LEGISLATIVE COUNCIL
OF THE
COLORADO GENERAL ASSEMBLY

AN ANALYSIS OF 1972 BALLOT PROPOSALS

n No. 185

COLORADO GENERAL ASSEMBLY

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LETTER OF TRANSMITTAL

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This analysis of measures to be voted upon at the 1972 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 63-4-3, Colorado Revised Statutes 1963.

The provisions of each proposal are set forth, along 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 on each issue. While all arguments for and against the proposed amendments may not have been included, major ones 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 C. P. (Doc) Lamb
Chairman

CPL/mp

Ballot Title:	An Act authorizing the conduct of sweepstakes races.

Provisions of the Proposed Statute

1. The proposal would permit the Colorado Racing Commission, Department of Regulatory Agencies, to conduct one or two sweepstakes races per year at any track licensed by the commission.

2. The maximum price of a sweepstakes ticket, as determined by the commission, would be three dollars. Tickets would be sold at locations specified by the Racing Commission.

3. After deductions for administrative expenses, 10% of the proceeds would be utilized for multiple purpose proposals by local governments involved in the administration of park and recreation programs; the remaining funds would be administered by the newly established Colorado Board of Parks and Outdoor Recreation and used for the state park program.

Comments

This proposal was placed on the ballot by the General Assembly and should not be confused with the proposition for a privately-operated lottery. Many people consider the latter an incorrect use of the machinery of government. The Colorado Racing Commission currently supervises and regulates all race meets with parimutuel wagering held in this state in which horses and greyhounds participate. Under the proposal, the commission would also contract for the conduct of the sweepstakes race and establish rules and regulations regarding the sale of tickets, purses, and prizes.

Popular Arguments For

1. Traditionally, financing of state park activities has been a low priority item with the Colorado General Assembly. Nevertheless, the need for recreational programs for residents and visitors continues to grow at an accelerating pace. The sweepstakes offer the possibility of producing significant monies for parks and outdoor recreation without levying an additional tax. Furthermore, the proposal is an initiated law which could easily be amended or repealed by the General Assembly if sweepstakes do not prove to be beneficial to Colorado.

2. Colorado, as a tourist state, may be able to derive a large percentage of sweepstakes revenue from nonresidents, which would reduce the cost of park and recreational financing for Colorado residents.

3. The sweepstakes may offer an opportunity to divert some profits estimated to be taken in illegal betting operations to a worthwhile public purpose.

Popular Arguments Against

1. New York and New Hampshire have raised much less revenue than expected from their state lotteries. New York forecast a $500 million annual bonanza when its lottery began in 1967. In the succeeding four years it raised $120.3 million. Against predictions of $4 million for the first year, New Hampshire earned $2.77 million, and 1970 profits dipped to $836,563.

2. Placing the State of Colorado in the sweepstakes business would focus considerable publicity on pari-mutuel racing in Colorado. It may not be in the best interest of Colorado citizens for the state to encourage pari-mutuel racing.

3. The states developing lotteries are those with the largest populations or are, at least, those adjacent to other heavily populated states. Colorado simply does not have enough people to provide for an effective sweepstakes operation. Also, the limitation to only two sweepstakes per year at any licensed track may not allow a sufficient number of events to provide for economical administration of the sweepstakes.

Ballot Title:	An Amendment to Article XI of the Constitution of the State of Colorado, providing for a student loan program and the enactment of laws therefor.

Provisions of the Proposed Constitutional Amendment

The proposal would amend the state constitution to allow the General Assembly to enact legislation providing for a loan program to aid students enrolled in educational institutions.

Comment

The proposal allows the legislature to use its discretion in defining the scope and provisions of a student loan program. Thus, legislation could be as broad as to include assistance to Colorado students attending educational institutions in other states and to nonresident students attending school in Colorado, or as narrow as to provide for aid only to specific categories of

students attending specific kinds of schools. Although the boundaries of the loan program are not defined by the proposed amendment, the focus of interest in a student loan program has been on loans for those enrolled in public institutions of higher education in Colorado. Indeed, state legislation was enacted in 1964 and 1968 to establish a loan guarantee program. Neither law was implemented because each was thought to be unconstitutional by the state's Attorney General.

Other forms of assistance are, of course, currently being provided to students at Colorado colleges and universities through several programs. For the current fiscal year, state funding for various student assistance programs totals $9.1 million.

A state-supported loan program could be financed either from self-liquidating bonds or from appropriations. A direct loan program financed by self-liquidating bonds could be supported by interest paid by students. A direct loan program financed by appropriations could be initially supported entirely by appropriations with increasing support from loan repayments, on a revolving basis, as the program becomes established.

A guarantee loan program would require the establishment of a fund to insure commercial loans. Payments would have to be made from the fund only to purchase defaulted loans. The guaranteed amount of loans outstanding would probably be limited to eight to 12 times the amount in the guarantee fund. Thus, a fund of $240,000 to $375,000 could secure $3 million in outstanding student loans.

Popular Arguments For

1. A number of factors suggest the need for state loan programs: the cost of education continues to increase; there is a continuing growth in the percentage of 18 to 21-year-olds from lower income families enrolling in post-high school education programs, thus requiring larger amounts of student aid per student than for those students now in college; technology will increasingly demand a more skilled work force at all levels; and improved access to higher education for needy students likely will come through expanded state financial aid programs.

2. There is more myth than truth to the widely held view that "anyone who wants to badly enough can go to school". Assured access to a continuing education remains pretty much restricted to two groups, those who can afford it and those with exceptional scholastic or athletic talents. It should be the goal of this state to remove financial barriers to an education. This proposal is an important step toward reaching that objective.

3. From the standpoint of the state and its taxpayers, loans have one advantage over scholarships and grants in that they are repaid. When repaid, loans provide funds for additional loans;

and interest collected pays the overhead costs of the program, including any losses on defaults, and provides more funds for additional loans.

4. The creation of a state loan program could provide assistance to those Colorado resident students who choose to attend private or out-of-state institutions. Such students are currently precluded from participation in state programs of financial assistance, even though their decision to attend the particular institution may be based on the fact that a desired program is not offered in a state institution. These students and their families are taxpayers in the state and should benefit from state programs in the same manner as other citizens.

Popular Arguments Against

1. No matter how readily available a loan is or how favorable the repayment terms are, loans have limited value for students from low-income families whose future earnings may be uncertain or variable. The low-income student who is saddled with the loan debt is very often the one with the least advantage in developing a career. Therefore, he starts out in life with a double handicap. Scholarships better fit the needs of these students.

2. Initiation of a loan program will probably be at the cost of other very successful aid programs now operating in Colorado. For example, Colorado has the only state-supported work-study program in the nation; it is a program the state should not abandon since students need to be encouraged to participate in a work-study type of program as their self-help portion of an aid program.

3. The cost of implementing a state loan program will increase the already high cost of education to Colorado taxpayers. The incidence of default on educational loans is so significant that it has to be recognized as a factor in addition to the cost of funding and administering whatever kind of loan program the legislature decides to establish. Finally, the cost of recruiting, admitting, and retaining students under the program will be significant.

4. The Colorado Constitution currently prohibits the state from lending money or pledging its credit. To weaken this prohibition by allowing students to borrow from the state will simply set a precedent for state loans to other projects, such as low-cost housing, small businesses, and the like.

Ballot Title:	An Amendment to Article II of the Constitution of the State of Colorado, relating to equality of rights of the sexes.

Provisions of the Proposed Constitutional Amendment

This proposal would amend Article II of the state constitution by adding a new subsection providing that "Equality of rights under the law shall not be denied or abridged by the State of Colorado or any of its political subdivisions on account of sex".

Comments

In 1972, the 93rd Congress of the United States approved an equal rights amendment to the United States Constitution. The federal amendment will become effective two years following ratification by three-fourths of the states. As of August 1, 1972, the legislatures of 20 states have ratified this amendment, including the General Assembly of the State of Colorado. The Colorado proposal is a separate amendment from the federal amendment, but would place language in the state constitution that is nearly identical to that proposed by Congress for the United States Constitution. The Colorado amendment would become effective immediately upon approval by the voters.

Placement of this amendment in the organic law of the state probably would necessitate an evaluation of current and proposed laws, ordinances, resolutions, regulations, procedures, and programs of state and local governments to ensure that such governmental activities and requirements do not discriminate on the basis of sex.

The provision would apply only to the State of Colorado and its political subdivisions, thus affecting governmental activity only and not private conduct.

Popular Arguments For

1. The proposal would provide fundamental constitutional protection against discrimination in the public sector on the basis of sex. Those persons who cannot be assured the protection of the constitution against discriminatory practices are, by definition, "second class" citizens and are not protected equally in the eyes of the law. A few state laws now in existence distinguish between the sexes. Furthermore, it is possible that old customs, traditions, and attitudes could be perpetuated by the enactment of other laws which differentiate between the sexes.

2. The proposal would ensure, by constitutional mandate, that the sexes share equally in any future duties, responsibilities, and privileges required of Colorado citizens.

3. Passage of the proposed amendment would indicate support by Colorado citizens for the federal equal rights amendment. Such support could encourage the legislatures of other states to ratify the federal amendment. The proposed amendment would provide equal rights protection in the interim period before ratification of the federal amendment or equality of rights for Colorado men and women in the event the federal amendment is not ratified.

Popular Arguments Against

1. Women's rights are already protected by the Fourteenth Amendment to the United States Constitution, as shown by the 1972 U.S. Supreme Court decision which invalidated an Idaho law because it discriminated on the basis of sex. Additionally, there are state and federal statutes outlawing such discrimination. With ratification of the equal rights amendment to the United States Constitution, the proposed state amendment would be superfluous.

