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MEMORANDUM

September 10, 2010

TO: Members of the General Assembly

FROM: Legislative Council Staff, 303-866-3521

SUBJECT: Revised Fiscal Impacts of Amendments 60 and 61 and Proposition 101

The following memorandum responds to requests for information regarding the fiscal impacts of Amendments 60 and 61, and Proposition 101. The memo briefly describes each ballot measure and its corresponding fiscal impact in the first year of implementation and once the measure is fully implemented. The latter estimates are all presented in today's dollars. Although the estimated fiscal impacts will differ in the future once inflation and growth increase the overall size of the economy, the comparable budget impacts on taxpayers and governments are expected to remain relatively consistent over time. This approach was taken to provide the best information available concerning the projected final impacts of the measures, recognizing that the full effects of some of the provisions will take several years to occur. Please note that these estimates have been revised from those previously released in July. The last section of the memo discusses the combined impacts of all three measures if each receives voter approval.

Summary

These ballot measures contain provisions that affect state and local government finances by decreasing taxes for households and businesses and restricting government borrowing. Since these measures are all phased in over time, the actual impacts to taxpayers and governments will be less in the initial years of implementation and grow over time. Once the measures are fully implemented, the state will lose about $2.1 billion in revenue each year and will have to increase K-12 education funding by $1.6 billion annually in today's dollars. This would commit almost all of the state's General Fund budget to paying for the constitutional and statutory requirements of K-12 education. A homeowner earning $55,000 per year with a $295,000 home will save approximately $1,360 annually in taxes.

Amendment 60 will reduce school district property taxes by an estimated $1.5 billion each year in today's dollars once it is fully implemented, which the state is

Summary (continued)

required to backfill. Property taxpayers will see savings of about 23 percent, which amounts to a decrease in property taxes of $376 per year for a $295,000 home. Cities and towns, counties, and special districts will also lose an indeterminate amount of property tax revenue.

Proposition 101 is expected to reduce state revenue by $1.9 billion annually once it is fully implemented in today's dollars. This results from decreases in income and sales taxes, vehicle registration fees, and telecommunications fees. Local governments will lose about $1.0 billion in revenue from specific ownership taxes and local sales taxes once the measure is fully implemented. Of the local government decrease, school districts will lose about $121 million, which the state is required to backfill. A household earning $55,000 per year is estimated to save $708 annually.

Amendment 61 prohibits the state from incurring new debt, imposes new limits on the amount of local government debt, and requires tax rates to be reduced when debt is repaid. If the repayment of existing debt requires a reduction in tax rates, the amendment will result in a reduction in state tax revenue of $200 million and local tax revenue of $940 million once it is fully implemented in today's dollars. These tax rate cuts are expected to reduce property taxes by $225 for a $295,000 home and save the average household earning $55,000 about $49 per year in income taxes. In addition, an estimated 46 out of 178 school districts will exceed or equal the new debt limits and be unable to borrow money to build public school facilities until either debt is repaid or assessed values grow. These school districts represent about 75 percent of the students in the state.

Amendment 60: Limit Property Taxes

Description of Amendment 60. This measure amends Section 20, Article X, of the Colorado Constitution, commonly known as TABOR. Some of the amendment's provisions are unclear and may require clarification from the state legislature or the judicial system. Effective January 1, 2011, the amendment limits property taxes by:

- ✓ requiring school districts to reduce their non-debt mill levies by 50 percent in equal amounts between 2011 and 2020 and requiring the state to increase state spending on K-12 education by backfilling the loss in property taxes;
- ✓ repealing any property tax increase, extension, or abatement rate increase that occurred after 1992 without voter approval. This is subject to legal interpretation, but based on information provided by the proponents at the review and comment hearing for an earlier version of this measure, this could be interpreted to include, but is not necessarily limited to, the mill levy freeze or stabilization resulting from Senate Bill 07-199;
- ✓ requiring government authorities and enterprises to pay property taxes and requiring local governments to lower tax rates to offset the new revenue;

✓ repealing the authority of local governments to retain property tax revenue above their TABOR limit;

✓ allowing property owners to vote in any election involving property tax issues where they own real property, regardless of their primary place of residence;

✓ placing limits on future ballot questions by:
- requiring ballot questions that raise property taxes to be separate from debt-related questions;
- requiring a ten-year sunset on voter-approved property tax rate increases; and
- requiring a four-year sunset on voter-approved retention of revenue above a government's TABOR limit.

