Colorado Legislative Council Staff

Amendment T

FISCAL IMPACT STATEMENT

Date: September 1, 2016 **Fiscal Analyst:** Anna Gerstle, 303-866-4375

BALLOT TITLE: NO EXCEPTION TO INVOLUNTARY SERVITUDE PROHIBITION

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
State Revenue		
Cash Funds	Potential increase.	
State Expenditures	Potential workload increase.	
TABOR Impact		Potential increase.

Summary of Measure

Amendment T removes language that currently allows slavery and involuntary servitude to be used as punishment for the conviction of a crime.

Background

Definitions. Slavery is defined by Black's Law Dictionary as a situation in which one person has absolute power over the life, fortune, and liberty of another person. The U.S. Supreme Court defined involuntary servitude as a condition of servitude in which one person is forced to work for another person by the use or threat of physical restraint or physical injury, or by the use or threat of coercion through law or the legal process.

Colorado and U.S. Constitutions. The 13th Amendment to the U.S. Constitution contains the same language that is currently in the Colorado Constitution, both of which prohibit slavery and involuntary servitude except as punishment for a crime. Many other states have the same or similar language in their state constitutions, while others do not contain language regarding slavery and defer to the U.S. Constitution. The appellate courts have ruled that work requirements resulting from a conviction of a crime are allowable under the U.S. and Colorado Constitutions.

Offender work practices in the criminal justice system. Offender work practices currently used in the Colorado criminal justice system may take the following forms:

- *Prison work requirements.* All eligible offenders are expected to work unless assigned to an approved education or training program. Offenders are not required to work, but those who refuse to participate may face a reduction or loss of privileges or a delayed parole eligibility date.

- *Community service.* A judge may sentence certain offenders to work a specific number of hours providing community service in addition to or in lieu of paying fines or incarceration. Community service can be a condition of probation and at times may be the only condition.
- *Probation.* The courts may require that an offender sentenced to probation maintain suitable employment and/or pursue employment-related education or vocational training. Probation is supervised by either the Judicial Department or the City and County of Denver. The probation supervision fee for the Judicial Department is currently $50 per month.

State Revenue

Beginning in FY 2016-17, Amendment T may impact state cash fund revenue to the Judicial Department. Should Amendment T be interpreted as prohibiting community service sentences as punishment for the conviction of a crime, it is possible that more fines may be imposed in place of community service and fewer probation fees may be collected from those currently sentenced to community service as the sole condition of probation. This analysis assumes that the overall impact will be minimal.

TABOR Impact

Amendment T may increase state cash fund revenue from fines, which may increase the amount of money required to be refunded under TABOR. TABOR refunds are paid out of the General Fund. No refund is expected in FY 2016-17.

State Expenditures

Beginning in FY 2016-17, Amendment T may impact the workload of several state departments. The Department of Law will handle any litigation regarding community service sentences and offender work programs, and the Department of Corrections may need to implement changes to work programs. The Judicial Department may experience an increased caseload due to legal challenges to current programs. In addition, it may experience a decrease in workload to supervise probation if fewer people are sentenced to probation as part of a community service sentence. The extent of these workload impacts will depend on the number of legal challenges and how Amendment T is interpreted by the courts.

Local Government Impact

Denver County Court. Amendment T may impact the revenue and expenditures for the Denver County Court, which is managed and funded by the City and County of Denver. There may be an increase in court costs and workload for any legal challenges regarding offender labor or community service within the jurisdiction, as well as a decrease in workload if fewer people are sentenced to probation as part of a community service sentence. In addition, it is possible that more fines may be imposed in place of community service and fewer probation fees may be collected from those currently sentenced to community service as the sole condition of probation. These impacts will depend on the number and outcomes of potential challenges, and therefore, the precise impact cannot be determined.

County jail costs. Amendment T may increase jail costs for local governments, to the extent that offenders are sentenced to jail instead of community service. The cost to house an inmate in a county jail varies from about $53 to $114 per day. The state reimburses county jails $52.74 per day to house state inmates. Because the courts have the discretion of incarceration or imposing a fine, the precise impact cannot be determined at this time.

Effective Date

Amendment T takes effect after the date of the official declaration of the vote by proclamation of the Governor, not later than 30 days after the votes have been canvassed.

State and Local Government Contacts

Corrections Law Judicial

Colorado Legislative Council Staff

Amendment U

FISCAL IMPACT STATEMENT

Date: September 1, 2016 **Fiscal Analyst:** Josh Abram, 303-866-3561

BALLOT TITLE: EXEMPT CERTAIN POSSESSORY INTERESTS FROM PROPERTY TAXES

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
State Revenue		
State Expenditures General Fund	(See discussion in the State Expenditures and School District Impact sections.)	
Future Year Impacts: Ongoing reduction in local property tax collections. Potential ongoing increase in state share of school finance funding.		

Summary of Measure

The measure amends the state constitution to create an exemption from property taxation for possessory interests in real property.

If approved by voters, Amendment U exempts a possessory interest from property taxation if the actual value of the interest is less than or equal to $6,000 beginning in property tax year 2018. Beginning with tax year 2019, the amount of the exemption is increased biennially by the amount of inflation. Possessory interests with an actual value greater than the specified exemption threshold are taxed at the full assessed value.

Background

A possessory interest is a private property interest in government-owned property, or the right to the occupancy and use of any benefit in government-owned property granted under lease or other agreement. Examples of taxable possessory interests in Colorado include private operation of a farm or ranch on government land, or the operation of a recreational activity (such as skiing) on government land that generates revenue for the private possessor.

State Expenditures

School Finance Act. There is no fiscal impact on state expenditures in the next two fiscal years. If approved by voters, this resolution is assumed to increase state expenditures under the School Finance Act by approximately $46,000 beginning with FY 2018-19. The state's share of public school total program funding will increase by the amount of local school operating property taxes foregone due to the amendment's exemption for possessory interests equal to or less than $6,000.

This fiscal note assumes an average school district mill levy for school finance of 20.6 mills, and that the General Assembly will not reduce total program funding under the School Finance Act by increasing the size of the negative factor in the affected fiscal years as a result of this measure. Expenditures for School Finance are primarily paid from the General Fund.

Local Government Impact

If approved by the voters, local governments that are not at their revenue limit will lose property tax revenue because of the resolution's provision to provide an exemption for specific possessory interests in real property. Beginning in FY 2018-19, local governments statewide will forego approximately $125,000 annually.

Of this amount, school districts could forego approximately $46,000 annually for school finance purposes if the General Assembly decides to increase the size of the negative factor in affected fiscal years strictly because of this measure. Increasing the size of the negative factor would essentially reduce the state's share of school funding that would otherwise be provided to "backfill" the local share of total program funding foregone as a result of Amendment U.

For local governments that consistently reach their revenue limit due to high assessed value growth, the impact of the bill will be felt through smaller decreases in the mill levy. For these governments, a portion of the money that would have been received from possessory interests in real property will instead by spread out over the remaining tax bills in the form of higher mill levies than would have occurred otherwise. The fiscal note does not anticipate that the magnitude of the loss in nonresidential assessed value will trigger a reduction in the residential assessment rate.

In addition, minor cost savings will occur in some counties due to a lighter workload, as the number of possessory interest valuations would be reduced over time compared with the number currently being prepared. Counties will no longer have research expenses related to identifying and locating possessory interest holders, or for postage, notifications to tax payers, or various other administrative expenses to collect the tax.

Effective Date

The amendment takes effect after the date of the official declaration of the vote by proclamation of the Governor, not later than 30 days after the vote have been canvassed.