2. Specific legislation, not a broad constitutional amendment, may be all that is needed. At present it is unclear as to whether any Colorado statutes actually result in discrimination by sex. Following a recent computer analysis of the statutes in reference to women, for example, archaic laws such as those prohibiting the employment of women in mines were repealed by the General Assembly. It is possible that the courts will interpret the amendment to mean that special benefits now permitted for one sex would have to be extended to the other.

3. Nature has endowed men and women with different physical characteristics and capacities. To ignore differences between the sexes in the organic law of the state is irrational. Protective laws for women, in areas such as labor law, may be needed in the future, particularly in periods of extensive unemployment. The passage of the proposal could open doors to future exploitation of women workers.

Ballot Title:	An Amendment to Articles VIII and IX of the Constitution of the State of Colorado, concerning the state institutions of higher education, and providing for the governing boards thereof; increasing the number of Regents of the University of Colorado from six to nine; providing for the election of such regents as provided by law; and providing for the removal of the authority of the President of the University of Colorado to vote in case of a tie vote by the regents.

Provisions of the Proposed Constitutional Amendment

The proposal would:

1. Place all the state colleges and universities on an equal constitutional basis.

2. Designate in the constitution that the centers of the University of Colorado at Denver and Colorado Springs and the School of Nursing in Denver are parts of the University of Colorado.

3. Grant to the governing boards of all state institutions of higher education authority for the general supervision of their institutions and control over all funds directed to them, except as otherwise provided by the legislature.

4. Charge the legislature with authority to establish as well as to abolish state institutions of higher learning and grant the legislature final responsibility for the extension of higher educational facilities to other parts of the state.

5. Vest with the University of Colorado's Board of Regents the authority to establish, maintain, and conduct higher educational facilities and supportive programs related to health in Denver.

6. Change the structure of the Board of Regents by increasing its membership from six to nine members, removing the President of the University of Colorado as an ex officio member of the Board of Regents and stipulating that the regents select from among the board's members a chairman and vice chairman.

Comments

The Board of Regents. The Board of Regents of the University of Colorado is presently the only governing board for higher education that derives its authority from the state's constitution. The university thus stands upon a different legal basis than the other state colleges and universities.

The Board of Regents' special constitutional status (established in 1876) has become an issue in recent years. Discussion has centered on whether power given the Board of Regents with respect to control of the university's funds and operations should be re-examined in view of the dynamic growth of Colorado's system of higher education. In 1965, the General Assembly was concerned with the need for coordination of programs in higher education and established the Commission on Higher Education. Among other duties, the commission has been given the following responsibilities: to develop statewide plans for higher education; to review and approve or deny any new degree program; to prescribe uniform fiscal reporting; to review operating and capital construction budget requests; to establish guidelines for student financial aid programs; and to administer federal assistance programs.

Thus, much of the autonomy granted by the constitution in 1876 to the regents has been fragmented by statutory enactments, and to a

lesser degree, by constitutional amendment. Nevertheless, there has been considerable sentiment that the constitutional position of the Board of Regents should be altered either by removing its special status from the constitution or by sharing this status with the other governing boards of institutions of higher learning. This proposal extends constitutional status to all governing boards for institutions of higher education and clarifies the prerogative of the General Assembly to modify that control by statute.

One of the most significant changes incorporated in the proposed amendment is that which enlarges the membership of the Board of Regents from its present size of six members to nine, and removes the president of the university as an ex officio member of the board. The current procedure of electing members to the board for six-year terms would continue. If the president is removed from the board, he will no longer be required to preside at board meetings and vote in case of a tie vote. In addition, the president would no longer participate in decisions on issues of policy. The current organization of the board has led, on occasion, to conflict between the board and the president.

Governance of Higher Education. The proposal places all state educational institutions on an equal constitutional footing by extending general supervision of institutions and exclusive control of their funds to all governing boards. Of course, such control may be modified by legislative enactment. The proposed amendment also gives the legislature responsibility to provide by law for the coordination and planning of higher education and jurisdiction over the location and functions of schools. Finally, the proposed amendment recognizes two additional powers of the legislature: the establishment and abolishment of state institutions of higher education and the authority to approve the conduct of additional educational programs in new locations throughout the state by presently established colleges and universities.

Popular Arguments For

1. The grant of authority to schools and their governing boards for the control of funds and the establishment and conduct of centers and branches cannot be absolute. As a practical matter, it must be tempered and given overall direction by the General Assembly. The proposed amendment recognizes that the legislature has no desire to direct the internal affairs of the state's educational institutions. However, because of the increasing demands on state dollars, it is essential, in a broad sense, to carefully plan and manage state educational programs. This responsibility rests with the members of the General Assembly as elected representatives of the people.

2. This proposal will eliminate the separate set of rules under which the University of Colorado has operated compared to other schools in the state and will lead to better relationships and greater cooperation among the several institutions and between the institutions and the legislature.

3. Although the size and role of the University of Colorado has changed dramatically over the years, the structure of its governance has remained the same. A six-member board is simply too small to handle the many issues facing a school the size of the university. With a nine-member board, subcommittees can be formed on broad areas of concern -- budget, lands and buildings, and curriculum, for example. Finally, an increase in membership to an odd number will diminish the possibility of tie votes, a problem which has crippled board action in the past.

4. A source of difficulty in the governance of the University of Colorado will be eliminated by removing the president of the university as an ex officio member of the Board of Regents (a present duty of the president is to vote in case of a tie). It is not good policy to place the university's president, who is an employee of the Board of Regents, in a position in which he is able to overrule the board and thus determine policy that is rightfully the responsibility of the board.

Popular Arguments Against

1. The Board of Regents should be appointed, as are the governing boards of all other institutions of higher education. Appointment further removes the governance of higher education from politics, campaigning, and association with irrelevant noneducational issues, and encourages people who do not wish to be involved in a political campaign to become interested in serving on a governing board.

2. Instead of granting the state's colleges and universities the autonomy that is essential for the full development of these educational institutions, the proposal opens further the educational environment to the inevitable shifting of political attitudes by the state legislature.

3. The proposed amendment establishes the Denver and Colorado Springs centers of the University of Colorado in the constitution. Such a procedure would eliminate the legislature's flexibility, based on future educational needs, to alter the type of institution at Denver and Colorado Springs.

4. The proposal attempts to clarify overall responsibility for the University of Colorado by giving all supervisory powers to the regents which are not otherwise delineated by statute; however, conflict could still exist between this broad grant of power and specific legislative enactments. Not only would the proposed amendment create confusion with respect to the University of Colorado, but it would compound the problem by extending the provision to all other state institutions of higher education.

Ballot Title:	An Amendment to Article V of the Constitution of the State of Colorado, removing the prohibition against increasing or decreasing compensation of certain state and county officers during the term of office to which they have been elected or appointed.

Provisions of the Proposed Constitutional Amendment

The proposal would:

1. Permit the General Assembly to increase or decrease the compensation of any class of public officer, other than members of the General Assembly, during the term of office to which these public officers were either elected or appointed.

2. Allow the General Assembly to abolish the offices of county superintendent of schools and county surveyor.

3. Permit the General Assembly to provide for the appointment, rather than election, of county coroners and county surveyors.

Comments

Although the term "public officers" is not defined, the proposal would allow the General Assembly to increase or decrease salaries at any time for those officers designated by Section 19 of Article IV and Section 15 of Article XIV of the Colorado Constitution, namely the Governor, Lieutenant Governor, Secretary of State, State Treasurer, and Attorney General, as well as county officers. County officers listed in the constitution include commissioners, clerk and recorder, sheriff, treasurer, assessor, coroner, county superintendent of schools, surveyor, and county attorney. In addition, the term "public officer" probably includes district attorneys.

A constitutional amendment was adopted in 1964 permitting the voters of each county to approve the abolition of the office of county superintendent of schools. In 54 of the state's 62 counties (excluding Denver), the office of county superintendent has been abolished. (The comparable position for county superintendent is provided by charter in the City and County of Denver.) Eight counties have retained the office: Baca, El Paso, Grand, Kit Carson, Las Animas, Teller, Washington, and Weld. This proposal would allow the General Assembly to abolish the county superintendent's office in these eight counties.

The amendment also gives the General Assembly authority to abolish the office of county surveyor as well as to make the office an appointive position. The surveyor has few statutory duties. Generally, he executes surveys to settle boundary disputes when directed to do so by a court or other interested party.

Coroners are elected county officials. The principal duty of the coroner is to investigate causes of death where reasons are un-

known. He also issues death certificates for persons who die in motor vehicle accidents. By law, the coroner is a peace officer and acts in the capacity of the sheriff when the sheriff is disqualified or when there is a vacancy.

Popular Arguments For

1. The General Assembly would be able to adjust salaries of public officers. Furthermore, salaries could also be increased or decreased to reflect changes in work assignments or areas of responsibility. Most employees of state public officers receive periodic salary adjustments. To allow their employers the possibility of an adjustment only every four years is discriminatory. Perhaps better qualified individuals would be encouraged to seek public office if the rate of compensation were maintained at a level commensurate with changing roles and responsibilities.

2. The office of county superintendent of schools has been abolished in 54 counties. The proposal would allow the General Assembly to abolish this office in eight other counties without the necessity of a vote of the people in those counties.

3. Consideration needs to be given to allow the offices of county coroner and surveyor to be appointed rather than elected. These offices are concerned with technical problems of an administrative nature rather than with policy-making, suggesting that the officer should be appointed rather than elected. Appointment of these officers would be a step in the right direction toward a "short ballot".

Popular Arguments Against

1. Public officers knew when they were elected that their salaries could not be adjusted during their terms of office. These officers are in positions to exert undue influence upon the General Assembly, suggesting that, during each session, the General Assembly would have to take the time from other matters to consider compensation adjustments.