✓ legally defining certain actions as tax increases, including voter-approved revenue changes above a government's TABOR limit and the extension of an expiring tax;

✓ requiring property tax bills to list only property taxes and late charges. The measure does not specify how fees or special assessments currently levied on property tax bills would be assessed and does not address whether the intent is to eliminate such fees and special assessments;

✓ prohibiting enterprises and unelected boards from levying a mandatory fee or tax on property; and

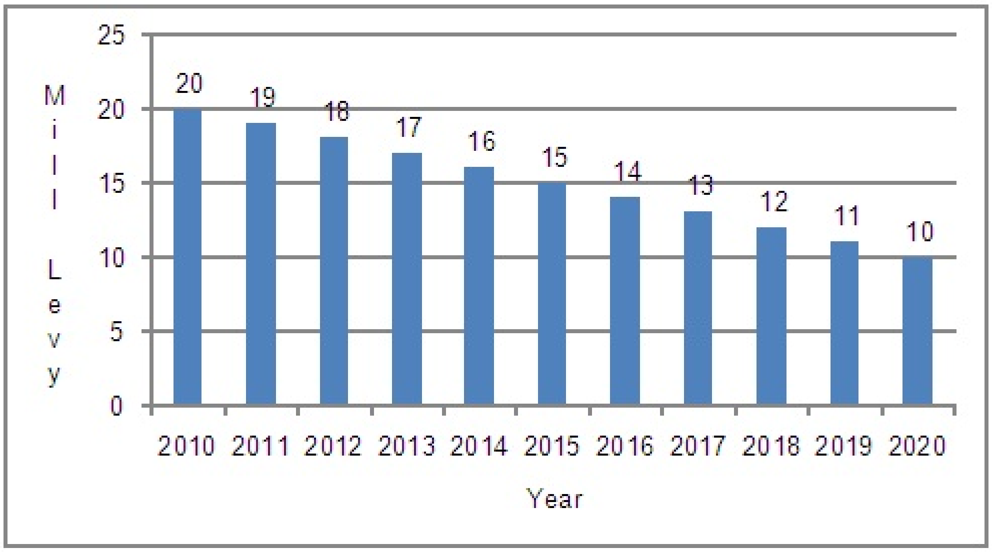
✓ providing for the enforcement of the amendment, including, but not limited to:
- requiring the state to enforce the amendment and conduct annual audits of property taxing districts; and
- stating that the amendment supersedes conflicting laws, opinions, and constitutional provisions and shall always be strictly interpreted to favor taxpayers.

Fiscal impact of Amendment 60. The measure contains several provisions that decrease local property taxes for individuals and businesses, which reduces the amount of tax revenue received by cities, counties, school districts, and special districts. In addition, the measure requires the state to replace the property tax losses of school districts, so that they continue to receive the same levels of funding. For the provisions that have been quantified to date, the measure is expected to lower school district property tax collections by an estimated $337 million in the first year of implementation and by $1.5 billion annually once the measure is fully implemented in today's dollars. The average homeowner will see a property tax reduction of $87 in the first year and $376 per year when the measure is fully implemented. The average commercial business owner will see a property tax decrease of $1,181 in the first year and $5,106 per year when the measure is fully implemented. The property tax loss for school districts will increase state expenditures under the school finance act by $337 million in the first year and by $1.5 billion each year when fully implemented.

The estimated decrease in school district property taxes results from two elements: the 50 percent cut in each school district's non-debt mill levy and the repeal of certain provisions in Senate Bill 07-199, which froze total program mill levies for school districts at FY 2006-07 levels.