State and Local Government Contacts

Counties	County Clerk and Recorders	Local Affairs
Revenue		

Colorado Legislative Council Staff

Amendment 69

FISCAL IMPACT STATEMENT

Date: September 1, 2016 **Fiscal Analyst:** Bill Zepernick, 303-866-4777

BALLOT TITLE: STATEWIDE HEALTH CARE SYSTEM

Fiscal Impact Summary*	FY 2016-2017 *(Current year)*	FY 2017-2018	FY 2018-2019	FY 2019-2020
ColoradoCare Revenue	**$0**	**$2.0 billion**	**$2.0 billion**	**Up to $36.2 billion**
Tax Revenue	0	2.0 billion	2.0 billion	25.0 billion
State/Federal Funds**	0	0	0	up to 11.2 billion
ColoradoCare Expenditures	**$0**	**Up to $2.0 billion**	**Up to $2.0 billion**	**Up to $36.2 billion**
State Revenue		Potential increase or decrease.		
General Fund		See State Revenue section.		
State Expenditures	**$4,273,989**	**$19,535,972**	**$24,629,508**	**($147,298,523)**
General Fund	3,860,204	9,344,305	12,060,108	(55,333,562)
Cash Funds	0	4,534,825	4,761,566	(44,471,187)
Federal Funds	126,532	5,162,160	7,157,040	(47,764,333)
Centrally Approp. Costs	287,253	494,682	650,794	270,559
FTE Position Change	22.2 FTE	38.3 FTE	51.3 FTE	51.3 FTE

* *Revenue and expenditure impacts for the state government and for ColoradoCare are shown separately.*
** *State and federal funds transferred to ColoradoCare represent projected funding for Medicaid, various other state health care programs, and federal premium tax credits. FTE position change for state employees in FY 2019-20 does not include reductions in FTE for health program funding transferred to ColoradoCare.*

Summary of Measure

Amendment 69, if enacted by voters, establishes ColoradoCare as a new political subdivision of the state to operate as a statewide system to finance health care services for Colorado residents. The measure establishes a board of trustees, initially appointed and then elected, to govern and oversee the operations of ColoradoCare. The board of trustees is required to seek federal waivers necessary to implement ColoradoCare and ColoradoCare operations may be terminated by the board if the federal government does not grant approval sufficient for its fiscally sound operation. Amendment 69 creates new taxes on most sources of income, redirects existing state and federal health funding to pay for the services and administration of ColoradoCare, and exempts ColoradoCare from constitutional limits on revenue. If fully implemented, ColoradoCare will pay for covered health care services for Coloradans who do not have other forms of health coverage and will provide supplemental coverage to persons who have other coverage.

ColoradoCare Revenue

Total revenue to ColoradoCare is estimated to be **$2.0 billion per year in FY 2017-18 and FY 2018-19, and $35.6 billion in FY 2019-20.** The majority of this revenue is from new taxes on most forms of Colorado-based income. Once ColoradoCare is fully operational, it will also receive state and federal funds that are currently used to operate state and federally funded health programs. These revenue streams to ColoradoCare are summarized below.

Tax revenue. Amendment 69 establishes new taxes at initial tax rates beginning in FY 2017-18. New taxes will increase to the full rates 30 days before ColoradoCare assumes responsibility for health care payments in the state, which is assumed to be in FY 2019-20. The initial and full tax rates are summarized in Table 1 below.

Table 1. New Taxes and Tax Rates Under Amendment 69

	Initial Tax Rates	Full Tax Rates
Wage Income		
Employee Tax Rate	*0.3%*	*3.33%*
Employer Tax Rate	*0.6%*	*6.67%*
Total	**0.9%**	**10.0%**
Non-wage Income	**0.9%**	**10.0%**

At initial rates, the new taxes are expected to generate $2.0 billion per year in FY 2017-18 and FY 2018-19. Assuming ColoradoCare begins health care payments on August 1, 2019, taxes will increase to the full rates on July 1, 2019, resulting in tax revenue of $25.0 billion in FY 2019-20. These estimates are based on 2012 state individual income tax revenue data provided by the Colorado Department of Revenue, which were grown by projected Colorado population and income growth to arrive at revenue estimates for FY 2017-18 and beyond. Revenue estimates were adjusted to account for the assumed shift in taxable income resulting from businesses who are expected to no longer claim tax deductions for business expenses related to employee health insurance premiums. Adjustments were also made for the limits on taxable income for single- and joint-filers included in the measure ($350,000 and $400,000, respectively, grown by projected Denver-Boulder-Greeley consumer price index inflation).

These revenue estimates assume that ColoradoCare follows governmental accounting standards, where revenue is accrued to the period of time in which the income that is taxed was generated and weighted based on the tax rates at that time. The timing of revenue by fiscal year may differ from these estimates depending on the date that the full rates take effect, how the taxes are administered by the Department of Revenue, and any accounting adjustments made.

State and federal funds. Assuming full implementation in FY 2019-20, ColoradoCare will receive up to $11.2 billion in state and federal funds that are currently used to pay for various health care programs, such as Medicaid. Of this amount, up to $10.9 billion is from funding currently used for state health programs, and up to $300 million is from redirecting federal funds currently used to provide premium tax credits to persons purchasing health insurance through the state health insurance exchange. Receipt of many of these funds and the exact amount of funding transferred to ColoradoCare are contingent upon Colorado receiving necessary federal waivers and approvals, including various Medicaid waivers and a Section 1332 State Innovation Waiver under the federal Patient Protection and Affordable Care Act (PPACA). Depending on the terms and conditions of the federal waivers, the amount of state and federal funds transferred to ColoradoCare will likely be between $7.6 billion and $11.2 billion.

Amendment 69 also establishes a maintenance of effort requirement for the state to transfer at least as much state funding for health care programs, after adjusting for inflation and population growth, as was appropriated in FY 2015-16. Table 2 shows the estimated maximum amount of state and federal funds that will be transferred to ColoradoCare if fully implemented in FY 2019-20. For state agency transfers, the amounts are based on FY 2016-17 appropriations, grown by 5 percent per year to account for population growth and inflation. For the premium tax credit, the amount is based on 2015 tax credits, adjusted for anticipated increases in allowable tax credits on the state health insurance exchange. This fiscal impact statement does not include an estimate of out-of-pocket expenses paid by persons receiving coverage through ColoradoCare, as this money does not flow through ColoradoCare and instead is paid to health care providers directly.

Table 2. Transfers of State and Federal Funds to ColoradoCare, FY 2019-20
(in Millions of Dollars)

Agency / Program	General Fund	Cash Funds	Reapprop. Funds	Federal Funds	Total Funds
Department of Health Care Policy and Financing	$3,080.0	$1,140.3	$14.4	$6,253.2	$10,487.9
Department of Human Services	156.9	15.8	11.1	60.7	244.5
Department of Public Health and Environment	13.9	6.3	5.2	81.8	107.1
Department of Corrections	91.2	0.3	0.0	0.0	91.5
Federal Premium Tax Credit Funds	300.0	0.0	0.0	0.0	300.0
TOTAL	**$3,642.0**	**$1,162.7**	**$30.7**	**$6,395.7**	**$11,231.0**

ColoradoCare Expenditures

Based on available revenue, ColoradoCare is projected to spend or place into reserve **up to $2.0 billion in FY 2017-18 and future years until fully implemented**. Colorado will have expenditures **up to $36.2 billion in FY 2019-20**, assuming full implementation in that year. The potential costs in the initial years and the costs following full implementation of ColoradoCare are described below.

Initial costs. Initially, ColoradoCare will have costs to seek federal approval and waivers, procure information technology systems, develop operating procedures, hire staff, lease office space, and conduct board elections. It is assumed these costs can be covered by tax revenue to ColoradoCare under the initial tax rates created by the measure, which will generate approximately $2.0 billion per year. The initial spending by ColoradoCare is expected to be less than the total revenue available and it is assumed that a significant portion of revenue will be placed in capital and operating reserves, rather than spent, prior to full implementation of ColoradoCare. The exact spending levels will depend on numerous decisions made by the ColoradoCare board of trustees.