2. In recent years, more and more elected offices have been taken away from a vote of the people. The gradual elimination of elected offices, such as proposed in this amendment, is leading to a decline in participatory democracy at the "grass roots" level. The inevitable result of such erosion of public offices is that government at all levels will be further removed from the people.

3. The voters of 54 counties have approved the abolition of the office of county superintendent, demonstrating that the present constitutional provision is working and that voters at the local level are in the best position to judge what is needed for their county. No elective office should be abolished without the approval of the voters in the county involved.

Ballot Title:	An Act to amend the Constitution of the State of Colorado to provide for a privately operated lottery. Supervised and regulated by the Department of State of the State of Colorado, and granting an exclusive original ten year license to the United States Sweepstakes Corporation. Forty percent of the proceeds of a lottery or lotteries to be alloted to prizes; thirty percent to the United States Sweepstakes Corporation for operating, selling expenses, and profit; thirty percent to the general fund of the State of Colorado. An annual lottery shall be held for the benefit of Colorado charities.

Provisions of the Proposed Constitutional Amendment

The proposed amendment would:

1. Grant an exclusive ten-year license to a single private corporation to operate lotteries; no less than six nor more than 60 lotteries could be held in any one calendar year.

2. Provide for the distribution of monies collected in the following manner -- 40% for prizes; 30% for the state general fund; and 30% for the corporation conducting the lottery. One lottery per year, however, would be held for charitable purposes.

Comments

The United States Sweepstakes Corporation would, if the proposed amendment is adopted, be granted the exclusive ten-year right to conduct all lotteries in the state. Lotteries could be based either on the drawing of ticket numbers or on sweepstakes drawing of any horse or dog race selected by the United States Sweepstakes Corporation.

The Colorado Department of State would supervise the printing of tickets, the drawing itself, and the distribution of funds derived from the sale of tickets. However, the actual degree of supervision by the Department of State is not entirely clear. The state would have to pay its costs for supervision out of its 30% share. Apparently, administrative decisions are left to the United States Sweepstakes Corporation. For example, the United States Sweepstakes Corporation determines the value or denomination of the tickets, determines where the tickets are to be sold (including bars and liquor stores), selects the method of determining the winner (by drawing or by sweepstakes), elects to allow a bonus to the seller of the winning ticket (other than the corporation), chooses the number of lotteries to be held annually (a minimum of six lotteries would be held, but a maximum of 60 would be allowed), selects the prize structure, and chooses the method of ticket distribution.

Privately-Operated Lottery

Popular Arguments For

1. The proposal might provide some revenues to the state without an additional tax on residents and visitors.

2. A state-regulated lottery could cut into illegal gambling in Colorado.

3. The proposed amendment recognizes the need for the state to closely regulate lotteries. It provides a mechanism to allow lotteries, which will exist anyway, to be conducted openly but with close state supervision.

4. The Colorado Division of Securities has examined the prospectus and articles of incorporation of the United States Sweepstakes Corporation and has granted approval to sell its stock to Colorado residents.

Popular Arguments Against

1. The Colorado General Assembly, by unanimous consent, adopted a resolution in opposition to this proposal. The legislature concluded that the amendment would utilize the machinery of government for the advantage of a single private corporation; would be contrary to and inconsistent with provisions of the state constitution; would be contrary to and inconsistent with the proposal for a state-conducted sweepstakes, which has been submitted to the voters by the General Assembly (this proposal was analyzed earlier in this publication); and would not result in significant tax savings, although many persons are being deceived by this argument.

2. A maximum of 30% of the proceeds collected under this proposal could be made available for public purposes. The state's expenses also would have to be paid out of the 30% share.

3. If the State of Colorado is to be successful in containing organized crime, absolute control over lotteries and other drawings must be maintained by the state. This amendment does not go far enough in assuring state controls; in particular, the actual administration of the lottery would be under the direction of a private corporation.

4. Similar proposals have been made in other states -- Arizona, Nevada, and California -- and all were defeated.

Ballot Title:	An Amendment to Section 11 of Article X of the Constitution of the State of Colorado concerning the general property tax, establishing a maximum limitation of one and one-half percent of the actual value on the annual taxation of property except as permitted by a vote of the qualified electors, designating the maximum amount that may be levied by governmental units and defining actual value.

Provisions of the Proposed Constitutional Amendment

The proposed amendment would:

1. Limit the tax levy on any property to 1½% of the actual value of the property, except

   a. levies for payment of bonded debt and interest thereon; and
   b. voter approved levies in excess of the limitation.

2. Establish maximum levies for governmental units as follows:

   a. state purposes -- 5% of the 1½%.
   b. school district purposes -- 20% of the 1½%.
   c. counties and governmental units within a county or two or more counties (cities, towns, special districts) -- 75% of the 1½%.

3. The proposal would place in the state constitution the present practice of valuing grazing and agricultural lands on the basis of earning capacity over a ten-year period, capitalized at a rate of not less than 7%.

4. The proposal calls for valuation of leasehold interests as may be determined by law. Valuation of mines, lands producing oil or gas, and utilities would continue to be as provided by law.

Comments

The intent of the proposed amendment is to establish a maximum rate of taxation upon all taxable property. It would, in effect, establish a 50 mill limit (based on the current method of valuation) except for payment of bonded debt or a vote of the people. The proposed amendment would not reduce the available property tax base presently utilized for most counties, cities, towns, and special districts in Colorado, but would have the effect of strictly limiting property taxation as a base for public school finance.

As an example, a home in Denver with an actual value of $20,000 is currently assessed, for taxation purposes, at $6,000. The pres-

ent taxes on such a home and the taxes under the proposed maximum are as follows:

	Based on 1972 Mill Levies		Effect of Proposed Amendment	
	Amount Raised	Percent of Total Levy	Maximum Amount Raised	Maximum Percent of Total Levy
State	---	---	$ 15.00	(5%)
School	$329.94	(67.2%)	60.00	(20%)
County, City, and Special Districts	160.80	(32.8%)	225.00	(75%)
Total	$490.74		$300.00	

Every school district in the state currently certifies a larger property tax levy than would be allowed under the proposal. In effect, the 20% of 1½% limit means a maximum of 10 mills for schools compared to an average statewide levy of over 55 mills (1971). The loss of property tax revenue for all school districts in Colorado for 1971 would have been at least $248 million. As an example, School District No. 1 in the City and County of Denver would have lost more than $65 million in property tax revenues. Based on projected school expenditures, these figures would be higher for 1973.

It is certain that the adoption of the proposed amendment would require state assumption of the major portion of school finance. Other alternatives would be a drastic cutback in school operations, continued dependence on the property tax through annual local elections to exceed the 1½% limit, or legislative authorization for school districts to levy other alternate taxes. Further, the state would probably find it necessary to assume the financing of the local community colleges which received $3,656,546 from local property taxes for operating revenue in 1972.

Local governments would be allowed to levy taxes amounting to 75% of 1½% of the actual value of property (or 37½ mills) under the proposed amendment. The formula for allocation of this revenue among counties, cities, towns, and special districts is not specified. Thus, the General Assembly would need to devise a formula before local government levies could be certified. Any such formula would result in some local governments being limited to less property tax revenues than they are currently receiving. In Colorado Springs, for example, mill levies for county, city, and special district purposes currently exceed 40 mills.

Adoption of the proposed amendment would result in a reduction in property taxes for most property owners. Presently, leasehold interests held by private individuals in public property (except mineral, oil, and gas leases) are not taxed. The proposal could result in a substantial increase in taxes for such leaseholders. Mobile home owners paying specific ownership taxes would not receive any relief under the amendment.

Property Tax Limitation -- 1½% of Actual Value

A question that would have to be determined by the General Assembly, if the proposed amendment passes, is the replacement of a minimum of $248 million in property taxes levied for schools (1971), as well as replacement of property tax revenues for some local governments. Currently, Colorado does not levy a state property tax, although existing constitutional authority allows a five mill state levy. The provision for 5% of the 1½% would produce only approximately $14 million, far short of meeting the additional revenue needs.

Popular Arguments For

1. Property taxation is an outdated, outmoded method of raising revenue. Although at one period in the nation's history, property may have been an indicator of wealth, present enormous holdings of intangible property, stocks and bonds for example, negate the validity of real property as a major tax base for schools and other local governments. Income and sales taxes should be the major sources for financing governments.

2. Current property tax laws are highly discriminatory against certain groups of people. Senior citizens on fixed incomes, for example, face increasing assessments and mill levies. Farmers contend they are required to pay a disproportionate share of their incomes for property taxation in comparison to other property owners. The dissatisfaction of these and other groups has led to so-called "taxpayer revolts" throughout the country which have resulted in attempts to limit the property tax as is the case with the proposed amendment.

3. Whereas other forms of taxation more readily respond to rising incomes, eliminating the need for frequent rate changes, mill levies on property taxes for school purposes are increasing rapidly and probably will continue to do so without strict constitutional limits. The amendment will compel tax reform in the State of Colorado by encouraging the development of new sources of revenue for school purposes.

4. The property tax could, with the adoption of this amendment, be directed toward providing the major source of revenue for governmental services concerned with property, such as local roads, streets, bridges, law enforcement, recording, planning, and other services.

5. Recent court decisions in other states have held financing schemes based on the property wealth of local school districts to be in violation of the Fourteenth Amendment to the United States Constitution. The financing of public schools should primarily be a function of state government with funds allocated to local school districts on the basis of providing greater equality of educational opportunity for all children in the state.