The former is expected to reduce school district property taxes by $126 million in the first year of implementation and by $1.3 billion annually when fully implemented in today's dollars. The latter is expected to decrease school district property taxes by $211 million in the first year and by larger amounts in subsequent years. Figure 1 illustrates how a hypothetical school district's non-debt mill levy will be reduced over the next 10 years under Amendment 60, assuming it starts at 20 mills in 2010.

Figure 1
Non-Debt Mill Levy Reduction for Hypothetical School District Under Amendment 60



Counties, cities and towns, and special districts that had previously received voter approval to keep property tax revenue above their limit will lose an indeterminate amount of tax revenue. This loss for local governments will add to the tax savings of individuals and businesses described above. Table 1 illustrates the projected impacts that have been estimated to date.

Finally, property taxes will fall further for individuals and businesses whose property is located in districts with government enterprises and authorities. Under the measure, these entities are required to pay property taxes, with the new revenue offset by reduced mill levies in the districts where that property is located. For example, homeowners and businesses in Boulder County will see an additional reduction in property taxes because of the property taxes paid by the University of Colorado. However, the property taxes paid by the University of Colorado will have to be recovered through some other means, such as tuition increases, reductions in services, or increases in other fees.

Table 1
Selected Annual Impacts of Amendment 60
(In Today's Dollars)

Impacted Group	Current Law	Amendment 60		Difference	
		First Year	Fully Implemented	First Year	Fully Implemented
Impacts on Average Taxpayers					
Property Tax Payment for Average Homeowner ($295,000 home)	$1,638	$1,551	$1,262	-$87	-$376
Property Tax Payment for Average Commercial Business Owner with a Value of $1.1 million	$22,254	$21,073	$17,148	-$1,181	-$5,106
K-12 Education Funding Shift					
Property Tax Collections for School Districts	$3.3 billion	$3.0 billion	$1.8 billion	-$0.3 billion	-$1.5 billion
State Expenditures for K-12 Education	$3.7 billion	$4.0 billion	$5.2 billion	$0.3 billion	$1.5 bill

** Assumes average for commercial merchandising establishment.*

Amendment 61: Prohibition on Debt

Description of Amendment 61. This measure amends Article XI (concerning public debt) and Section 20, Article X (TABOR), of the Colorado Constitution, to limit debt. Some of the amendment's provisions are unclear and may require clarification from the state legislature or the judicial system. The amendments to Article XI:

- ✓ repeal several provisions authorizing the use of debt in certain circumstances; and
- ✓ require the ballot title for any question seeking voter approval to specify how the moneys to be borrowed are to be used and prohibits any subsequent change in the use of the borrowed moneys.

The amendment to Article X, Section 20, imposes specific limits on borrowing beginning in 2011. Specifically:

- ✓ The **state and all of its political subdivisions are prohibited** from borrowing money in any form;
- ✓ no borrowing may continue past its original term, and all current borrowing must be repaid;
- ✓ whether or not the debt is secured with taxes, a government's **tax rates are required to decrease** as the debt is repaid by the amount of the average annual repayment. The measure defines this as "a voter-approved revenue change;" and

✓ **local governments** could borrow with voter approval only if:

- the debt is bonded and repaid within ten years; and
- for non-enterprises, the total principal does not exceed 10 percent of the assessed taxable value of real property in the government's jurisdiction.

Fiscal impact of Amendment 61. The measure contains several provisions that create fiscal impacts for the state and local governments. Key to many of these impacts is the assumption that at least one provision—requiring a reduction in tax rates when borrowed money is repaid—will apply to current outstanding debt and other borrowed money.

