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DEC 03 2010

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**MODERNIZING COLORADO'S REVENUE SYSTEM**

Colorado Secretary of State

*JRC  
12/3/10*

**These provisions will change the Colorado Constitution:**

New Article X Sec 20 (2) (h) Middle Bracket -- A part of a graduated income tax--it is the income range for taxable income that includes the median taxable income.

New Article X Sec 20 (2) (f) Graduated income tax—An income tax policy that includes rates that increase as the amount to be taxed increases.

Art X Section 20 8 (a) is repealed and replaced with the following;

On or before January 1, 2013, the General Assembly shall adopt and the governor will sign a law creating a permanent graduated income tax that contains at least five income brackets. The rate for the middle bracket will be 4.0%, the highest bracket will be at least 50% higher than the middle bracket. The rates, other than the middle income bracket, will be established by the General Assembly. Failure to adopt an income tax system meeting these criteria will result in the Colorado Supreme Court developing tax brackets that comply with this provision.

Art X Section 20 8 (d) On or before January 1 2013, the General Assembly shall adopt and the governor will sign a law creating a sales tax of 2.0% applicable to the purchase of all tangible goods and services unless such tangible goods or services are separately and specifically exempt. Purchases of food for home consumption and purchases of prescription drugs and health care services including health insurance are specifically exempt. The General Assembly shall retain the authority to specifically exempt other goods and services. Failure to adopt a sales tax that meets these criteria will result in the Colorado Supreme Court developing a sales tax that complies with this provision.

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