Full implementation costs. ColoradoCare will have costs of up to $36.2 billion in FY 2019-20, assuming full implementation occurs in that year, based on estimated revenue available to ColoradoCare. Spending by ColoradoCare will include making health payments for covered Coloradans and administrative expenses. The amount of spending by ColoradoCare will depend on numerous factors, including the terms and conditions of federal waivers, the availability of funds, the payment rates to health care providers, and the operational decisions made by the ColoradoCare board of trustees. In the event revenue is less than estimated in the ColoradoCare Revenue section above, ColoradoCare will be required to reduce its expenditures or increase tax revenue. Reductions in expenditures could be achieved by limiting benefits, increasing the share of health care costs paid by covered individuals, or lowering payments to health care providers. Increasing tax revenue will require a vote by ColoradoCare's membership.

State Revenue

Amendment 69 may change state tax revenue, most of which is deposited into the state General Fund; however, the exact impact cannot be estimated at this time. This potential reduction comes from two sources. First, assuming most people covered by private health insurance discontinue private coverage when ColoradoCare coverage becomes available, insurance premium and corporate income taxes paid by health insurance carriers will decrease by at least $100 million per year once ColoradoCare is fully implemented. Based on the assumed start of date of ColoradoCare coverage, this impact would occur beginning in FY 2019-20.

Second, Amendment 69 may affect the amount of individual and corporate income subject to the existing 4.63 percent state income tax in several ways, which could both increase and decrease state tax revenue. For individuals and businesses, the amount of ColoradoCare taxes paid may be claimed as a tax deduction, which could reduce state tax revenue. However, a shift away from employer-based health insurance following implementation of ColoradoCare may increase taxable income for both individuals and businesses by eliminating health insurance premium payments that currently do not count as taxable income for individuals and that may be claimed as a business expense deduction by employers. Additionally, the changes to health benefits under the measure could affect employee wages, which could increase or decrease income tax revenue. The net change from these various impacts to individual and corporate income tax revenue will depend on several factors unique to individual businesses and households, including the amount of ColoradoCare taxes owed and the current cost of health care premiums, the amount of tax deductions claimed in any given year, and the net change in employee wages.

State Expenditures

Amendment 69 is estimated to increase state spending by **$4.3 million in FY 2016-17, $19.5 million in FY 2017-18, and $24.6 million in FY 2018-19.** State agencies will have net **savings of $147.3 million in FY 2019-20** if ColoradoCare is fully implemented. These costs and savings are summarized in Table 3 and discussed below.

Table 3. State Agency Expenditures Under Amendment 69				
Cost Components	**FY 2016-17**	**FY 2017-18**	**FY 2018-19**	**FY 2019-20**
Department of Revenue	**$3,736,829**	**$3,049,717**	**$3,869,311**	**$3,540,960**
Personal Services	1,014,536	1,571,803	2,152,935	2,152,935
FTE	18.7 FTE	31.3 FTE	44.3 FTE	44.3 FTE
Operating / Capital Outlay Expenses	164,969	29,735	42,085	42,085
Computer Programming / Software	1,520,000	200,000	200,000	200,000
Document Management	605,000	601,000	601,000	601,000
Legal Services	85,545	85,545	85,545	85,545
Leased Space	110,000	170,000	240,000	240,000
Centrally Appropriated Costs	236,779	391,634	547,746	219,395
Department of Regulatory Agencies	**$248,183**	**$404,978**	**$404,978**	**$390,154**
Personal Services	76,027	152,052	152,052	152,052
FTE	1.0 FTE	2.0 FTE	2.0 FTE	2.0 FTE
Operating / Capital Outlay Expenses	11,306	1,900	1,900	1,900
Legal Services	71,288	71,288	71,288	71,288
Contractors	75,000	150,000	150,000	150,000
Centrally Appropriated Costs	14,562	29,738	29,738	14,914
Department of Health Care Policy and Financing	**$288,977**	**$602,408**	**$602,408**	**$565,348**
Personal Services	184,402	368,803	368,803	368,803
FTE	2.5 FTE	5.0 FTE	5.0 FTE	5.0 FTE
Operating / Capital Outlay Expenses	25,890	4,750	4,750	4,750
Legal Services	42,773	85,545	85,545	85,545
Contractors	0	70,000	70,000	70,000
Centrally Appropriated Costs	35,912	73,310	73,310	36,250
Office of Information Technology	**$0**	**$0**	**$3,500,000**	**$0**
Computer System Modifications	0	0	3,500,000	0
All State Agencies	**$0**	**$15,478,869**	**$16,252,811**	**($151,794,985)**
ColoradoCare Payroll Taxes	0	15,478,869	16,252,811	189,710,939
Employee Health Insurance	0	0	0	(341,505,924)
TOTAL	**$4,273,989**	**$19,535,972**	**$24,629,508**	**($147,298,523)**

Department of Revenue. The Department of Revenue will have costs to implement and administer the new payroll and income tax created by Amendment 69 totaling $3.7 million in FY 2016-17 (current fiscal year), $3.0 million in FY 2017-18, $3.9 million in FY 2018-19, and $3.5 million in FY 2019-20 and future years. Initially, 18.7 FTE will be required in FY 2016-17, with the required staff increasing to 44.3 FTE in FY 2018-19 and beyond. As shown in Table 3, the Department of Revenue will also have costs to make computer system changes, purchase software licenses, utilize document management services from the Department of Personnel and Administration, obtain legal services from the Department of Law, and lease office space for new staff. These costs will be paid from the General Fund.

Department of Regulatory Agencies. The Department of Regulatory Agencies will have costs totaling $248,183 and 1.0 FTE in FY 2016-17, $404,978 and 2.0 FTE in FY 2017-18 and FY 2018-19, and $390,154 and 2.0 FTE in FY 2019-20 to assist in federal waiver applications and to oversee the transition of the state insurance market to ColoradoCare. Costs include additional staff in the Division of Insurance, legal services from the Department of Law, and contract consultant costs to conduct studies and facilitate stakeholder and rulemaking processes involving insurance companies, ColoradoCare, and consumers. In the long term, the Division of Insurance may require fewer staff once ColoradoCare is fully implemented, but any impact would depend on the state of the private health insurance market and required regulatory workload to oversee insurance carriers operating in the state. These costs will be paid from the Division of Insurance Cash Fund. However, for simplicity, this fiscal analysis shows the cost as General Fund expenditures given that spending from the Division of Insurance Cash Fund diverts moneys from the General Fund.

Department of Health Care Policy and Financing. The Department of Health Care Policy and Financing will have costs of $288,977 and 2.5 FTE in FY 2016-17, $602,408 and 5.0 FTE in FY 2017-18 and FY 2018-19, and $565,348 and 5.0 FTE in FY 2019-20. As shown in Table 3, these costs are for additional staff to assist in Medicaid waiver applications to implement ColoradoCare, legal services, and contract consultant services. Cost may be higher than this estimate if the Department of Health Care Policy and Financing is required to conduct actuarial analyses as part of the waiver applications. At this time, it is assumed that ColoradoCare would pay any waiver costs beyond those listed here, but this assumption depends on implementing legislation, decisions by the federal government about waiver processes, and agreements with ColoradoCare. Reductions in FTE in FY 2019-20 following the transfer of health funding from the Department of Health Care Policy and Financing to ColoradoCare have not been estimated at this time and will be addressed through the budget process.