Popular Arguments Against

1. The proposed amendment is purely negative. Property taxes would be limited if the amendment were adopted, but no alternative

source of revenue is provided. Thus, the voter has no means of determining if the amendment is an aid or a burden because he cannot compare replacement taxes with his present property taxes. Further, the voter cannot ascertain which government services might be curtailed as a result of the amendment.

2. The proposed amendment would favor certain groups and result in an even more inequitable tax structure. Landlords would pay less property tax, but there is no requirement for lowering rents by corresponding amounts. Thus, the individual now renting may not realize a rent reduction equivalent to the property tax saving of his landlord, while being faced with the added burden of new or additional state taxes to make up for the landlord's tax reduction. Nonresident property owners in Colorado would receive a considerable tax benefit at the expense of Colorado residents. Large corporate landowners would receive a tax reduction at the expense of individual taxpayers.

3. Property taxation is the major source of local revenue in Colorado. This method of finance has provided essential revenues for local governments and should not be subjected to such a limitation, which would necessitate state funding. State financing of education and local government will likely lead to state control, thus further eroding local autonomy.

4. Property taxation is a defensible, viable method of taxation. With few exceptions, property is an equitable determinant of wealth when combined with and compared to other forms of taxation. The tax is more stable than other forms of taxation and is an essential part of a balanced tax system. Perhaps the property tax should be reformed but not so drastically limited. Arguments for reform could be levied against any other form of taxation, and adoption of the amendment might lead other groups, who happen not to like a particular tax, to initiate similar restrictions.

5. The proposed formula for distribution of property tax revenue is unrealistic. Schools currently require the bulk of the property tax and should continue to receive the largest amount of such financing. The 75% of the 1½% for local government could provide far too much revenue for some local governments and not enough for others. The uniqueness of individual local government needs would pose problems in allocating available revenues among counties, cities, and special districts. Further, property taxation should remain with local governments and the state should not enter this field.

Ballot Title:	An Act to amend Articles X and XI of the state constitution to prohibit the state from levying taxes and appropriating or loaning funds for the purpose of aiding or furthering the 1976 Winter Olympic Games.

Provisions of the Proposed Constitutional Amendment

The proposed amendment would prohibit the State of Colorado from levying any taxes and appropriating or lending money, or from pledging faith and credit, directly or indirectly, in aid of the 1976 Winter Olympic Games. Political subdivisions of the state, however, would be exempt from the provisions of this amendment.

Comments

The International Olympic Committee awarded the 1976 Winter Olympic Games to the City and County of Denver. Acting on behalf of Denver for the management of the games is a nonprofit corporation, created in 1967 and recently renamed, the Denver Olympic Organizing Committee. Although the State of Colorado is not responsible for management or conduct of the games, state officials have been active in bringing the Olympics to Colorado and in providing financial assistance for planning the games.

In 1964, Governor John A. Love appointed an informal planning and advisory commission to study the matter of bringing the 1976 Winter Olympics to Colorado. This commission was subsequently designated the Colorado Olympic Commission by the Governor. In 1967, the 46th General Assembly adopted a resolution inviting the 1976 Winter Olympics to Colorado, with Denver as the host city, and assuring support and assistance of the citizens of the state.

The activities of the Colorado Olympic Commission were authorized by statute by the legislature in 1971, when the 48th General Assembly created the commission as a formal agency in the Office of the Governor. Actual powers and duties of the Colorado Olympic Commission include, among others, those of approving contracts for Olympic planning for which state funds are used, negotiating with the Denver Olympic Organizing Committee for state review of budgets and contracts, and ensuring that the staging of the Olympics takes full advantage of existing facilities. The statute further provides that funds appropriated to the commission be used only "for the planning of the games, site selection, and coordination of olympic activities with the state's centennial celebration".

Funding of the Commission. The state legislature first appropriated funds for the activities of the Colorado Olympic Commission for fiscal 1966-67. To date, total appropriations have amounted to $1.9 million. The statute which appropriates funds for the Colorado Olympic Commission for fiscal year 1973 includes language setting maximum commitment levels for future state Olympic expenditures.

The total of recommended future appropriations is $4.2 million. If the General Assembly adheres to these guidelines, the total state funding for the Colorado Olympic Commission would amount to over $6.1 million by 1976.

Explanation of "Yes" and "No" Votes. The uniqueness of the proposed amendment in placing a restriction in the constitution suggests the need for emphasis as to the meaning of "yes" and "no" votes. A "yes" vote on this proposal opposes further state funding of the Olympics, while a "no" vote permits further state funding.

Popular Arguments For

1. The difference between federal support for the Olympics and total direct and indirect Olympic costs is substantial. Revenue from the sale of television rights, gate receipts, etc., cannot be guaranteed to pay all of the nonfederal share of Olympic costs. If the proposed amendment is not adopted, the State of Colorado would have a moral obligation to pay possible unforeseen costs in support of the Olympic games.

2. The history of Olympic financing has been a history of underestimation of expenses and spiralling of indirect costs. As demonstrated at Sapporo and Munich, the Olympics act as a "catalyst" for the expenditure of public funds. Without a constitutional limitation on state funding, state government could encounter demands to finance new projects which only provide an indirect benefit to the Olympics.

3. The Olympics will focus both national and international attention on Colorado. Such publicity could further stimulate Colorado's population growth, which is one of the highest in the nation. Unmanageable growth places an economic burden on a community that must expand facilities and services to meet the needs of new residents.

4. In addition to direct funds already appropriated to the Olympics, the State of Colorado will have other incremental costs for governmental services such as providing sufficient state patrol to ensure public safety at the games. In view of these incremental costs, it is unreasonable to ask the State of Colorado for additional direct funds for a truly national and international program.

Popular Arguments Against

1. The Interior Committee of the United States Senate recently reported S.B. 3531. The bill would authorize $15.5 million for the Olympics with additional funds to be made available as provided by an inflationary escalator clause. Federal funds, however, are contingent upon continued state support for the games. Thus, a limitation on state funding would result in withdrawal of federal support for the Olympics, and, in all probability, eliminate Colorado as the host

for the 1976 Winter Olympics. Adoption of the proposed amendment would demonstrate to the International Olympic Committee a lack of public support in Colorado for hosting the games.

2. Since 1964, the State of Colorado, through the Colorado Olympic Commission, has made it clear that it is eager to participate in hosting the 1976 Olympics. In 1967, the General Assembly adopted a resolution which specifically invited the United States Olympic Committee to conduct the games in the state and assured the committee of the "support and assistance of the citizens of this state for the successful holding of the winter games". Nearly $2 million has been appropriated to date for Olympic planning. The Denver Olympic Organizing Committee and the International Olympic Committee have had every reason to rely on the state's commitment to funding for the Olympics. It would be very bad faith on the part of the state if it were to back out of its commitment.

3. Contemplated state expenditure in support of the Olympics is minimal when compared to the benefits which proponents of the Olympics expect Colorado to receive from the staging of the games. These benefits include after-use of recreational facilities, Olympics-catalyzed federal funding for low-income housing, a speedup in airport construction on the western slope, and substantially increased tax revenues generated by Olympics-related construction and tourism. The amount appropriated by the state to the Colorado Olympic Commission for fiscal year 1973 is only 5.9% of state general and cash fund appropriations for hunting, fishing, and parks-related activities for the same year.

4. Substantial safeguards are provided against the possibility of state responsibility for cost overruns. Article XI of the Colorado Constitution already prohibits the state, or any county, city, town, township, or school district from pledging its credit or faith, or becoming responsible for any debt, contract, or liability of a private corporation such as the Denver Olympic Organizing Committee. The statute which created the Colorado Olympic Commission instructs the commission to "prohibit, where feasible, the construction of any facility for which a prior commitment of funds has not been made". In addition, the appropriations bill for fiscal year 1973 recommends a maximum level of state commitment for future Olympic expenditures.

Ballot Title:	An Act to amend Chapters 3 and 63, C.R.S. 1963, as amended, by adding three new articles which require, first, that public officials disclose their private interest; second, that all lobbyists register and file periodic informational statements; and third, that all official state meetings be open to the public.

Provisions of the Proposed Statute

The proposal would require public officials to disclose their financial interest, would regulate persons attempting to influence public policy, and would expand existing statutory requirements for conducting government business at open meetings.

Financial Disclosure -- State Officials. The proposal would require elected officials of the state government and judges of courts of record to file with the Attorney General statements of financial interests held by them, their spouses, and their minor children. These statements would be required annually, would be open to public inspection, and would apply to existing officeholders.

Disclosure would be required for: income; names of businesses, insurance policies, and other financial interests; real estate interests, including options to buy; offices, directorships, and fiduciary relationships held; creditors; business enterprises regulated by the state with which the official or spouse is associated; and the names of persons or companies for whom compensated lobbying is done by any person associated with the official. In place of the disclosure statement, an official may file a copy of his federal income tax return and any separate returns filed by his spouse or minor children. Interests not reflected in the returns would have to be disclosed, however.

Regulation of Lobbyists. The proposal provides for the regulation of lobbyists, businesses, organizations, and other persons who either contribute or receive money to influence legislation by the General Assembly, the approval or veto of legislation by the Governor, or the policy-making or rule-making of any board or commission.

A lobbyist would be required to register the following information with the Secretary of State: the names of persons in whose interest he works, length of employment, how much and by whom he is paid, how much he receives for expenses, what is considered an expense, the proportion of his time spent lobbying, and the percentage of his regular pay that supports lobbyist activities.

Each month, and annually, a lobbyist, organization, or person soliciting money to influence legislation would file a list of expenditures made, an account of the total of individual contributions received amounting to less than $25, and a list of contributors providing $25 or more. The required filings would contain an explanation of to whom and for what purpose contributions or expenditures

were made during the preceding calendar quarter; the identity of publications to which expenditures are made for advertisements, articles, or editorials relating to lobbying; and the identity of the measure for whose opposition or support a lobbyist is employed. All statements are to be open to public inspection.

