

## **Abstract of Initiative 76 - Funding for Public Schools**

**This initial fiscal estimate, prepared by the nonpartisan Director of Research of the Legislative Council as of December 2017, identifies the following impacts:**

The abstract includes estimates of the fiscal impact of the initiative. If this initiative is to be placed on the ballot, Legislative Council Staff will prepare new estimates as part of a fiscal impact statement, which includes an abstract of that information. All fiscal impact statements are available at [www.ColoradoBlueBook.com](http://www.ColoradoBlueBook.com) and the abstract will be included in the ballot information booklet that is prepared for the initiative.

**State Revenue.** The measure increases state revenue to the Quality Public Education Fund by \$1.4 billion in FY 2018-19 (half-year impact) and \$2.8 billion in FY 2019-20. This amount is from individual income taxes and corporate income taxes. This revenue is exempt from TABOR and must be used for purposes identified in the measure.

**State Expenditures.** The measure increases state expenditures by \$94,861 and 0.5 FTE in FY 2018-19 and by at least \$868 million beginning in FY 2019-20. Expenditure increases in FY 2018-19 are for administrative costs, and expenditure increases in FY 2019-20 include \$868 million from the Quality Public Education Fund, and \$39,403 from the General Fund.

**Local Government and School District Impact.** The measure increases local government revenue by a minimum of \$868 million and up to a net \$2.7 billion in FY 2019-20, the first full fiscal year the measure is implemented. For the potential \$2.7 billion, school districts will receive \$2.8 billion in state revenue, and see a \$118.5 million decrease in revenue from property taxes. The allocation of this revenue to districts is dependent on factors in the current school finance formula and has not been estimated; however, a minimum of \$868 million must be distributed in FY 2019-20 for the purposes specified in the measure.

**Economic Impacts.** Additional spending on public education will increase employment in some industries and may increase economic opportunities for students. Households and businesses will pay more in income taxes and may pay more in property taxes, reducing investment, spending, or saving elsewhere in the economy.

**Taxpayer Impacts.** This analysis estimates that taxpayers with taxable incomes in excess of \$100,000 will pay an additional \$999 in individual income taxes on average each year. On average, corporate income taxpayers with an income tax liability are expected to pay an additional \$11,200 per year under the measure. The actual amount will vary for each individual and corporate taxpayer depending on the taxpayer's taxable income.

This measure may increase property taxes paid. Based on U.S. Census Bureau estimates of the number of housing units in Colorado, a \$184.5 million increase in school property taxes paid by residential properties represents a \$79 increase in property taxes for the average residential property. This is based on an average value of \$340,859 in 2019. The amount in additional taxes paid will depend on the extent to which the measure increases property taxes, the taxpayer's property value, and local district mill levies. Reducing the assessment rate from 29 percent to 24 percent for non-residential property results in a 17.2 percent decrease in school property taxes paid. The value of nonresidential property and local school mills determine school property taxes.