Office of Information Technology. The Office of Information Technology will have costs of $3.5 million in FY 2018-19 to make modifications to the Colorado Benefits Management System (CBMS) associated with shutting down the health insurance exchange and transferring various function to ColoradoCare. This is a preliminary estimate and the exact costs will depend on the nature of any Medicaid waivers received and how duties and responsibilities concerning Medicaid client eligibility are allocated between the Department of Health Care Policy and Financing and ColoradoCare. Given the uncertain nature of the work required, this analysis assumes that information technology costs will be evenly split between General Fund and federal funds. However, a higher matching rate may be available with federal approval. This work is assumed to occur one year prior to ColoradoCare assuming responsibility for health care payments in Colorado.

ColoradoCare payroll taxes. As employers, all state agencies will be required to pay the new ColoradoCare payroll taxes created by Amendment 69. At the initial tax rate, costs for all state agencies are estimated to be **$7.3 million in FY 2017-18** for a half-year impact and **$15.0 million in FY 2018-19.** Once the full tax rate takes effect, costs for additional state agency payroll taxes will increase to **$172.3 million in FY 2019-20.** These costs will be split between General Fund, cash funds, and federal funds based on each agency's existing sources of funding for personnel. In this analysis, the funding source for the payroll tax is estimated using the overall funding split for all state spending in the FY 2016-17 Long Bill.

State employee insurance. When ColoradoCare is fully implemented, state agencies will have savings of up to **$341.5 million in FY 2019-20** from eliminating state payments for employee health insurance. This estimate is based on FY 2016-17 employee insurance costs grown by 5 percent per year and prorated for 11 months in FY 2019-20 based on the assumption ColoradoCare coverage begins August 1, 2019. As with payroll taxes, the funding source for this reduction is estimated using the overall funding split for all state spending in the FY 2016-17 Long Bill.

Department of Personnel and Administration. Amendment 69 affects the Department of Personnel and Administration in several ways. The Division of Central Services will have document process costs associated with administration of the new tax that are paid using reappropriated funds from the Department of Revenue. In addition, the Office of Administrative Courts will likely have a significant reduction in caseload from eliminating Medicaid appeals if ColoradoCare is enacted. The number of workers' compensation appeals heard in the administrative courts may also decrease. Workload will also decrease in the Division of Human Resources once it is no longer required to manage state employee group health insurance. The exact staffing impacts cannot be estimated at this time and will be addressed through the annual budget process if ColoradoCare is enacted.

Required transfers to ColoradoCare. Beginning in FY 2019-20, assuming ColoradoCare is fully implemented, the state will be required to transfer up to $10.9 billion to ColoradoCare in lieu of operating health programs, such as Medicaid. The exact amount transferred will depend on the terms of federal waivers granted and will likely range from $7.3 billion and $10.9 billion. As shown in Table 2, this funding will come primarily from the Department of Health Care Policy and Financing, as well as the various other departments. While these agencies will have reduced expenditures, the state will have an ongoing obligation to provide this funding to ColoradoCare. Thus, no direct savings result to the state from elimination of these programs. However, given the reductions in FTE associated with these programs, state agencies will likely have administrative savings in terms of human resource management, accounting, and other areas. It is assumed these savings will be identified and addressed in the budget process as they occur.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this measure are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills. The centrally appropriated costs subject to this policy are summarized in Table 4.

Table 4. Centrally Appropriated Costs Under Amendment 69

Cost Components	**FY 2016-17**	**FY 2017-18**	**FY 2018-19**	**FY 2019-20**
Employee Insurance (Health, Life, Dental, and Short-term Disability)	$178,150	$307,167	$411,207	$30,972
Supplemental Employee Retirement Payments	109,103	187,515	239,587	239,587
TOTAL	**$287,253**	**$494,682**	**$650,794**	**$270,559**

Statutory Public Entity Impact

Amendment 69 most directly affects three statutory public entities - ColoradoCare, the newly created entity under the measure; Connect for Health Colorado, the state's health insurance exchange; and Pinnacol Assurance, the state-chartered workers' compensation insurer-of-last-resort. The revenue and expenditure estimates for ColoradoCare are discussed above. The impact on Connect for Health Colorado, Pinnacol Assurance, and all statutory public entities generally are described below.

Connect for Health Colorado. When ColoradoCare becomes fully operational, Connect for Health Colorado will no longer operate as the state's health insurance exchange under the PPACA, assuming a State Innovation waiver is received. This will eliminate expenditures of approximately $40 million per year by Connect for Health Colorado, which is funded through fees assessed on health insurance carriers, tax-deductible donations by insurance carriers, and grants. Connect for Health Colorado does not receive any General Fund appropriations. In addition, Connect for Health Colorado will have costs between $5 million and $10 million over a two-year period to wind down operations and fulfill various contractual obligations, which will be paid out of existing revenue streams to Connect for Health Colorado, unless legislation is enacted to assist in paying for these costs.

Pinnacol Assurance. Pinnacol Assurance is the state-chartered insurer-of-last-resort for workers' compensation insurance and provides coverage to over half of Colorado employers. Under Amendment 69, Pinnacol Assurance will no longer be required to provide medical coverage through its workers' compensation policies. This will reduce its obligations to pay for workers' medical claims. The indemnity portion of workers' compensation policies, which pays for lost wages and other benefits, will remain under the purview of Pinnacol Assurance.

All statutory public entities. As employers, all statutory public entities created in Colorado law will initially have increased costs due to the new payroll tax created under Amendment 69. If ColoradoCare is fully implemented and statutory public entities choose to discontinue payments for employee health insurance through private insurance carriers, net savings may result. Among the many statutory public entities affected by the measure, examples include the Public Employee Retirement Association (PERA), the Colorado Housing and Finance Authority, and Pinnacol Assurance.

Local Government Impact

Spending by cities, counties, special districts, and other local governments in Colorado will initially increase under the measure due to the new payroll tax created under Amendment 69. If ColoradoCare is fully implemented and local governments choose to discontinue payments for employee health insurance through private insurance carriers, net savings may result. County departments of human services may have decreased workload for processing Medicaid enrollments once ColoradoCare is fully implemented; however, any savings will depend on how ColoradoCare enrollment is implemented and the nature of Medicaid waivers received.

Effective Date

If approved by voters, the measure takes effect upon proclamation of the Governor within 30 days of the official canvas of the vote being completed.

State and Local Government Contacts

Connect for Health Colorado	Counties
Corrections	Education
Governor	Health Care Policy and Financing
Higher Education	Human Services
Labor	Law
Municipalities	Information Technology
PERA	Pinnacol Assurance
Personnel	Public Health and Environment
Regulatory Agencies	Revenue

Colorado Legislative Council Staff

Amendment 70

FISCAL IMPACT STATEMENT

Date: September 1, 2016 **Fiscal Analyst:** Amanda Hayden, 303-866-4918

BALLOT TITLE: STATE MINIMUM WAGE

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
State Revenue General Fund	See State Revenue section.	
State Expenditures General Fund Cash Funds	**At least $111,282** At least $35,000 At least $76,282	**At least $387,799** At least $70,000 At least $317,799

Summary of Measure

This measure proposes amending the Colorado Constitution to:

- increase the Colorado minimum wage from $8.31 to $9.30 per hour beginning January 1, 2017;
- increase the minimum wage annually by $0.90 per hour beginning January 1, 2018, until it reaches $12.00 per hour on January 1, 2020; and
- on January 1, 2021, and thereafter, adjust the minimum wage each year based on cost-of-living increases.

Background

In 2006, Colorado voters adopted an amendment to the state constitution that raised the minimum wage to $6.85 per hour on January 1, 2007, and required that the minimum wage be adjusted each year for inflation, as measured by the consumer price index. The Colorado Department of Labor and Employment sets the state's minimum wage each January. It is currently set at $8.31 per hour for most workers and $5.29 per hour for workers who receive tips.

State Revenue

This measure's impact on state revenue has not been estimated. The fiscal impact statement does not estimate how the measure will affect individuals' wages and the subsequent impact on tax collections nor does it estimate the overall impact to businesses and the economy. Such an estimate would rely on many secondary factors outside the scope of this analysis.