These regulations would not apply to citizens appearing before legislative committees on an uncompensated basis or to state or elected officials acting in their official capacities.

Under the proposal, if a lobbyist or his employer hires a legislator, a legislative or state employee, or a member of a state policy-making or rule-making board or commission, he shall so state under oath to the Secretary of State within 10 days, specifying the nature of employment, the name of the person hired, and the amount of compensation to be paid. Prohibited would be agreements under which compensation to a person is contingent upon the passage or defeat of measures before the Governor, the General Assembly, or a state board or commission.

Open Public Meetings. The proposal provides that all meetings at which either public business is discussed or formal action is adopted shall be open to the public at all times, unless otherwise provided by the Colorado Constitution. The act would apply to meetings held by any governmental policy-making or rule-making body and would include meetings held by legislative committees. Further, meetings could be held only after "full and timely" public notice.

Any resolution, rule, regulation, ordinance, or other formal action would be invalid unless adopted or taken at an open public meeting for which adequate notice is given. The public body's secretary would be required to maintain a list of persons who request notification of meetings and to provide them with advance notice of meetings. Minutes of meetings would be open to public inspection.

Upon a citizen's application, the courts would have jurisdiction to issue injunctions to enforce the open meetings provisions of the law.

Comments

Currently, there are some measures in effect which require financial reports by state officials. For instance, both houses of the General Assembly require, under legislative rule, limited financial reporting by their members. Agency administrators and their deputies, members of the Governor's staff, and salaried members of boards and commissions of the executive department are required, by executive order, to file financial statements with the Governor. Financial statements are open public records in the House of Representatives, but are considered confidential in the Senate and in the executive branch. Judges are not required to file financial reports, though they may be questioned by judicial nominating com-

missions on their financial interests at the time they are under consideration for an appointment to a judgeship.

Existing Requirements for Lobbyists. House and Senate rules require a lobbyist to register before he appears before committees of the General Assembly, giving his name, address, the identity of interests he represents, and the bill upon which he wishes to be heard. The House of Representatives publishes a booklet which gives an alphabetical listing of lobbyists, first by name and then by interest. The House also issues identification tags to be worn by registered lobbyists.

Open Public Meetings. The proposal would prohibit closed-door meetings of policy-making or rule-making bodies when public policy is discussed or formal action is taken, except as provided in the Colorado Constitution. Currently, there is an open public meetings law which declares meetings of boards, commissions, committees, or authorities of the state or its political subdivisions supported by public funds to be open to the public at all times, but which permits executive sessions (closed meetings) for consideration of documents or testimony given in confidence. The initiated measure would have the effect of repealing the provision for closed meetings.

Popular Arguments For

1. State elected officials and judges have a responsibility to keep the public informed as to any possible conflict of interest which they might have between their own private gain and their respective duties of public office.

2. Identification of personal financial interests of state elected officials and judges, further public disclosure of the extent of efforts of special interests to influence state government policy, and added requirements for state policy formation in open meetings only, may provide Colorado's voters with additional insight as to possible factors that influence governmental decision-making.

3. State policy-makers, as well as the general public, need to become better informed as to the scope and extent of efforts of special interest groups to influence state governmental decisions. Also, added safeguards to ensure the formation of policy at open meetings are essential if the public is to understand and respond to governmental decision-making.

4. Any advantages derived from closed meetings may be offset by the damage done to the public trust. Citizens cannot be sure of knowing by whom or for whom decisions are made if they are excluded from governmental meetings.

Popular Arguments Against

1. There are times when legislative committees or other policy-making bodies need to confer in private to protect innocent people

from irreparable damage. The present law guarantees this, while the initiated measure would open up all meetings regardless of the consequences.

2. Colorado has had few problems in these three areas and existing provisions are adequate to safeguard the public interest in the future. For example, lobbyists appearing before committees of the legislature and the interests they represent are identified at present, legislators are required to make financial reports under Senate and House rules, and open public meetings are already required by law. Furthermore, the disclosure provision is unfair since it does not apply to elected officials on the local level or to top level appointees who have great influence in public affairs.

3. The General Assembly has devoted considerable effort to the legislative ethics and financial disclosure of members and has come up with reasonable measures which will not only guarantee that conflicts of interests be prevented but will also assure the personal privacy of part-time, citizen legislators.

4. Passage of the disclosure measures may tend to discourage capable people from running for office since the property and financial interests of members of their families would become a matter of public record.

Ballot Title:	An Act to protect the consumer of public utility services by defining just and reasonable rates, by creating an office of public consumer counsel and by requiring the disclosure of certain financial information regarding public utilities.

Provisions of the Proposed Statute

This proposal would:

1. Provide for the appointment by the Governor of a Public Utility Consumer Counsel.

2. Place the Consumer Counsel's office under the Public Utilities Commission (PUC).

3. Establish a Consumer Advocacy Fund for the purpose of employing rate design experts, sociologists, economists, and other specialists.

4. Earmark a minimum of about $66,000 in utility and highway user taxes for the Consumer Advocacy Fund.

5. Require utilities to disclose specific information concerning earnings, capital structure, investments, debt, dividends, interest paid, stock options, large stockholders, officers, expenditures and other economic data, and lobby and election activities.

6. Require that "just and reasonable" charges of a utility not only reflect a fair rate of return to stockholders on their investments but also reflect the resource, environmental, social, and economic needs of the community.

Comments

At present, the Colorado Public Utilities Commission (PUC), Department of Regulatory Agencies, has jurisdiction to regulate rates, levels, and extension of service for fixed utilities (including gas, electric, telephone, steam, water, and pipelines) and common, contract, and commercial motor vehicle carriers. For the most part, jurisdiction does not apply to municipal utilities. The PUC is empowered to inspect the records and documents of any public utility. The commission may require monthly earnings statements and other special reports to be filed with the commission.

A permanent full-time staff of engineers, statisticians, accountants, and investigative personnel aids the PUC in carrying out its duties. A full-time attorney serves at the pleasure of the commission, and, upon appeal of a ruling of the commission, legal counsel is provided by the Attorney General.

In contrast, the proposal provides for an attorney, experienced in defending the rights and interests of consumers, to serve in a full-time capacity as a Consumer Counsel to the PUC. He would have the power to initiate actions with the commission, other administrative agencies of the state, and the courts on behalf of utility consumers and the public. The Consumer Counsel would be given exclusive authority to administer a Consumer Advocacy Fund for the purpose of hiring or contracting for experts in the field of utility economics, management, and environmental impact. Such specialists could provide data that would allow the Consumer Counsel to respond to the technical presentations of utility companies in rate hearings and other matters before the PUC.

Popular Arguments For

1. The approach of the Public Utilities Commission to utility regulation is restricted to techniques of traditional utility economic analysis. The commission is responsible for preventing unjust discrimination and extortion in the rates, charges, and tariffs of public utilities. The term "just and reasonable" is not defined in the statutes and, basically, the PUC interprets this to mean a fair rate of return to the utility and its stockholders. The proposal would make the rate of return to the utility only one of many factors

to be considered. For example, it would modify the concept of "just and reasonable" to include the total needs of the community, such as the ability of various classes of consumers to support higher rates and expanded services.

2. Utility management and operation is a highly complex field. In the preparation of requests for rate changes, construction of new facilities, or expansion of services, utility companies employ highly skilled personnel to develop data for the PUC. In the advocacy hearings before the commission, it is nearly impossible for the general public to respond to the mass of technical data presented by utility companies. This proposal would strengthen consumer advocacy in hearings before the PUC by providing state funding for legal and technical arguments to be presented in rebuttal to that provided by utility companies.

3. Under the present law, from the standpoint of public safety and environmental needs, consumer advocates have little opportunity to encourage the shaping of utility policies to meet the overall interests of the community. The Consumer Counsel would have the power to initiate actions to insure that interests of consumers with respect to pollution and environmental safety are being met.

4. In recent years, litigation regarding rulings of the PUC has become quite extensive. For example, a rate determination and refund issue of one utility has been involved in a maze of litigation since 1968 before the PUC, the Denver District Court, the Colorado Supreme Court, and the United States District Court. Consumer interest groups attempting to provide legal and technical testimony are finding it difficult to finance the costs of presentations before the courts. Utility companies, of course, simply pass such expenses on to the consumer as part of the cost of doing business. Thus, there is need for additional state funding to support the consumer advocacy position in these areas of litigation.

Popular Arguments Against

1. Inherent in the proposal is the fallacious assumption that utility consumers are overcharged. The Public Utilities Commission is responsible for protecting consumers against unreasonable charges by public utilities. Hearings held by the PUC are open to the public and interested citizens and consumer groups have ample opportunity for presentation at these hearings. This system is working, as amply demonstrated by stability of utility rates and recent rulings of the PUC.

2. The vast majority of a consumer's budget is used for expenses unrelated to utilities or to industries regulated by the PUC. It makes little sense to appoint a Consumer Counsel to review the activities of regulated industries when so little attention is devoted to protecting the consumer in areas in which the bulk of his expenditures occur.

3. Proponents of the measure criticize the PUC for not going far enough in protecting the public interest. Public Utilities Commissioners are appointed by the Governor. The proposed Consumer Counsel also would be appointed by the Governor. What guarantee does the public have that the "watchdog" for the "watchdog" will be any more effective? It is better for the advocacy of consumer interests to be supported, evaluated, and presented by persons and groups that are not a part of and associated with the state regulatory agency.

