

STATE OF COLORADO

OFFICE OF STATE PLANNING AND BUDGETING

111 State Capitol Building
Denver, Colorado 80203
(303) 866-3317



Bill Ritter, Jr.
Governor

Todd Saliman
Director

MEMORANDUM

TO: Title Setting Review Board

FROM: Todd Saliman, Director

DATE: May 13, 2008

SUBJECT: Fiscal Analysis for Proposed Ballot Initiative #114

Ballot Initiative #114 would create the Colorado Rail Authority. The increase in sales and use taxes is designated for designing and building passenger rail – and freight – within the state. **The Governor's Office of State Planning and Budgeting (OSPB) estimates that the fiscal impact of this initiative would be an increase in state sales and use tax revenue of \$169.6 million in the second half of FY 2008-09 and \$354.8 million in FY2009-10.** An assumption was made that the proponents intend to raise both sales and use taxes. If use taxes are not increased, the estimates given here would be slightly smaller.

Sales and Use Tax Increase

Ballot Initiative #114 increases the state sales and use tax by 0.4%, a total state sales and use tax rate of 3.3%, starting January 1, 2009. The total sales and use tax revenue, using the OSPB March forecast, would be \$1,399.4 million in the second half of FY 2008-09 and \$2,926.8 million in FY 2009-10. The sales and use tax increase is repealed after 20 years and could total approximately \$11 billion dollars over the twenty years of its existence.