State Expenditures

This measure will increase state expenditures in FY 2016-17 by at least $111,282 and in FY 2017-18 by at least $387,799. Based on current job classifications and wages, most state workers earn more than the minimum wage. However, costs will increase for several state agencies, as discussed below.

Department of Agriculture (CDA). Between 400 and 500 temporary employees at the Department of Agriculture earn the minimum wage. The number of temporary employees and the number of hours they work varies from year to year. General Fund expenditures will increase in CDA by an estimated $35,000-$50,000 in FY 2016-17 and by $70,000-$100,000 in FY 2017-18.

Department of Corrections (DOC). Offenders working in the Department of Corrections' Prison Industry Enhancement program earn the minimum wage. This measure increases cash fund expenditures in DOC by an estimated $23,600 in FY 2016-17 and $71,614 in FY 2017-18.

Department of Health Care Policy and Financing (HCPF). Increasing the minimum wage may have an impact on individuals' Medicaid eligibility, as well as provider rates. These impacts depend on a broad number of factors and have not been calculated for this fiscal impact statement. To the extent that HCPF requires a change in appropriations, the fiscal impact statement assumes that the department will address this through the annual budget process.

Department of Higher Education (DHE). State universities and colleges often pay students employed in work-study positions less than $12.00 per hour and may see increases in expenditures for personal services. Wages for work-study jobs are paid through a combination of federal, state, institutional, and private funds. The need for additional funding under the measure may be addressed by increasing state funding, increasing student tuition or fees, reducing work-study hours, or any combination of these options. The actual state cost will depend on the options chosen by state agencies, schools, and the General Assembly.

Department of Human Services (DHS). DHS has 2 employees that currently earn less than $9.30 per hour and 14 that earn less than $10.20 per hour. Expenditures will increase in FY 2016-17 by approximately $739 and in FY 2017-18 by approximately $7,139.

Department of Natural Resources (DNR). Approximately 400 employees at DNR earn less than $9.30 per hour and an additional 400 earn less than $10.20 per hour. Cash fund expenditures will increase in FY 2016-17 by approximately $52,682 and in FY 2017-18 by approximately $246,185.

Local Government Impact

Expenditures will increase in FY 2016-17 for those local governments that currently pay workers less than $9.30 per hour and in FY 2017-18 for those that pay workers less than $10.20 per hour. The precise impact on local governments has not been estimated for this fiscal impact statement.

Effective Date

The measure takes effect January 1, 2017.

State and Local Government Contacts

All Departments	Counties	Municipalities
Special Districts	Statutory Public Entities	

Colorado Legislative Council Staff

Amendment 71

FISCAL IMPACT STATEMENT

Date: September 1, 2016 **Fiscal Analyst:** Kori Donaldson, 303-866-4976

BALLOT TITLE: REQUIREMENTS FOR CONSTITUTIONAL AMENDMENTS

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
State Revenue		
State Expenditures	**At least $4,120**	**Potential increase.**
Cash Funds	At least $4,120	Potential increase.

Summary of Measure

The measure proposes amending the Colorado constitution to add a requirement that signatures be collected statewide for citizen-initiated measures. It also proposes increasing the percentage of votes required to adopt changes to the constitution from 50 to 55 percent, except when a proposed amendment only repeals part of the constitution.

Background

In Colorado, citizens have the power to propose changes to the state constitution and statutes through the citizen-initiative process. Under this process, proponents must collect a certain number of signatures to place an initiative on the ballot. The state legislature may refer constitutional changes to the voters with a two-thirds vote of both houses. State statutes can be changed by the legislature without a vote of the people, but amending the constitution, whether by citizen initiative or legislative referendum, requires a majority of the votes cast in an election.

In order to place a citizen initiative on the ballot to change the constitution or state statutes, proponents must collect enough signatures to equal at least 5 percent of the votes cast in the most recent election for Secretary of State. In 2016, this requirement is 98,492 signatures. Proponents have up to six months to gather and submit signatures to the Secretary of State's Office for verification.

State Expenditures

The measure increases state cash fund expenditures for the Secretary of State's Office in FY 2016-17 by at least $4,120 to pay a contractor to make changes to the statewide voter registration and election database prior to the next statewide election. There may also be an increase in state expenditures if the Secretary of State's Office requires additional personnel to verify the statewide signature requirements for citizen initiatives created by the measure. These costs are indeterminate and will depend on the number of petitions submitted in any given year and the review process used by the Secretary of State.

Effective Date

The measure takes effect after the date of the official declaration of the vote by proclamation of the Governor, not later than 30 days after the votes have been canvassed.

State and Local Government Contacts

Secretary of State

Colorado
Legislative
Council
Staff

Amendment 72

FISCAL IMPACT STATEMENT

Date: September 1, 2016 **Fiscal Analyst:** Amanda Hayden, 303-866-4918

BALLOT TITLE: INCREASE CIGARETTE AND TOBACCO TAXES

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
State Revenue	**$149.5 million**	**$299.0 million**
General Fund	($1.9 million)	($4.5 million)
Cash Funds	$151.4 million	$303.5 million
State Expenditures	**$1,554,338**	**$14,274,494**
General Fund	$114,525	$54,201
Cash Funds	$178,886	$6,913,337
Centrally Appropriated Costs	$1,260,927	$7,306,956
FTE Position Change	1.8 FTE	101.7 FTE

Summary of Measure

Amendment 72 proposes amending the Colorado Constitution to increase the state tax on a pack of cigarettes from $0.84 to $2.59 and on other tobacco products from 40 percent to 62 percent of the price, beginning January 1, 2017. The amendment requires that new tax money be spent on health-related programs, medical research, doctors and clinics in rural or low income areas, and veterans' services.

Background

Colorado currently taxes cigarettes at a rate of 84 cents per pack and other tobacco products at 40 percent of the manufacturer's price. Half of the tax on other tobacco products and 20 cents per pack of the tax on cigarettes is deposited in the General Fund and appropriated at the discretion of the General Assembly. The remaining 64 cents per pack of cigarettes and the other half of the tax on other tobacco products are collected as a result of Amendment 35, which went into effect January 1, 2005. Tax revenue collected under Amendment 35 must be spent on health-related programs identified in the Colorado Constitution, including Medicaid, children's health care, tobacco education programs, and disease prevention and treatment.

State Revenue

Amendment 72 is expected to increase state tax revenue by $149.5 million in FY 2016-17 and by $299.0 million in FY 2017-18, the first full year in which the new tax will be in effect. Although new state tax revenue is estimated to be $315.7 million, the higher cost of cigarettes is expected to reduce tobacco consumption and revenue from existing taxes by $16.7 million. The net impact to state revenue under Amendment 72 is expected to be $299.0 million. New tax revenue under Amendment 72 will be credited to the State Treasury and appropriated to various state agencies for the purposes outlined in the measure.

Table 1 shows the expected FY 2016-17 and FY 2017-18 impact on each program.