4. The PUC is a quasi-judicial body which must rely on well-founded legal and technical theories in reaching its decisions. Concepts proposed in the amendment concerning the economic and social interests of consumers, however worthy, are vague and indefinite. This places the commission in the impossible position of attempting to ameliorate the social and environmental problems of a community through utility rate controls and regulations.

Ballot Title:	An Act to amend Chapter 13, C.R.S. 1963, as amended by adding a new Article 25 establishing a system of compulsory insurance and compensation irrespective of fault for victims of motor vehicle accidents, setting forth the basis for recovery and the elements thereof, and establishing an assigned claims plan to protect injured victims against uninsured losses.

Provisions of the Proposed Statute

The proposal would establish a partial "no-fault" system of reparations for automobile accidents in Colorado. The proposal would:

1. Require every Colorado motorist (person registering a vehicle) to purchase an automobile insurance policy which, in addition to providing liability protection, would protect him against all reasonable medical and rehabilitative expenses and which would compensate him for 85% of lost earnings or $750 per month, whichever is less, for up to 36 months. The work loss feature would also pay the costs of household assistance necessitated by the accident and burial expenses up to $1,000. The benefits of a policy would be paid by the insurer directly to the policyholder and to all other persons (except the occupants of other automobiles) injured in accidents involving the policyholder's automobile. These benefits would be paid regardless of fault for the accident.

2. Limit the right to sue only to those persons who suffer death, dismemberment, permanent disability, or permanent disfigurement and to those persons who have incurred medical and/or rehabili-

tative expenses having a reasonable value of more than $2,000. The amendment would limit the amount a person may recover through suit to an amount over and above any benefits received under the policy.

3. Make the benefits provided by the insured person's automobile insurance policy secondary to those benefits provided from other sources such as health and accident insurance. Further, if the insured person elects to minimize duplication of benefits available through other sources, his insurance company is to determine what other sources of benefits are available to him and is to allow for deductibles to his automobile insurance policy.

4. Require the injured person's insurance carrier to pay for losses covered by the policy within 30 days after receipt of proof of fact and amount of expenses.

5. Allow a person to elect to purchase $100 deductible vehicular property damage coverage which would provide payment for damage to his own motor vehicle regardless of fault. If a person fails to buy the vehicular property damage coverage, he also waives the right to collect property damage through a suit.

6. Establish an assigned claims plan, whereby all automobile insurance carriers would assist persons who are injured by uninsured motorists or who are involved in hit and run accidents. A motor vehicle owner who is required to comply with this law but has failed to do so may not receive any benefits under the assigned claims plan.

7. Permit insurance carriers to share the costs of benefits for pedestrians injured in multi-vehicle mishaps and to share the cost of processing claims with the insurers of each motor vehicle involved in the accident.

8. Require the Commissioner of Insurance to classify large vehicles (trucks and busses) according to the severity of injury caused by such vehicles in comparison to ordinary passenger automobiles. When a truck or bus is involved in an accident, the insurer of the truck or bus would be responsible for a percentage of the economic loss benefit payments made to the occupants of the passenger vehicle involved in the accident.

9. Require uninsured motorists to post security in an amount sufficient to satisfy any judgments for damages or injuries resulting from an accident up to $25,000 as stipulated in the Motor Vehicle Financial Responsibility Act. In addition, the uninsured motorist would not be protected from suit, and he could not receive benefits under the assigned claims plan.

10. Prohibit insurance companies from cancelling or refusing to renew policies except for failure to pay premiums or for license suspension or revocation. An insurer, however, can reject or refuse applications or refuse to renew policies with the approval of the commissioner if it would affect the financial soundness of the insurer.

11. Prohibit subrogation between insurance companies for required coverages. Under the principle of subrogation, fault must be determined, and the person not at fault or his insurance company is allowed to recover the payments made from the insurance company of the person who was at fault in the accident. However, subrogation is allowed in regard to the optional vehicular property damage coverage.

12. Continue to permit a person with more than 25 motor vehicles to register as a self-insurer.

Comments

This law would significantly alter Colorado's existing motor vehicle insurance system, expecially tort liability. Under the present tort liability system, a person is held legally and financially responsible for any bodily injury and property damage caused to another person as a result of his own negligence or "fault". Presently, the primary purpose of liability insurance is to protect the individual against a claim for which he may be held liable rather than to compensate the policyholder for the costs incurred as a result of an accident.

The basis of a "no-fault" system, on the other hand, is the partial or total abolishment of tort liability or fault in automobile accidents, and the substitution of a system whereby each owner of a motor vehicle accepts the responsibility for some or all of the losses sustained by him, the occupants of his own vehicle, and pedestrians. The proposal would institute a "mixed" rather than a "pure" no-fault system in Colorado in that it retains the right of seriously injured persons to recover damages under the present tort liability system.

General Damages or "Pain and Suffering Awards". Presently, a motorist who is not at fault and who is involved in an accident may recover "special damages", through legal action, from the "at fault" party, including actual monetary losses and also general or "pain and suffering" damages. The proposal, on the other hand, would bar the right of slightly injured persons to recover for pain and suffering damages. However, in the event of death, dismemberment, etc., the insured or his heirs may recover in tort action for general and special damages over and above the benefits received under the policy.

Elimination of Duplicate Benefits. This amendment provides that automobile insurance is to be secondary to other sources of insurance, to the extent that other benefits are actually paid within the 30-day limit or to the extent that the benefits are subsequently paid. For example, if a person insured under this amendment is injured and incurs medical expenses of $500, and if $300 of such expenses are paid by his health and accident insurance policy, the remaining $200 would be paid by his automobile insurance policy.

No-Fault Insurance

Popular Arguments For

1. The present system of automobile reparations does not compensate the victims of automobile accidents equitably in that persons with minor losses tend to be over-compensated, while persons with major losses tend to be under-reimbursed, and many persons collect nothing. Only 45% of the people seriously injured in automobile accidents collect from liability insurance. People injured in one-car accidents or who cannot prove they are not at fault may not receive any compensation under the present tort liability system.

2. Under the no-fault proposal, all motorists covered by a policy would be paid all of their medical expenses and most of their wage loss without regard to fault.

3. The no-fault proposal would provide more benefits to more people injured in automobile accidents than is presently the case. Furthermore, proponents of the amendment estimate that cost savings for vehicle insurance for the overall motoring public might result from: 1) limiting the right of certain persons to recover general or "pain and suffering" damages; 2) reducing the benefits received from automobile insurance to the extent that benefits are recovered from other sources; and 3) reducing administrative expenses now related to fault determination.

4. This proposed law would decrease the legal expenses presently incurred by both the insurance companies and the claimants by eliminating the need to prove fault in a substantial number of automobile accidents.

5. The costs of administering the present system are too high. For example, one study indicated that 58¢ of every dollar spent on bodily injury liability insurance goes toward insurance company expenses and claim adjusting fees, claimants' legal fees, and court costs. Of the remaining 42¢ which went to net benefits for claimants, 21¢ paid for pain and suffering claims, 7¢ paid for expenses already covered by other sources of insurance, and 14¢ paid for medical costs and wage losses that the victim would not have recovered otherwise.

6. The no-fault system would pay accident victims automatically upon the occurrance of an accident, and would eliminate the long waiting periods and extensive arguing over fault for automobile accidents.

Popular Arguments Against

1. The issue of evaluating a modified "no-fault" system may be too complex to be resolved by initiated ballot. This proposed law is only one of a myriad of no-fault proposals offered at both the state and federal levels. Although a number of states have either

studied no-fault or have had no-fault proposals before their state legislatures (Colorado included), only four states have adopted no-fault systems. Even the proponents of no-fault disagree on the various provisions.

2. The victim of an automobile accident should not be denied the right to sue for losses caused by the careless acts of others. Conversely, people should bear the burden of losses resulting from their own wrongful conduct or disregard for the safety of others.

3. It is inconsistent to abolish the tort system for small claims while retaining it for larger claims. If the tort liability system in automobile accidents is so ineffective and expensive, why should the proponents of no-fault be willing to retain any part of it?

4. Colorado does not necessarily need a no-fault plan, since the premium rates for automobile insurance in Colorado are low relative to those of the rest of the nation.

5. Under the proposed law, owners of motorcycles would be required to purchase first-party medical and wage loss insurance. This requirement could be quite expensive for motorcyclists.

6. By making automobile insurance secondary to health and accident insurance, etc., the proposal would in effect cause these other insurance programs to subsidize the automobile insurance industry. Furthermore, coordination of automobile insurance with other benefits relating to excess costs or deductible provisions could become an administrative monstrosity.

Ballot Title:	An Act to amend the state constitution by the addition of a new article, concerning replacement of property taxes for the financing of schools and limitations on other property taxes: provides for creation of a State Tax Equalization Commission for uniform assessment of all real property; requires imposition by law effective January 1, 1974, of certain taxes to replace lost property tax revenue sources, namely: severance taxes; progressively graduated corporate and personal income taxes; and taxes on sales and services; provides sales tax credits and limits sales and services taxes to 3% by the state, and 3% by any local governmental subdivision.

Provisions of the Proposed Constitutional Amendment

Because of the many questions that have arisen about the wording of this proposed constitutional amendment, the entire text is shown

below for the benefit of the reader.

"Section 1. The Constitution of the State of Colorado is hereby amended by the addition of a new Article to read as follows:

STATE, SCHOOL AND LOCAL TAXATION

"Section 1. Limitations on Real Property Taxes for State and Local Subdivision Uses. Effective January 1, 1973, for the tax assessment year of 1973 and the tax collection year of 1974, no taxes may be levied for the future general or special purposes of schools upon real property, improved or unimproved, by the State of Colorado, its school districts, or any other of its governmental subdivisions created by law, provided that no limitation shall be set upon requirements established before the effective date for meeting the obligations of bonded indebtedness of such school districts. Additionally, for the tax assessment year of 1973 and all future years, no political subdivisions or combination of political subdivisions within the same county or area of the State may levy an ad valorem tax on real property that exceeds in anticipated revenue one and one-half per cent of the assessed value of that property which value shall be established by law to be the full market value of each parcel of property.

