefits, and other matters that have significantly increased the cost of local government services. Although federal and state funding has helped alleviate the burden of these expenditures for many local units of government, additional monies must be raised by the local communities to meet total program expenditures. The amendment would require state government to fund the cost of new state mandated programs. This would force state lawmakers to be more responsible and aware of the costs imposed on local governments.

6. It is estimated that police and fire pension systems in Colorado have current unfunded accrued liabilities of about \$500 million. Denver is estimated to have a current unfunded liability of about \$270 million and such unfunded liability is increasing at a rate of about \$30 million annually. Under the amendment, public officials in Colorado would not be permitted to establish benefit programs that are not properly funded pursuant to commonly accepted accounting and actuarial principles. These insufficiently funded programs are creating a debt or obligation that should not be left to future taxpayers. The underfunding of obligations is an example of the kind of fiscal policy that contributes to the nation's inflationary problems.

7. A question has been raised as to the advisability of placing a constitutional limit on the authority of elected officials. There are historical precedents. The Colorado Constitution imposes restrictions on deficit spending. Such constitutional limits on the authority of elected officials have prevented debt problems in Colorado which exist in many other states.

Popular Arguments Against

1. The amendment would have a severe impact on the ability of state government to assist local units of government in funding essential services. For example, in recent years a significant portion of the state's revenue has been allocated to schools in an effort to avoid the need for property tax increases to finance education, and to provide for equal educational opportunities for all children. By restricting total state expenditures and the capacity of the General Assembly to appropriate funds, state assistance for schools would undoubtedly be lowered. As a consequence, the burden of financing education would shift more and more to the property tax and reverse the trend of utilizing state resources for the support of elementary and secondary education.

2. The amendment is unnecessary and would establish in the state constitution a spending guideline that could be less effective than and even preempt existing statutory limitations on government spending. Elected officials in Colorado have been successful in establishing a

system of state assistance to education, tax credits, limitations, and distribution of surplus revenues that has kept the state general fund within a reasonable operating surplus. This has not been the case in some other states in which large reserves have developed. In the 1977 session, the Colorado General Assembly adopted House Bill 1726 which provides, in part, that "... state general fund spending shall be limited to seven percent over the previous year. . . .". In the 1978 session, the General Assembly complied with this expenditure ceiling. At current rates of inflation, the seven percent limitation adopted by the General Assembly for state government actually is more restrictive than the limitation contained in the proposal. For example, the present increase in the population of the state, coupled with the applicable percentage increase in the consumer price index, would authorize an increase in annual spending larger than seven percent. Thus, the amendment would tend to reduce incentives for public officials to control expenditures during periods of runaway inflation.

Nearly all of the state's counties and municipalities (excluding home rule cities) and all of the special districts are limited by state law to a seven percent increase in their annual property tax revenues. Many of the home rule cities and towns have adopted similar restrictions. State law also sets forth the amount of revenue that may be raised from property taxes by school districts. Administrative flexibility is provided by statute to these local units of government for appeal to the state and directly to the electorate.

3. The amendment would weaken representative government in Colorado by restricting the authority of the General Assembly and each local governing body to determine the levels of expenditures necessary to fund services established by law. Local government in this country has evolved from the original concept of a participatory democracy where the people of a town would gather together to discuss the immediate problems facing their individual community. The innovations of modern technology and the change from a basically agrarian society to a complex industrialized urban society with large and highly mobile populations has necessitated the development of representative government at the local level. Representative government facilitates the decision making process and allows government to adapt to innovations in urban living. The computerized age will simply increase the complexities of urban life and place greater demands on the individual and society. Government is a partner in facilitating economic activity of a community and must have the capacity to keep pace with technological advances. The amendment would hinder the ability of government to meet constantly changing circumstances. A voter referendum is not a practical means for a large community to resolve complex issues.

4. The spending limitation prescribed by the amendment is inadequate to meet the unique problems of many units of government, particularly new communities. Economic development and growth, especially in Western Colorado, could be inhibited by the inability of new communities to provide the necessary financing for the development of water treatment plants, sewer facilities, roads, and schools. The per capita adjustment of expenditures authorized by the amendment simply would not permit expenditure increases in a time frame essential for the orderly development of such rapidly growing communities. A shift of the full cost of installation and improvement of such essential community services to private industry could discourage industry from locating in Colorado. Thus the amendment is unrealistic when applied to rapidly growing local governments.

5. The amendment would give those units of government which have been the most cautious in terms of budget management and economy of government the least flexibility in

terms of future expenditures. The amendment assumes that all units of government providing similar services are starting from an equal base. This simply is not true. For many years, the Colorado General Assembly has increased the amount of state support for primary and secondary education. This additional support has been granted not only to relieve pressure on local property taxes but to provide for equal educational opportunities for children in the districts with limited financial resources. The amendment could mean that those districts spending the fewest dollars per child would have to maintain lower spending levels even if additional revenues were forthcoming from the state or from an increase in their own resources. The districts with current levels of high expenditures could continue to maintain such levels of expense without being forced into an election. The wealthier districts also would receive the biggest increases in terms of additional dollars allowed pursuant to increases in the cost of living.

6. The proposal could mean significant increases in administrative expenses of state and local governments. The importance of accurate population data necessary for determining per capita expenditures, as provided for by the amendment, would likely result in the added expense of annual censuses and more sophisticated application of population estimates. Any revision of the spending limitation of a governmental unit must be approved at a special election. Many Coloradans are served by four or more governmental units. The Secretary of State currently estimates the cost of a statewide election at \$1,341,000. Recent municipal election costs have ranged from \$750 in Aspen to \$152,000 in Denver.

7. Major substantive law requires continuous revision and should not be placed in the Colorado Constitution. Placement of a proposal of this nature in the Colorado Constitution would result in extensive litigation and further involvement of federal and state courts in the administration of state and local government. When new and intricate legislation is enacted by the General Assembly, it usually is subject to continuous refinement, amendment, and revision over a period of years. This is an extremely complex proposal in which there is wide variation of opinion as to the ultimate effect of the amendment. There is some concern that the amendment would tend to lock-in present benefit programs. Colorado law, for example, provides that state employees are to be paid wages comparable to the private sector. The amendment could preclude elected officials from reducing salary levels as a more viable alternative to a layoff of public employees. Also, attempts are being made to establish a reasonable benefit and payment package with respect to fire and police pensions. It is not clear how the language of the amendment would affect this issue.

8. By limiting state and local government expenditures, the amendment could prevent Colorado from receiving millions of dollars from the federal government in the form of matching grants. Often the state is able to receive as much as 90 percent funding for a project from the federal government on the condition that it contribute the remaining 10 percent. Local units of government also receive large amounts of federal monies in the form of grants for water and sewer treatment facilities. By restricting the ability of governments in Colorado to come up with matching funds, the residents of this state would be losing their share of federal dollars; revenue raised in part through taxes paid by Colorado residents would be used for grants in other states.