Table 1. Current and Proposed Cigarette Tax Revenue by Program

	FY 2016-2017			FY 2017-2018		
	New Revenue	Existing Revenue	Net Impact	New Revenue	Existing Revenue	Net Impact
Amendment 35 Programs						
Children's Basic Health Plan & Medicaid	$13,069,980	($2,737,000)	$10,332,980	$16,560,000	($5,474,000)	$11,086,000
Comprehensive Primary Care	5,398,470	(1,130,500)	4,267,970	6,840,000	(2,261,000)	4,579,000
Tobacco Education Programs	4,546,080	(952,000)	3,594,080	5,760,000	(1,904,000)	3,856,000
Cancer, Cardiovascular, and Pulmonary Programs	4,546,080	(952,000)	3,594,080	5,760,000	(1,904,000)	3,856,000
Compensation of State and Local Governments	852,390	(178,500)	673,890	1,080,000	(357,000)	723,000
Amendment 72 Programs						
Research Grants	42,619,500	0	42,619,500	92,096,341	0	92,096,341
Tobacco Education and Prevention	25,256,000	0	25,256,000	54,575,610	0	54,575,610
Veterans Grants	22,099,000	0	22,099,000	47,753,659	0	47,753,659
Mental Health Grants	15,785,000	0	15,785,000	34,109,756	0	34,109,756
Construction and Improvement Grants	15,785,000	0	15,785,000	34,109,756	0	34,109,756
Student Loan Repayment	7,892,500	0	7,892,500	17,054,878	0	17,054,878
Other Distributions						
State General Fund		(1,691,000)	(1,691,000)		(3,382,000)	(3,382,000)
Local Governments	673,890	(459,000)	214,890	723,000	(918,000)	(195,000)

State Expenditures

Amendment 72 increases state expenditures by $1,554,338 in FY 2016-17 and by $14,274,494 in FY 2017-18. Costs will increase in the Departments of Health Care Policy and Financing, Public Health and Environment, and Revenue, as shown below.

Table 2. Expenditures Under Amendment 72		
Cost Components	**FY 2016-17**	**FY 2017-18**
Department of Health Care Policy and Financing		$66,561
Personal Services		$48,548
FTE		0.9 FTE
Operating Expenses and Capital Outlay Costs		$5,653
Centrally Appropriated Costs*		$12,360
Department of Public Health Care and Environment	$1,439,813	$14,207,933
Personal Services	148,958	$6,320,687
FTE	1.8 FTE	100.8 FTE
Operating Expenses and Capital Outlay Costs	$29,928	$542,735
Travel		$49,915
Centrally Appropriated Costs*	$1,260,927	$7,294,596
Department of Revenue	**$114,525**	
GenTax System Upgrades and Testing	$42,677	
Cigarette Tax Stamps	$68,248	
Form Updates	$3,600	
TOTAL	**$1,554,338**	**$14,274,494**

**Centrally appropriated costs are not included in the bill's appropriation.*

Department of Health Care Policy and Financing (HCPF). Beginning in FY 2017-18, Amendment 72 increases General Fund expenditures in HCPF by $66,561 and 1.0 FTE (prorated to 0.9 FTE in the first year). HCPF requires one FTE to administer grant revenue for construction, improvement, and new technologies for community health facilities.

Department of Public Health and Environment (CDPHE). Amendment 72 increases cash fund expenditures in CDPHE by $1,439,813 in FY 2016-17 and by $14,207,933 in FY 2017-18. CDPHE requires six FTE in FY 2016-17, prorated to 1.8 FTE to account for an April 1 start date, to begin building four new grant programs. FY 2017-18 expenditures include 100.8 FTE for these four new grant programs as well as expansion of existing programs. As specified by Amendment 72, CDPHE must expend revenue collected from the tax on research grants to study tobacco-related health issues; grants to improve health, find employment, and prevent homelessness for veterans; grants for child and adolescent mental health and substance abuse prevention and treatment; student loan repayment and training for health care professionals working in rural or underserved areas of the state; and education and prevention programs encouraging people to stop using tobacco. Expenditures for travel include site visits with grantees.

Department of Revenue (DOR). Amendment 72 increases one-time General Fund expenditures in the Department of Revenue by $114,525 in FY 2016-17. DOR requires 175 hours of programming to the GenTax computer system at $200 per hour and $7,677 for testing to ensure the system functions properly. As of January 1, 2017, DOR will have to destroy its current inventory of cigarette stamps and replace them with new stamps indicating the higher tax rates. The current inventory is valued at $68,248. Given that smuggling and counterfeiting of tax stamps can occur when states adopt tax increases, DOR may need to purchase new cigarette tax stamps with enhanced security measures. These costs have not been estimated yet, and the fiscal note assumes that DOR will request necessary funding through the annual budget process. Finally, three forms will require updating at a cost of $3,600, to be reappropriated to the Department of Personnel and Administration.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are estimated in the fiscal note for informational purposes and summarized in Table 3.

Table 3. Centrally Appropriated Costs Under Amendment 72

Cost Components	FY 2016-17	FY 2017-18
Employee Insurance (Health, Life, Dental, and Short-term Disability)		$817,813
Supplemental Employee Retirement Payments		$570,720
Indirect Costs		$3,936,823
Leased Space		$1,981,600
TOTAL		**$7,306,956**

Local Government Impact

The net impact on county and municipal revenues from Amendment 72 is a $214,890 increase in FY 2016-17 and a $195,000 reduction in FY 2017-18 and future years.

Counties and municipalities receive 27 percent of pre-Amendment 35 cigarette tax revenue. This revenue is expected to decrease by $459,000 in FY 2016-17 and by $918,000 in FY 2017-18. Amendment 35 revenues to local governments will be reduced but up to $1.08 million of Amendment 72 revenues will be used to offset these losses. The impact is expected to be a $673,890 increase in FY 2016-17 and a $723,000 increase in FY 2017-18.

Effective Date

Amendment 72 takes effect January 1, 2017.

State and Local Government Contacts

Health Care Policy and Financing
Revenue
Public Health and Environment

Colorado Legislative Council Staff

Proposition 106

FISCAL IMPACT STATEMENT

Date: September 1, 2016 **Fiscal Analyst:** Kerry White, 303-866-3469

BALLOT TITLE: ACCESS TO MEDICAL AID-IN-DYING MEDICATION

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
State Revenue	Potential increase.	
State Expenditures	**at least $27,874**	**at least $44,041**
Cash Funds	19,582	29,756
Centrally Appropriated Costs	8,292	14,285
FTE Position Change	0.3 FTE	0.5 FTE

Summary of Measure

This measure creates the "Colorado End-of-Life Options Act," which allows individuals with a terminal illness to request and self-administer medical aid-in-dying medication (medication). To be eligible to request medication, the individual must:

- be a Colorado resident aged 18 or older;
- be able to make and communicate an informed decision to health care providers;
- have a terminal illness with a prognosis of six months or less to live that has been confirmed by two physicians, including the individual's primary physician and a second, consulting physician; and
- voluntarily express his or her wish to receive the medication.

The measure sets forth requirements for requesting medication, witnessing requests for medication, processes for dispensing and receiving unused medication, and making referrals to a mental health professional. Physicians and pharmacists are not obligated to prescribe, dispense, or supervise the administration of the medication. Proposition 106 clarifies that self-administering medication does not affect an insurance policy, annuity, or advanced medical directive.

Liability and criminal penalties. Persons are not subject to civil or criminal liability of professional disciplinary action if they act in good faith and within the parameters of the measure. The measure does not limit civil or criminal liability for negligence, recklessness, or intentional misconduct by any person in the process. If a person uses medical aid-in-dying in a public place, a government entity may make a claim against the deceased person's estate to recover its costs. The measure creates new criminal penalties for altering or forging a medical aid-in-dying request; concealing or destroying a rescission of a request for medical aid-in-dying; or coercing or exerting undue influence to get another person to request or rescind a request for medical aid-in-dying.

Audits of records. Heath care providers that dispense medication are required to file a copy of the dispensing record with the Colorado Department of Public Health and Environment (CDPHE). The CDPHE is required to annually review a sample of records maintained by attending physicians in order to ensure compliance with the act. CDPHE is also required to compile and publish an annual statistical report of information related to dispensing records, but individual records are not available for public inspection.

State Revenue

Beginning in FY 2016-17, this measure may increase revenue by a minimal amount.