If this assumption holds, state and local government tax revenue will fall because of the requirement to reduce tax rates when current debt is retired. In 2010, the state and all of its enterprises had about $17 billion in outstanding debt, which will be retired over the next 40 years. About $15 billion of the state's debt is owed by state enterprises, and is therefore not subject to the tax rate reduction requirement. The average annual principal and interest payment for the remaining state debt is estimated at approximately $200 million. When the state's debt is retired, tax rates must be cut by an amount equal to the average annual payment, or $200 million per year. Although this will occur over several years, the fiscal analysis estimates this impact in today's dollars. The revenue reduction for the state is equivalent to cutting the income tax rate from 4.63 percent to 4.45 percent, or by 0.18 percentage points in today's dollars. The rate cut will save a household earning $55,000 per year about $49 in income taxes annually.

Similarly, local governments in Colorado have about $25 billion in outstanding debt, excluding enterprises, with an estimated average annual principal and interest payment of $940 million for non-general obligation debt. As local government debt is retired, local tax rates are assumed to fall by an amount that reduces local tax revenue by $940 million, which will occur over several years. Once fully implemented in today's dollars, the revenue reduction for local governments is equivalent to decreasing the statewide average property tax rate from about 70 mills to 60 mills. For a homeowner with a house worth $295,000, the property tax cut will reduce their property taxes by $225 per year when fully implemented. Table 2 illustrates these impacts.

Table 2
Annual Impacts of Amendment 61 on State and Local Government Revenue, Fully Implemented
(In Today's Dollars)

	Current Outstanding Debt (excluding enterprises)	Annual Tax Revenue Reduction Under Amendment 61	Change in Income or Property Tax Rates to Implement Revenue Reduction	Taxpayer Impact of Tax Reduction*
State Government	$2.2 billion	$200 million	4.63% to 4.45%	$49
Local Governments	$24.8 billion	$940 million	70 mills to 60 mills	$225
Total	$27.0 billion	$1.1 billion		$274

**Based on household earning $55,000 per year living in a $295,000 home.*

Second, the measure prohibits the state from borrowing any money in the future and restricts the ability of local governments to borrow, both of which will reduce the overall size of government. For instance, local governments cannot borrow money for a term longer than 10 years, which increases the average annual payments needed to pay for those projects. These debt restriction provisions will prevent or constrain the state and local governments from borrowing money to build highways, bridges, low-income housing, sewer and water systems, and schools. To the degree these types of projects would have been financed through borrowing, they will have to be either eliminated or paid for by increasing fees or using money currently budgeted for other purposes.

The measure also imposes a lower debt limitation for local governments equal to 10 percent of the assessed value of real property, which will further impede their ability to borrow money. For example, under current law, the debt limit for school districts is equal to 20 percent of the assessed value of both real and personal property, and the limit for certain fast growing districts is equal to 25 percent. Table 3 illustrates the 46 school districts that, based on existing debt levels, are expected to exceed or equal the new debt limit imposed by Amendment 61. These districts, representing about 75 percent of the students enrolled in public schools in the state, will be unable to borrow any money in the future until their existing debt is repaid or assessed values increase. For example, the outstanding debt of the Adams 12 Five Star School District is $450 million and the new debt limit imposed by Amendment 61 is estimated at $158 million. As a result, the district's debt is $292 million above the limit imposed by Amendment 61, or 185 percent above the new limit. The Adams 12 district is also a district that under current law would qualify for the higher debt limit because it is a fast growing district. Amendment 61 may have an even greater impact on these types of districts by limiting their ability to build facilities to accommodate growing student enrollments.

Third, the measure prohibits the state from short-term borrowing for cash flow purposes. In FY 2009-10, the state had two types of short-term borrowing: General Fund tax and revenue anticipation notes (GTRAN) and education tax and revenue anticipation notes (ETRAN). In that year, the state issued $650 million of outstanding GTRAN debt, which was used to bridge the costs of state government to when tax collections were received, primarily at the end of the fiscal year. The state issued $515 million of outstanding ETRAN debt, which was used to finance local school district spending. In FY 2009-10, 27 school districts borrowed money short-term from the state's education loan program, which was repaid in the spring when property taxes were collected. Amendment 61 would prevent this type of borrowing by the state in the future, which could constrain the ability of both state government and school districts to manage their short term cash flows.

