

AGENDA ITEM SUMMARY

FORT COLLINS CITY COUNCIL

ITEM NUMBER: 20

DATE: August 16, 2005

STAFF: Marc Radtke

SUBJECT

Resolution 2005-090 Expressing City Council Support for Referenda C and D, "The Colorado Economic Recovery Plan."

RECOMMENDATION

This resolution is consistent with Council policy as stated in the Legislative Policy Agenda that supports increased state funding for Colorado State University, Front Range Community College and transportation.

Staff recommends adoption of the Resolution.

EXECUTIVE SUMMARY

As a result of months of negotiations between the legislature and the governor, the Colorado General Assembly has forwarded two ballot issues to the electorate this November 1. The referenda follow taxation provisions set forth under Article X, Section 20 of the Colorado Constitution, also known as The Taxpayer Bill of Rights (TABOR). Referenda C and D are referred statutes that do not change TABOR, since TABOR can only be changed through a constitutional amendment.

BACKGROUND

Referendum C

Referendum C allows the state to retain and spend all revenues collected during the next five years. This is not a tax increase, but a measure consistent with TABOR that allows the state to retain all revenue it receives from the current tax rates. In slang terms this has come to be known as "de-Brucing."

Additional monies retained due to the passage of Referendum C can be spent only for the funding of higher education, K-12 education, health care and repayment of Referendum D bonds (see below).

Passage of Referendum C will eliminate for five years the resumption of the TABOR refunds that appeared on tax returns during the late 1990s. This does not affect income tax refunds for overpayment of withholding. Those refunds will continue as usual.

Referendum C mitigates the "ratchet effect" of TABOR -- the provision that allows the state general fund spending limit to fall at the same rate as revenues decrease, but to increase only at the rate of inflation plus

population growth. Referendum C allows the state to retain a capped amount of additional funds beyond 2010 by “rebasings” the spending limit to the year with the highest revenues between 2005-2010; then it resumes increases at inflation plus population growth.

Referendum D

Referendum D is a bond issue that authorizes up to approximately \$2 billion in bonds to be issued. Proceeds will support transportation projects (\$1.2 billion), the police and fire pension program (\$175 million), K-12 capital construction (\$147 million) and higher education building maintenance (\$50 million).

Referendum D temporarily reduces the state income tax rate in 2010 from 4.63% to 4.5% if adequate revenue is available at that time.

Among the transportation projects to be funded by the Referendum D is the widening of I-25 to six lanes northward from the Dacono exit as far as State Highway 119, the Longmont exit.

Higher education dollars in Referendum D will be applied to controlled maintenance on Colorado campuses. These are major repair projects such as roof and mechanical system replacement.

Local Impacts

The City of Fort Collins is concerned with the state budget crisis because the local impact of state cutbacks has been significant.

Colorado State University and Front Range Community College have faced extensive cuts in state funding. Passage of Referendum C will help to restore that lost funding. Colorado State has lost 29.8% of its state general fund support since 2001 – a loss of about \$160 million. The Community College system, which includes Front Range, has lost 35.3% of its state general fund support since 2001.

If relief for the state budget is not approved, it is estimated that all of state funding for higher education will be cut by 2010.

The state transportation department has lost all of its state general fund support since 2001 and half of its gasoline tax revenue is committed to repaying TRANS bonds.

Colorado Department of Revenue cuts have closed the Loveland and Estes Park driver’s license bureau offices, crowding the sole remaining Larimer County site in Fort Collins.

Youth diversion programs that serve Fort Collins under-age offenders have suffered severe cut-backs. Reductions in health care support programs for children, expectant mothers and those needing mental health care have impacted Fort Collins families.

To date, state budget writers have spared citizens from much of the TABOR “ratchet effect” impact through the use of one-time dollars to prop up on-going operations. They have nearly exhausted these sources. Without passage of Referendum C the state budget will suffer severe additional cuts in the coming three to four years.

RESOLUTION 2005-090
OF THE COUNCIL OF THE CITY OF FORT COLLINS
EXPRESSING CITY COUNCIL SUPPORT FOR REFERENDA C AND D,
“THE COLORADO ECONOMIC RECOVERY PLAN.”

WHEREAS, Fort Collins voters have the opportunity in November to advance the quality of life and economic health of Colorado by voting in support of State Referenda C and D, known together as the Colorado Economic Recovery Plan; and

WHEREAS, Referendum C permits the state to retain excess revenues for five years and eliminates the “ratchet” effect of TABOR following economic downturns, without revising TABOR or raising tax rates; and

WHEREAS, Referenda C and D utilize the opportunity afforded voters by TABOR for the state to retain excess revenue in order to provide services in the same manner as Fort Collins voters have previously authorized for their City government.

WHEREAS, state funding of higher education, transportation and many other state services has been severely cut in the recent recession, and state spending cannot be restored to pre-recession levels without voter approval to benefit from the increase in state revenues; and

WHEREAS, the City of Fort Collins is home to Colorado State University and Front Range Community College, both institutions of higher education that face significant additional cuts in state funding if Referendum C is not passed; and

WHEREAS, both institutions contribute significantly to the Fort Collins economy through direct employment, job creation in our community, job training for youth and adults, lifelong learning opportunities, business supportive research, and citizen access to libraries, cultural and athletic events; and

WHEREAS, Colorado State University and Front Range Community College will benefit from capital maintenance projects to be funded if Referendum D is passed; and

WHEREAS, the major transportation corridor linking Fort Collins with both Denver and Denver International Airport will benefit from improvements to be constructed if Referendum D is passed: and

WHEREAS, Referendum D would accelerate construction and other capital expenditures for transportation, education facilities, and police and fire retirement plans through the issuance of voter approved bonds; and

NOW, THEREFORE, BE IT RESOLVED BY THE COUNCIL OF THE CITY OF FORT COLLINS as follows:

Section 1. That the Council supports adequate state funding for Colorado State University, Front Range Community College and the statewide system of public higher education.

Section 2. That the Council also supports improvements to Colorado's transportation infrastructure.

Section 3. That, for the foregoing reasons, the Council strongly supports the passage of Referenda C and D, and urges the registered electors of the city to vote in favor of Referenda C and D on the November 1, 2005 election ballot.

Passed and adopted at a regular meeting of the City Council held this 16th day of August , A.D. 2005

Mayor

ATTEST:

City Clerk