Criminal penalties. This measure may increase state cash fund revenue credited to the Fines Collection Cash Fund in the Judicial Department. The fine penalty for a class 2 felony is $5,000 to $1,000,000. Because the courts have the discretion of incarceration, imposing a fine, or both, the precise impact to state revenue cannot be determined. However, based on prior convictions, any fine revenue is likely to be minimal.

Reimbursements. To the extent that individuals participating in medical aid-in-dying die in a public place, the state may receive revenue to reimburse its costs. Any increase in revenue is minimal and will be credited to the fund used to pay those costs.

State Expenditures

This measure increases state expenditures by at least $27,874 and 0.3 FTE in FY 2016-17 and by at least $44,041 and 0.5 FTE in FY 2017-18 and future years. These costs are shown in Table 1 and described below.

Table 1. Expenditures Under Proposition 106

Cost Components	FY 2016-17	FY 2017-18
Personal Services	$14,641	$29,281
FTE	0.3 FTE	0.5 FTE
Operating Expenses and Capital Outlay Costs	4,941	475
Centrally Appropriated Costs	8,292	14,285
TOTAL	**$27,874**	**$44,041**

Assumptions. Consistent with data from the state of Oregon (which has a similar medical aid-in-dying process) and adjusted for population differences, this analysis assumes that between 120 to 150 persons will request medical aid-in-dying assistance each year. Because the process set out in Proposition 106 is voluntary, this analysis further assumes that state physicians, facilities, and health care programs, including Medicaid, will choose to opt out from participating in medical aid-in-dying.

Department of Public Health and Environment. The measure requires the Department of Public Health and Environment to adopt rules to collect information about health care provider compliance, collect certain medical information including dispensing records, and to prepare an annual statistic report. These activities require 0.5 FTE per year. First year costs are prorated to assume a January 1, 2017, start date. Costs include one-time capital outlay costs and ongoing operating costs.

Department of Corrections. Costs in the Department of Corrections may increase under the measure. To the extent that persons are convicted of either class 2 felony created by the measure and that penalty is greater than what they would have been charged with otherwise, costs will increase. For informational purposes, offenders placed in a private contract prison cost the state about $59.90 per offender per day, including the current daily rate of $55.08 and an estimated $3.88 per offender per day for medical care provided by the DOC. No impact is expected in the first year because of the estimated time for criminal filing, trial, disposition, and sentencing. This analysis assumes that any costs in future years arising under this measure will be addressed through the annual budget process.

Trial courts. This measure may affect trial courts within the Judicial Department to hear any criminal or civil liability cases, as well as any claims by a state or local government for damages resulting from an individual choosing to end his or her life in a public space. These workload impacts are assumed to be minimal and will not require an increase in appropriations.

Public defender costs. The measure may increase workload or costs for the Office of the State Public Defender and Office of Alternate Defense Counsel to provide representation for any persons subject to criminal prosecution and deemed to be indigent. The fiscal note assumes any such increases will be minimal and will not require an increase in appropriations for any agency within the Judicial Department.

Other state agency costs. Certain state departments, including Corrections, Human Services, and Health Care Policy and Financing, will have rule making and other costs associated with communicating with medical providers that medical aid-in-dying is not covered under the Medicaid program or available within state facilities. The Department of Regulatory Agencies may have workload increases in order to communicate with regulated professions concerning aspects of the measure, such as the return of unused medication, and with insurance companies. To the extent that an individual participating in medical aid-in-dying ends his or her life in a public space, such as a state park, costs will increase. The workload and costs associated with these tasks is assumed to be minimal and can be accomplished within existing appropriations.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. The centrally appropriated costs subject to this policy are estimated in the fiscal note for informational purposes and summarized in Table 2.

Table 2. Centrally Appropriated Costs Under Proposition 106

Cost Components	**FY 2016-17**	**FY 2017-18**
Employee Insurance (Health, Life, Dental, and Short-term Disability)	$2,007	$4,014
Supplemental Employee Retirement Payments	1,253	2,624
Indirect Costs	5,032	7,647
TOTAL	**$8,292**	**$14,285**

Local Government Impact

This measure will affect local governments in several ways. First, it may increase workload for district attorneys to prosecute any new criminal offenses under the measure. Second, training costs may be incurred for local governments that employ paramedics or other first responders. Third, similar to the state, local governments may need to incur costs to update rules and policies to communicate their intentions to participate or opt out of medical aid-in-dying at any hospitals, jails, or other facilities operated by the local government. Finally, if a person participating in medical aid-in-dying chooses to end his or her life in a public place, local governments may incur costs. To the extent that this occurs and the deceased person has assets, costs may be offset by an increase in revenue from the deceased person's estate. These impacts are assumed to be minimal.

Effective Date

The measure takes effect after the date of the official declaration of the vote by proclamation of the Governor, not later than 30 days after the votes have been canvassed.

State and Local Government Contacts

Corrections	District Attorneys
Health Care Policy and Financing	Human Services
Information Technology	Judicial
Law	Public Health and Environment
Regulatory Agencies	Sheriffs

Colorado Legislative Council Staff

Proposition 107

FISCAL IMPACT STATEMENT

Date: September 1, 2016 **Fiscal Analyst:** Bill Zepernick, 303-866-4777

BALLOT TITLE: PRESIDENTIAL PRIMARY ELECTIONS

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018	FY 2018-2019	FY 2019-2020*
State Revenue				**<$5,000**
Cash Funds				<5,000
State Expenditures			**$208,575**	**$2,694,155**
Cash Funds			208,575	$2,686,701
Centrally Appropriated Costs			0	7,454
FTE Position Change				0.6 FTE

** Presidential primary year.*

Summary of Measure

Proposition 107 establishes a presidential primary in Colorado that allows participation by unaffiliated voters. The Governor must set the date of the presidential primary election by September 1 in the year preceding a presidential election. The presidential primary election must be held no later than the third Tuesday in March, but no earlier than the date set in the major party rules before which states are penalized delegates to the national party convention. The presidential primary will be conducted in the same manner as other primaries and is the only issue that may be put to voters at the election. Proposition 107 does not impact the existing primary election in Colorado, held in June, for other state, federal, and local offices.

Under Proposition 107, voters are not required to affiliate with a political party in order to vote in the presidential primary election. Unaffiliated voters will automatically receive a combined ballot that shows all the available candidates for each political party. Unaffiliated voters may only vote for one political party's presidential candidate. If a voter selects candidates of more than one political party on the combined ballot, his or her ballot will not be counted.

County clerks will be responsible for administering the presidential primary election. The measure specifies that counties will be reimbursed for all costs by the state according to the same statutory formula used for reimbursing counties for conducting elections with a statewide ballot measure.

Background

Presidential nominees for major political parties are chosen by state delegates at each party's national convention. Delegates to the national convention are selected by each state based on the results of either a caucus or presidential primary election. Proposition 107 establishes a presidential primary election open to all registered voters in Colorado. Presidential primary elections were conducted in the state in 1992, 1996, and 2000. In other years, Colorado's political parties have selected delegates for nominating presidential candidates using a caucus system. Caucus participation is limited to voters who have affiliated with that political party at least two months prior to the caucus.

State Revenue

Proposition 107 increases state revenue by less than $5,000 every four years starting in FY 2019-20. The measure allows qualified candidates to pay a $500 fee in order to be placed on the presidential primary ballot rather than collecting signatures. It is assumed that the fee will be paid by less than 10 candidates per year and revenue will be deposited into the Department of State Cash Fund.

State Expenditures

Proposition 107 increases costs in the Secretary of State's Office (SOS) by $208,575 in FY 2018-19 and $2,694,155 and 0.6 FTE in FY 2019-20. These costs are summarized in Table 1 and discussed below. It is assumed all costs will be paid from the Department of State Cash Fund, with the exception of county reimbursement costs, which may be paid from either the Department of State Cash Fund or the General Fund.