Finally, Amendment 61 could make it difficult to pay unemployment insurance benefits, which could cause the state to be in violation of federal law. Unusually high unemployment has forced the Colorado Unemployment Insurance Fund to borrow money from the federal government to pay unemployment insurance benefits. Amendment 61 could prohibit this borrowing. As a result, the federal government could choose to increase federal unemployment insurance taxes on businesses in the state.

Table 3
School Districts Estimated to Equal or Exceed the Amendment 61 Debt Limit*

County	School District	Debt as % of Amendment 61 Limitation	County	School District	Debt as % of Amendment 61 Limitation
Adams	Adams 12 Five Star	285%	El Paso	Harrison	169%
Adams	Bennett	119%	El Paso	Lewis-Palmer	236%
Adams	Brighton	274%	El Paso	Miami-Yoder	184%
Adams	Commerce City	186%	El Paso	Peyton	101%
Adams	Strasburg	217%	Elbert	Elizabeth	133%
Adams	Westminster	237%	Fremont	Canon City	137%
Alamosa	Alamosa	170%	Fremont	Florence	122%
Alamosa	Sangre de Cristo	201%	Jefferson	Jefferson	100%
Arapahoe	Aurora	222%	Larimer	Poudre	103%
Arapahoe	Cherry Creek	127%	Larimer	Thompson	111%
Arapahoe	Sheridan	139%	Logan	Buffalo	150%
Bent	McClave	102%	Logan	Valley	156%
Boulder	St. Vrain	239%	Morgan	Fort Morgan	104%
Costilla	Centennial	119%	Otero	Cheraw	105%
Denver	Denver	180%	Otero	East Otero	136%
Douglas	Douglas	159%	Otero	Swink	180%
El Paso	Academy	196%	Park	Platte Canyon	205%
El Paso	Cheyenne Mt.	135%	Pueblo	Pueblo City	186%
El Paso	Colorado Springs	102%	Pueblo	Pueblo Rural	106%
El Paso	Edison	185%	Rio Grande	Sargent	195%
El Paso	Ellicott	148%	Weld	Briggsdale	220%
El Paso	Falcon	253%	Weld	Greeley	133%
El Paso	Hanover	177%	Weld	Windsor	145%

** Assumes 10 percent of each district's assessed value is personal property.*

Proposition 101: Limit State and Local Government Revenue

Description of Proposition 101. This measure seeks to amend Article 25, Title 39, Colorado Revised Statutes, to limit government revenue. Some of the provisions of the measure are unclear and may require clarification from the state legislature or the judicial system. Effective January 1, 2011, the amendment would limit state and local government revenue by:

- ✓ Reducing the **state income tax** rate over time from 4.63 percent to 3.5 percent. After initially falling to 4.5 percent in 2011, the rate is required to be reduced by one tenth of a percentage point each year for ten years, but only during years in which income tax revenue increases by more than 6.0 percent. As a result, this phase-in is likely to occur over a period of time greater than 10 years.

- ✓ Reducing **automobile-related** revenue by:
  - reducing annual **specific ownership taxes** over a four-year period to $2 per new vehicle and $1 for older vehicles;
  - exempting the first $10,000 of a vehicle's price from sales tax, which is phased-in over a four-year period;
  - eliminating **taxes on vehicle rentals or leases**;
  - prohibiting **sales taxes on vehicle manufacturer rebates**;
  - reducing annual **registration and title fees** to $10 per vehicle; and
  - defining "added charges" on vehicles as tax increases.

- ✓ Reducing **telecommunication-related** revenue by:
  - prohibiting state and local governments from charging any fee or tax on, or aiding any program related to, telephone, pager, cable, television, radio, Internet, computer, satellite, or other telecommunication service customer accounts; and
  - defining "added charges" on telecommunication services as tax increases.