"Section 2. Establishment of State Property Tax Equalization Commission. The Governor, subject to the consent of the Senate, shall appoint a tax equalization commission of three members, to serve at his pleasure, who shall possess professional qualifications to assess all real properties within the State of Colorado on a uniform basis, who shall so assess such properties and who shall enforce such assessments and limitations established for revenues derived from taxation upon real property, improved and unimproved, within the State, effective January 15, 1975, and thereafter. The County Assessors, or their successors, elected or otherwise selected under the provisions of Article XIV, shall be the local administrative officers for the commission and shall be subject to the laws of the State and the rules and regulations of the commission in the performance of their duties, effective on and after January 15, 1975. Article X, Section 15 of this Constitution is repealed as of January 15, 1975, and all methods of review of tax equalization within the State or any of its subdivisions utilizing revenues from real property shall be established by law.

"Section 3. Use of Severance, Income and Sales Taxes by the State and its School Districts for the Public Schools. Effective January 1, 1974, severance taxes upon the production value of irreplaceable mineral resources removed from the earth in Colorado as provided in Section 4 of this Article, corporate income taxes as provided in Section 5 of this

Article, personal income taxes as provided in Section 5 of this Article and taxes upon sales at retail from levies exceeding those required by Article XXIV, Sections 2 and 5 of this Constitution, together with taxes upon the sales of services which are hereby authorized, as provided in Section 6 of this Article, shall be levied in that order to replace revenue sources available to the several school districts prior to the effective date of this Section. All such taxes shall be collected by the State, for collection and redistribution of which to school districts there shall be established by law for all public school children from the age of three through the completion date of secondary or high school education a State School Fund. Eighty-five percent (85%) of this Fund shall be distributed on an equal share basis to all school districts. Fifteen percent (15%) of this Fund shall be used to meet the special needs of school districts upon their respective petition to the State Board of Education, such needs to include consideration for economic, ethnic, demographic, cultural, vocational and similar needs that create special economic requirements for the district or the special programs of the district which petitions.

"Section 4. Severance Taxes on Irreplaceable Natural Resources for Public Schools. Effective January 1, 1974, for purposes specified in Section 3 of this Article, the State by law shall impose severance taxes on the gross market value at the point of severance of all minerals and all mineral fuels extracted in the State, less only reasonable costs of extraction, which taxes shall be in addition to any other taxes levied against the property, production value or income associated with the production of such minerals and mineral fuels. The levying and collection of such taxes, which shall be fixed by law at a rate not less than 10%, shall be administered by the director of revenue of the State and utilized in accordance with Section 3 of this Article.

"Section 5. State Taxes on Corporate and Personal Income for the Public Schools. For the purpose of providing additional revenues for the Fund established in Section 3 of this Article, the general assembly shall levy progressively graduated taxes on the net income of all corporations, foreign or domestic, doing business in the State and on the net personal income of all residents and non-residents earning income from investment or job sources in the State. Taxes on net corporate income shall be levied at rates ranging from five percent (5%) to a maximum of not less than ten percent (10%), provided that corporate net income in excess of two hundred thousand dollars ($200,000) shall in all cases be taxed at a rate of not less than ten percent (10%) and provided further that any corporation qualified by law to pay net corporate income taxes shall for the purposes of Section

3 of this Article pay said taxes or the tax provided in Article X, Section 11 of this Constitution, whichever is greater. Taxes on net personal income shall not allow the deduction of federal personal net income taxes paid and shall be levied at rates ranging from two percent (2%)to a maximum of not less than fifteen percent (15%) provided that the tax base for net income, to be defined by law, shall contribute to the progressivity of any rate schedule applied and provided further that personal net income in excess of twenty thousand dollars ($20,000) shall in all cases be taxed at a rate of not less than fifteen percent (15%).

"Section 6. Use of and Limitations upon Income and Sales Taxes by School Districts and Other Local Subdivisions of Colorado Government. No tax on sales by retail or on sales of services shall exceed three percent (3%) by the State and three percent (3%) by a local subdivision of government within the State, nor shall any combination of such taxes exceed the rate of six percent (6%), but in all cases such taxes shall be collected and redistributed to local subdivisions of government by the State. A school district may in addition to its total funding from State sources, levy a program enrichment tax to be collected and redistributed to the district by the State as a percentage of the personal income tax of any resident income taxpayer but not to exceed fifteen percent (15%) of any such resident's computed State tax in any calendar year. The State, by law, shall provide a reasonable credit for both State and local sales and service taxes against the State income tax payable by any resident of the State, whether or not said resident is liable for the payment of income tax, as a uniform refund for taxes assumed to be paid on sales relating to the purchase of off-sale food, medical supplies and services and essential clothing. Excise taxes on tobacco, alcoholic beverages and other items of luxury shall be set by law and are not under any limitations of this Article."

Comments

Among the many stated objectives which the sponsors of this amendment are striving to achieve, there are several that appear to be foremost: 1) to achieve a more progressive tax structure in the state and to curtail the over-reliance on the property tax; 2) to achieve equality of financing between school districts in order to eliminate the constitutional defect declared by the California Supreme Court; 3) to place a constitutional limit on the property tax on land and improvements that can be levied for any purpose; 4) to force the valuation of all land and improvements for tax purposes to be set at the full market value of the property; 5) to require state assessment of all land and improvements; 6) to place a constitutional

limit on the sales tax rate that can be levied by either state or local governments or a combination thereof (a total limit of 6%, 3% for local or overlapping subdivisions of government and 3% for the state); 7) to force the use of an income and severance tax structure to finance the operations of both schools and the state government; and 8) to authorize the expenditure of public funds so that three and four-year-old children may enter the public schools.

Conflict in the Distribution of Sales Tax Revenue. There are several very serious problems caused by the language of the proposed amendment. For example, Section 3 of the amendment creates a State School Fund and earmarks for deposit into this fund the proceeds of: 1) the newly-imposed severance tax on minerals and mineral fuels; 2) the corporate income tax at the higher rates specified; 3) the personal income tax at the higher rates specified; and 4) the state sales tax, extended to include services as well as commodities, but exclusive of the amount of the sales tax necessary to fund the old age pension programs of the state. Thus, the language of Section 3 allocates state sales tax revenue (other than that required for old age pensions) to the State School Fund for school finance purposes. However, Section 6 of the amendment provides that "...in all cases such taxes [referring to sales taxes] shall be collected and redistributed to local subdivisions of government by the State". Apparently, there is a conflict between the language of the two sections, since Section 3 allocates sales tax revenue to the State School Fund and Section 6 allocates the same revenue to local governments.

In an attempt to clarify this language, the Legislative Council has sought and received the assistance of the state Attorney General. The Attorney General has interpreted Section 6 to mean that all sales tax revenues, exclusive of funds necessary to fund old age pension programs, would have to be distributed to local governments. Thus, under this interpretation, no part of the sales tax would go into the State School Fund.

Meaning of "Equal Share Basis". Section 3 provides further that, once the proceeds of the above named taxes have been deposited in the State School Fund, 85% of the total amount "...shall be distributed on an equal share basis to all school districts".

The Attorney General has rendered his opinion that "Ordinary usage and clear meaning of the words 'equal share basis' require that each school district in Colorado receive an identical dollar amount". Thus, 85% of the total dollars in the State School Fund would be divided equally among the 181 school districts of the state. As a result, the Lake City School District in Hinsdale County would receive the same number of dollars to educate only 31 children as would the Denver School District to educate approximately 90,000 children.

Property Tax Replacement -- Financing Schools

Under the language of the proposed amendment, it appears that the major sources of state tax revenue will be earmarked for two specified purposes: 1) the sales tax, exclusive of old age pension program requirements, will be redistributed to local governments, and 2) the severance tax and the corporate and individual income taxes will be dedicated to the support of public schools. These interpretations could mean that the state would be in the position of having insufficient funds to operate colleges and universities; mental and correctional institutions; welfare and health programs; environmental protection programs; the judicial, executive, and legislative branches of state government; and many other functions of state government. However, the tax rates projected by the Department of Revenue (see below) do anticipate raising sufficient funds to operate all of state government.

In addition to earmarking the revenue sources listed above for the support of public schools, the amendment authorizes school districts to levy a surtax (up to 15%) on a resident individual's state income tax. The monies realized from this surtax would be used for program enrichment by the school districts.

The sponsors of this amendment disagree with the interpretations of the amendment's language made by the Attorney General. Consequently, they also disagree with the tax rates that are suggested (see below) to be necessary to finance the changes in the tax structure as contained in the amendment.

Projections of the Department of Revenue. Basing its calculations on the opinions of the Attorney General mentioned above and on a series of its own assumptions, the state Department of Revenue has concluded that to have implemented the proposed amendment in 1971 would have necessitated raising a total of $641 million from corporate and individual income taxes. This total would have been an increase of $486 million over the amount of income taxes actually collected by the state in 1971 and does not include the possible 15% surtax authorized for school districts. The school district surtax could yield $80 million.

In the same report, the Department of Revenue points out that $229 million in property taxes on land and improvements would be replaced. The obvious question is: why is there a difference between the $229 million of property taxes to be replaced and the $486 million increase in state income taxes?