Table 1. Expenditures Under Proposition 107

Cost Components	FY 2016-2017	FY 2017-2018	FY 2018-2019	FY 2019-2020
Personal Services				$29,458
FTE				0.6 FTE
Operating Expenses & Capital Outlay Costs				3,392
Information Technology Costs			$208,575	0
Petition Verification				13,200
Travel				10,000
County Reimbursement				2,630,651
Centrally Appropriated Costs*				7,454
TOTAL	**$0**	**$0**	**$208,575**	**$2,694,155**

** Centrally appropriated costs are not included in the bill's appropriation.*

Information technology costs. The SOS will have one-time costs of $208,575 in FY 2018-19 to make modifications to the statewide voter registration database (SCORE) and other ballot systems. This cost estimate is based on 2,025 hours of computer programing at a rate of $103 per hour. It is assumed this work will be conducted in FY 2018-19 in order to prepare for the 2020 presidential primary election.

Election staff. The SOS will have staffing costs of $29,458 in FY 2019-20 for 0.6 FTE related to the presidential primary. This includes 0.5 FTE for rulemaking, updating forms, conducting training, and providing support to county clerks and 0.1 FTE for staff to handle disputes concerning the signature verification process. Standard operating and capital outlay expenses for this staff will be $3,392. Travel costs of $10,000 will be required for this staff to make site visits to counties for providing technical support associated with the election.

Signature verification. The SOS will have costs of $13,200 every four years to review candidate petitions. This cost is based on five additional candidates per presidential primary election choosing to access the ballot by submitting signature petitions and each signature review costing $2,640.

County reimbursement. The SOS will be required to reimburse counties about $2.6 million in FY 2019-20 and future presidential primary election years. This cost is based on reimbursement to counties for about 3.3 million active registered voters, including Democrat- and Republican-affiliated voters and unaffiliated voters. Counties with less than 10,000 active registered voters receive $0.90 per registered voter and larger counties receive $0.80 per registered voter. The number of registered voters assumes a 10-percent increase above 2016 levels by 2020. This cost may be paid from either the Department of State Cash Fund or the General Fund.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this measure will be addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills. The centrally appropriated costs subject to this policy are summarized in Table 2.

Table 2. Centrally Appropriated Costs Under Proposition 107

Cost Components	FY 2016-2017	FY 2017-2018	FY 2018-2019	FY 2019-2020
Employee Insurance (Health, Life, Dental, and Short-term Disability)				$4,814
Supplemental Employee Retirement Payments				2,640
TOTAL	**$0**	**$0**	**$0**	**$7,454**

Local Government Impact

Statewide, county clerks will have costs of approximately $5.3 million in FY 2019-20 to conduct the 2020 presidential primary election. These costs are based on the costs counties currently incur to conduct the existing June state primary election, a mail ballot election of similar size and scope, adjusted for inflation by 2020. Costs to counties will include the printing and postage for mail ballots, the operation and staffing of voter service and polling centers, and other administrative and operational costs. Counties will be reimbursed by the SOS based on the number of active registered voters eligible to participate in the presidential primary election using the current statutory formula for reimbursing counties for elections with a statewide ballot measure.

Effective Date

If approved by voters, the measure takes effect upon proclamation of the Governor within 30 days of the official canvas of the vote being completed. The measure applies to presidential primary elections occurring on or after this effective date.

Technical Note

The measure states that counties shall be reimbursed for "all expenses shown to be directly attributable to...the presidential primary election" and then specifies the manner of reimbursing counties according to the statutory formula in Section 1-5-505.5, C.R.S. These requirements may be in conflict given that, based on this analysis, "all expenses" ($5.3 million) will be more than the potential reimbursement under the statutory formula ($2.6 million). Given the specific language in the measure referencing Section 1-5-505.5, C.R.S., this analysis assumes that the reimbursement to counties will be limited by that formula and that counties will not be able to claim reimbursement for "all expenses" above this amount.

State and Local Government Contacts

County Clerks Counties Secretary of State

Colorado Legislative Council Staff

Proposition 108

FISCAL IMPACT STATEMENT

Date: September 1, 2016 **Fiscal Analyst:** Bill Zepernick, 303-866-4777

BALLOT TITLE: UNAFFILIATED VOTER PARTICIPATION IN PRIMARY ELECTIONS

Fiscal Impact Summary	FY 2016-2017	FY 2017-2018
State Revenue		
State Expenditures	**$79,825**	**$79,825**
Cash Funds	79,825	$79,825

Summary of Measure

Proposition 108 creates an open primary election process that allows unaffiliated voters to participate in selecting party nominees for state, county, and federal offices, other than president. Under the measure, unaffiliated voters will receive a combined ballot listing candidates for all political parties participating in the primary election and may only vote for candidates of a single political party. The measure allows political parties to opt out of holding an open primary election and instead choose to nominate candidates for the November general election by assembly or convention.

Background

Under current law, a voter must be affiliated with a political party in order to vote in that party's primary election. Unaffiliated voters, sometimes referred to as independent voters, are not registered members of any political party. An unaffiliated voter may affiliate with a political party at any point up to, and including election day, and be eligible under current law to participate in a party's primary election. In Colorado, primary elections to select party nominees for state, county, and federal offices, other than president, are held on the last Tuesday in June in even-numbered years.

State Expenditures

Proposition 108 will result in one-time costs in the Secretary of State's Office totaling $159,650 in FY 2016-17 and FY 2017-18 ($79,825 per year). This cost is for 1,550 hours of computer programing at a cost of $103 per hour. Specifically, the Secretary of State's Office will be required to make changes to various systems, including the statewide voter database (SCORE) and the ballot access and certification system. This analysis assumes the work and associated costs will be split evenly between FY 2016-17 and FY 2017-18 and completed prior to the June 2018 primary election.

On an ongoing basis, the Secretary of State's office will have additional workload to consult with counties about ballot design and other tasks. It is assumed that any additional work in future years can be accomplished within existing appropriations to the Secretary of State's Office. It is also possible that the Secretary of State's Office will have a reduction in workload if one or both major parties chose to cancel their primary election and nominate the candidates using alternate methods

Local Government Impact

Proposition 108 likely increases net costs for counties by $750,000 every two years. This estimate is based on costs for mailing ballots to unaffiliated voters and eliminating a required notice sent to unaffiliated voters prior to a primary election. These costs and savings are discussed below.

Mail ballot costs. Every two years, counties are expected to have at least $1,000,000 in additional election-related costs to mail a combined ballot to unaffiliated voters in primary election years. There are approximately 1.0 million unaffiliated voters in the state and the average cost to print and mail a ballot is assumed to be $1.00 per ballot. Costs may vary depending on the number of contested races required to be placed on the ballot. Counties choosing to mail separate ballots for major parties, rather than use a combined ballot, will incur additional costs. Counties will also have additional workload and costs to reprogram vote tabulating machines to accommodate the combined ballot and to inform the public about the use of the new combined ballot.

Elimination of required notice. The mail ballot costs to counties will be offset by approximately $250,000 in savings from eliminating the need to mail a notice to inform unaffiliated voters that they must affiliate with a political party to vote in a primary election. This savings is based on a cost of $0.25 per postcard notification.

Potential cancellation of primary elections. The costs and savings listed above assume that political parties continue to participate in primary elections under Proposition 108. However, in the event that all political parties decide to opt out of the open primary and instead nominate candidates for the general election by assembly or convention, counties may have savings of up to $5.0 million per primary election. Potential savings from cancelling primary elections may be less than this amount if only one of the two major parties opts out of holding a primary election.

Effective Date

If approved by voters, the measure takes effect upon proclamation of the Governor within 30 days of the official canvas of the vote being completed. The measure applies to primary elections occurring on or after this effective date.

State and Local Government Contacts

Counties County Clerks Secretary of State