Fiscal impact of Proposition 101. Proposition 101 phases in a reduction in the **state income tax rate** from 4.63 percent to 3.5 percent over a number of years. The measure exempts telecommunications services, vehicle leases, and vehicle rentals from **state and local sales tax** beginning in 2011. It also phases in a sales and use tax exemption on the first $10,000 of a purchased vehicle's sales price over a four-year period. Proposition 101 phases in a near-elimination of **specific ownership taxes** over a four-year period and combines all fees collected on motor **vehicle registrations** into a single $10 fee beginning in 2011. It also eliminates local and state **telecommunications fees**, except 911 fees, beginning in 2011. Three state telecommunication fees are eliminated: the universal charge which subsidizes service to rural areas of the state; the uniform charge which subsidizes service to low-income people; and the relay charge which subsidizes telephone service for the deaf and hearing impaired.

Table 4 shows the annual impact of Proposition 101 on three households with different incomes. Table 5 shows the annual impact of Proposition 101 on government. The figures in both tables show the impact of Proposition 101 in both the first year of implementation and when fully implemented in today's dollars. Specific information about each of these reductions follows.

Table 4
Annual Change in Representative Households' Tax and Fee Bills
As a Result of Proposition 101, Fully Implemented /a
(In Today's Dollars)

	Income Taxes	Vehicle Fees & Taxes	Telecom Fees & Taxes	Total
Household A	*Household Description:* Annual Income:$35,000; owns a 10-year-old car that had an original retail price of $13,000; $60 monthly phone bill.			
First Year	-$20	-$72	-$43	-$135
Fully Implemented	-$185	-$73	-$43	-$301
Household B	*Household Description:* Annual Income: $55,000; owns a 5-year-old car that had an original retail price of $17,000 and a 5-year-old car that had an original retail price of $23,500; $130 monthly combined phone bills.			
First Year	-$40	-$180	-$93	-$313
Fully Implemented	-$320	-$295	-$93	-$708
Household C	*Household Description:* Annual Income: $110,000; owns a 2-year-old car that had an original retail price of $37,500 and a 3-year-old car that had an original retail price of $26,000; $180 monthly combined phone bills.			
First Year	-$90	-$327	-$128	-$545
Fully Implemented	-$780	-$883	-$128	-$1,791

** Totals may not sum due to rounding.*
/a This analysis assumes a 7.0 percent combined state and local sales tax rate. Telecommunication tax and fee reductions are fully implemented in 2011. Some vehicle tax and fee reductions are fully implemented in 2011 and some are phased in between 2011 and 2014. It will take an estimated 15 to 20 years for the income tax rate reductions to be fully implemented.

Impact on households. Table 4 shows tax and fee savings for three different households resulting from Proposition 101 in both the first year of implementation and when the measure is fully implemented in today's dollars. Proposition 101 will impact each household differently depending on that household's yearly income, vehicles owned, whether they buy a vehicle that year, and how much they pay for phone and cable service. For example, a household with $35,000 in income and a ten-year-old vehicle that had an original retail price of $13,000 will save $135 in the first year of implementation and $301 when the measure is fully implemented. Another household with $110,000 in income, which owns a two-year-old car and a three-year-old car that had original retail prices of $37,500 and $26,000, respectively will save $545 in the first year and $1,791 each year once the measure is fully implemented.

Impact on local governments. Table 5 shows the estimated reduction in vehicle specific ownership taxes and sales taxes for local governments. The loss of revenue is estimated at $530 million in the first year of implementation and $900 million when fully implemented in today's dollars. The types of local governments affected by this include school districts, cities, counties, and special districts such as recreation, fire, water, sewer, and public transportation districts. The money collected in taxes and fees pays for different services depending on the local government. Most of the money is used for public safety, road construction and maintenance, trash service, parks and recreation, and education. As required by state law, school districts will be reimbursed by the state for most of their loss of specific ownership taxes. The impact on local governments will be phased in over a four-year period.