The first item of difference is the addition of 3 and 4-year-old youngsters to the public school enrollment. The State Budget Office has estimated that there are approximately 70,000 such children in the state and that the resulting increase in public school costs could be approximately $100 million. Whether these youngsters are required to enroll or not and whether programs could or would be devised for them is problematical. Nevertheless, the potential expenditure is real.

Property Tax Replacement -- Financing Schools

The second item concerns the replacement of the revenue the state derived from the state sales tax in 1971, a total of $157 million which, under the terms of the amendment, would be redistributed to local governments.

Undoubtedly, were this state sales tax revenue distributed to local governments, additional property tax reductions might occur. These, however, would not necessarily be dollar-for-dollar reductions. The total property tax revenue of local governments in 1971 (other than for school purposes) amounted to approximately $150 million. Thus, the $157 million state sales tax revenue could conceivably eliminate the reliance on property taxes by local governments.

The Department of Revenue has developed a set of income tax schedules, both for corporations and individuals, using the minimum rate schedules contained in the proposed amendment as a starting point. The suggested rates necessary to raise the $641 million that would be required from the corporate and individual income taxes are as follows:

"Corporations

Net Income Over	But Not Over	Tax
$ 0	$ 25,000	5% of Net Income
$ 25,000	$200,000	$1,250 plus 15% of excess over $25,000 Net Income
$200,000		$10,000 plus 25% of excess over $200,000 Net Income

"Individuals

Net Taxable Income Over	But Not Over	Tax
$ 0	$ 1,000	2% of Net Taxable Income
$ 1,000	$ 2,000	$ 20 plus 5% of excess over $1,000
$ 2,000	$ 3,000	$ 70 " 8% " " " $2,000
$ 3,000	$ 4,000	$ 150 " 10% " " " $3,000
$ 4,000	$ 5,000	$ 250 " 13% " " " $4,000
$ 5,000	$ 6,000	$ 380 " 16% " " " $5,000
$ 6,000	$ 7,000	$ 540 " 18% " " " $6,000
$ 7,000	$ 8,000	$ 720 " 20% " " " $7,000
$ 8,000	$ 9,000	$ 920 " 22% " " " $8,000
$ 9,000	$10,000	$1,140 " 24% " " " $9,000
$10,000	$11,000	$1,380 " 27% " " " $10,000
$11,000	$12,000	$1,650 " 29% " " " $11,000
$12,000	$13,000	$1,940 " 32% " " " $12,000
$13,000	$14,000	$2,260 " 34% " " " $13,000
$14,000	$15,000	$2,600 " 37% " " " $14,000

"Individuals (Cont'd)

Net Taxable Income Over	But Not Over	Tax
$15,000	$16,000	$2,970 plus 39% of excess over $15,000
$16,000	$17,000	$3,360 " 42% " " " $16,000
$17,000	$18,000	$3,780 " 44% " " " $17,000
$18,000	$19,000	$4,220 " 47% " " " $18,000
$19,000	$20,000	$4,690 " 49% " " " $19,000
$20,000 and over		$5,180 " 51% " " " $20,000

"The corporation rate would, for 1971, have produced $107 million, and the individual rates $534 million for a combined total of $641 million which is the amount required."

These income tax rates, determined to be necessary by the Department of Revenue to implement this proposed constitutional amendment, would result in a Colorado corporate income tax rate more than twice as high as the rate in any other of the fifty states and in personal income tax rates almost equal to the individual income tax rates imposed by the federal government.

Fiscal Impact on Homeowners. The proposed amendment could result in a tax reduction for those homeowner families having incomes of $7,000 or less per year and in a tax increase for those homeowner families having incomes of $7,000 or more per year. The following examples are projections by the Department of Revenue of likely changes in total tax burden for income taxes and school property taxes.

Adjusted Gross Income	School Property, State Income, and Federal Income Taxes			
	Current Average	Proposed Average	Dollar Increase Or Decrease	Percent Increase Or Decrease
$ 3,000	$ 295	$ 173	- $ 122	- 41%
5,000	699	596	- 103	- 15
8,000	1,158	1,199	41	4
10,000	1,547	1,751	204	13
12,000	1,873	2,225	352	19
15,000	2,590	3,311	721	28
20,000	3,887	5,379	1,492	38
50,000	15,340	23,280	7,940	52

Fiscal Impact on Renters. Only the very lowest-income renters would realize any tax relief under the proposed amendment. Most renters currently pay indirect property taxes through their monthly rent. They could not, however, under the proposed amendment, anticipate reduced rental payments to correspond to the reduction in property taxes realized by their landlords. Further, they would pay higher income taxes under the amendment than would correspond-

ing categories of homeowners. The following examples, projected by the Department of Revenue, indicate likely income tax changes for renters.

Adjusted Gross Income	State and Federal Income Taxes			
	Current Average	Proposed Average	Dollar Increase Or Decrease	Percent Increase Or Decrease
$ 3,000	$ 152	$ 151	- $ 1	- 1%
5,000	536	602	66	12
8,000	1,000	1,218	218	22
10,000	1,378	1,772	394	29
12,000	1,695	2,255	560	33
15,000	2,406	3,355	949	39
20,000	3,682	5,456	1,774.	48
50,000	15,179	23,470	8,291	55

(NOTE: The renters' chart and the homeowners' chart are not comparable, since the tax burden figures in the homeowners' chart include school property taxes and those in the renters' chart do not.)

Popular Arguments For

1. The property tax is a regressive and unfair means of financing the education of children. Two-thirds of all the money spent on public education through the 12th grade comes from taxes on property, but because property values are not equally distributed in the state, unequal educational opportunities for young people exist. Courts throughout the nation are attacking the principle of school finance through property taxation. This amendment would substitute a new means of financing education, based primarily on income taxes, and would eliminate the property tax as a source of revenue for the support of schools.

2. Each year, irreplaceable minerals and mineral fuels are extracted from the earth, and very little public revenue is derived from this extraction. This proposal places a minimum 10% severance tax on the extraction of these irreplaceable resources for the benefit of all the people in the state.

3. Individual taxpayers are currently taxed through the state income tax at a progressive rate. On the other hand, corporate profits are taxed at a flat rate. This proposed amendment would increase the individual income tax rates on those who have higher incomes and who are most able to pay, and it would put corporations on a graduated tax rate schedule.

4. Elected state officials have had numerous opportunities in recent years to correct the problems related to the property tax and the financing of public education but have consistently failed to do so. The state has accumulated a sizeable surplus of funds as a result of an expanding tax base without resorting to tax rate increases. In contrast, local government officials, and particularly school boards, which must rely on a much slower growing property tax base, have had to increase annually the tax rates on property owners.

5. It has long been recognized that there are many inequities in the way property assessments are determined. With elected county assessors in 62 counties, there are 62 different approaches to assessing property. Studies conducted over the years have proved beyond doubt that inequities are prevalent throughout the state. This proposal places the responsibility in a state commission (made up of professionally qualified people to be appointed by the Governor) to improve the chance that equitable assessments throughout the state will be achieved.

6. This proposal places a limit on the amount of sales tax that can be levied by the state and its local government units, in order to avoid replacing the regressive property tax with still another regressive tax. It also provides for the extension of the sales tax to services, in order to tax those most able to pay the tax, since it is the wealthier who have money to spend on services as opposed to the necessities of life such as food and clothing.

7. The proposal permits school boards to levy an income tax surcharge on the state income tax. This surcharge is to be used for local educational enrichment programs. One of the basic strengths of the educational system in this nation has been the initiative and imagination of local school units in developing new programs for better educating young people. The income tax surcharge will permit such ongoing experimentation.

Popular Arguments Against

1. The economy of the State of Colorado is the envy of the nation. While the unemployment rate has been relatively high in other parts of the country, Colorado's rate has been less than half the national rate. The favorable tax climate existent in Colorado has resulted in unparalleled growth and has resulted in the creation of many new jobs for its citizens and in substantial stability in state tax rates for nearly a decade. The amendment is likely to upset that economy to an extent yet unknown.

2. Detailed tax policy should not be written into a state constitution; this is a proper function of the legislative process. Public finance experts have long opposed earmarking of revenue sources for specific purposes, yet this proposal earmarks every

major tax source to a specific purpose and leaves little discretion with the elected legislative bodies of state and local governments.

3. This proposal may result in reductions in property taxes, but in order to achieve that reduction, replacement revenues will result in the highest state income tax rates on individuals and corporations in the nation. It is estimated by the state Department of Revenue that the corporate tax rate necessary would be twice as high as that imposed by any other state in the nation and that the individual income tax rates necessary to provide replacement revenues would be equivalent to federal income tax rates. These kinds of income tax rates would force companies and individuals to seek better tax climates elsewhere.

4. One of the basic strengths of our educational system has been local control. Since this proposal would result in practically total state support of the public schools, it is obvious that the state would set the policies for local school boards. Thus, that basic strength would be lost.

5. On the basis of a study conducted by the state Department of Revenue, it is estimated that approximately 39% of the property taxes collected in Colorado are paid by corporations. The tax rate schedules suggested by the sponsors of this proposal would result in shifting a large share of that corporate tax burden to individuals. The existing tax structure is much more equitable than the tax structure which would result if the amendment is adopted.

6. Among those particularly burdened by the proposed amendment would be persons who rent their dwellings. It is entirely likely that the renter would receive no reduction in his rent, which now includes most if not all of the property tax. The renter would also pay a higher income tax. Although the imposition of a particular tax burden on renters may not have been an intent of the amendment, such a burden would almost certainly result if the amendment were adopted.

7. Tax reform should be implemented only after careful study of the effects of change on the economic status of the state and its citizens. The economic climate of Colorado should not be endangered by the adoption of a taxation policy which might disrupt industry and, correspondingly, increase unemployment.