Table 5
Annual Change in Government Tax and Fee Collections
As a Result of Proposition 101
(In Today's Dollars)

Government Collections	Collections under Current Law	Collections under Prop 101	Change*
Vehicle Specific Ownership Taxes and Sales Taxes Collected by **Local Governments**	$3.9 billion	$3.4 billion First Year	-$530 million First Year
		$3.0 billion Fully Implemented	-$900 million Fully Implemented
Sales Taxes, Income Taxes, and Telecommunication Fees Collected by the **State Government**	$7.2 billion	$6.7 billion First Year	-$450 million First Year
		$5.5 billion Fully Implemented	-$1.6 billion Fully Implemented
Vehicle Registration Fees and State Rental Fees Collected for **State and Local Transportation Budgets**	$440 million	$50 million These are Fully Implemented in the First Year	-$390 million These are Fully Implemented in the First Year

** Totals may not sum due to rounding.*

Impact on the state government. Table 5 shows that the state government will collect less from sales taxes, income taxes, and telecommunication fees. In the first year, this will amount to $450 million and $1.6 billion when the measure is fully implemented in today's dollars. The state spends 96 percent of the General Fund budget on: preschool through higher education; health care; prisons; the courts; and programs that help low-income, elderly, and disabled people. Once Proposition 101 is fully phased in, the amount of money available to pay for General Fund appropriations will be reduced by about 23 percent.

The state will also be required to reimburse school districts for most of their loss of vehicle specific ownership taxes. This increases the total impact on the state budget from the $1.6 billion figure shown in Table 5 to about $1.8 billion.

Impact on state and local government transportation budgets. Table 5 shows that there will be a decrease of $390 million in transportation-related revenue from the reduction in registration fees and vehicle rental fees. Most of this money is shared between the state, cities, and counties. The state constitution requires that vehicle-related fees collected by the state be spent on road safety, construction, and maintenance. These impacts will occur in 2011. State revenue available for state transportation-related purposes will decline by 28 percent. The impact on city and county government transportation budgets will vary by jurisdiction.

Combined Fiscal Impacts of Amendments 60, 61, and Proposition 101

These ballot measures contain provisions that affect state and local government finances by decreasing taxes for households and businesses and restricting government borrowing. How they work together and individually may require clarification from the state legislature or the courts.

Amendment 60 reduces local property taxes, while requiring state expenditures for K-12 education to increase by an amount that offsets the property tax loss for school districts. Amendment 61 requires state and local governments to decrease tax rates when debt is repaid, which is assumed in this analysis to apply to the existing debt of state and local governments, and it prohibits any borrowing by state government. Proposition 101 reduces state and local government taxes and fees.

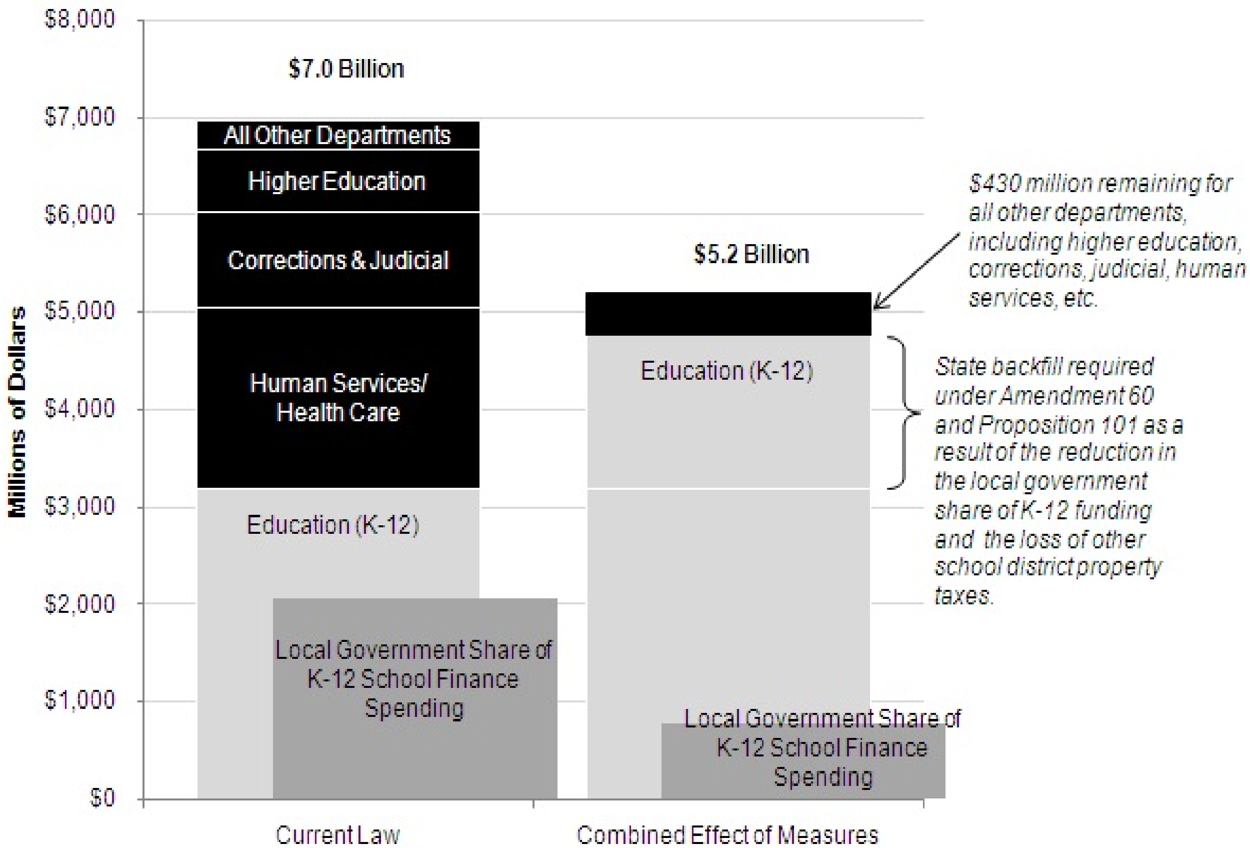
Since portions of these measures are phased in over time, the actual impacts to taxpayers and governments will be less in the initial years of implementation and grow over time. Assuming that all three measures are approved by voters, the first-year impact will be to reduce state taxes and fees by $744 million and increase state spending for K-12 education by $385 million. Once fully implemented, the measures are estimated to reduce state taxes and fees by $2.1 billion and increase state spending for K-12 education by $1.6 billion in today's dollars. This would commit almost all of the state's general operating budget to paying for the constitutional and statutory requirements of K-12 education, leaving little for other government services. In addition, the prohibition on borrowing will increase budget pressures for the state if it chooses to pay for capital projects from its general operating budget. This would further reduce the amount of money available for other government services.

Tax and fee collections for local governments are expected to fall by at least $966 million in the first year of implementation and by $3.4 billion when the measures are fully implemented. However, after the state reimburses school districts, the net impact on local government budgets would be at least $581 million in the first year and $1.8 billion when fully implemented.

Total taxes and fees paid by households and businesses are estimated to decrease by $1.7 billion in the first year and $5.5 billion per year in today's dollars when the measures are fully implemented. The measures reduce the taxes and fees owed by an average household making $55,000 per year that owns a $295,000 house by an estimated $400 in the first year and $1,360 per year when fully implemented.

Figure 2 shows how the state's General Fund budget was appropriated in FY 2010-11, and how it would look once all three measures were fully implemented in today's dollars. In the current budget year, K-12 education accounts for about 46 percent of General Fund appropriations. Once these ballot measures were fully implemented, about 92 percent of the General Fund budget would be allocated to K-12 education in today's dollars. This would leave about $430 million available for all other General Fund programs, such as higher education, corrections, and human services.

Figure 2
Relative Impact on General Fund Appropriations Upon Passage of All Three Measures, in FY 2010-11 Dollars



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