Colorado Association of School Boards













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Legislative Update: March 15, 2017



## TABOR fix intriguing but faces long odds

The pace is picking up as the 2017 legislative session moves into its second half, with major bills on transportation funding, construction defects and marijuana regulation now teed up for debate.

But for the education community the most intriguing measure in play right now could be <u>House Bill 17-1187</u>, which would ask voters to approve a change in how the Taxpayer's Bill of Rights' annual ceiling on state spending is set. Its key effect would be to reduce taxpayer refunds under TABOR, giving the state a modest amount of additional money for K-12, higher education, health care and transportation.

This isn't an overtly Democratic effort – the lead sponsors are two Republicans from outside the Front Range, **Rep. Dan Thurlow** of Grand Junction and **Sen. Larry Crowder** of Alamosa.

The TABOR formula limits annual increases in state general fund spending to the same rate as inflation and population growth. Revenues collected above that limit are reserved for refund to taxpayers. The bill instead would tie annual spending growth to a rolling five-year average of change in state personal income.

Legislative staff estimates the change could free up about \$209 million in revenue for spending in 2018-19.

The measure bears similarities in intent and operation to 2005's Referendum C, which allowed a five-year timeout for TABOR limits. Like that measure, this year's bill would earmark the additional funds for use in those four program areas.

The bill came up for House initial floor action March 7, and the debate provided the first serious policy discussion of the 2017 session. Thurlow argued that voters should be allowed to decide this issue and that revisiting the 25-year-old TABOR formula makes good business sense in light of changing times.

Most Republicans opposed the idea, some because they just don't want state government to have more money and some

because they think the idea should be proposed to voters as a constitutional amendment to TABOR, not just as a change in state law. (Referendum C didn't change the amendment and was also a change to state law.)

After a final round of debate on March 9, the House passed HB17-1187 on a 39-26 vote, sending it to the Senate, where its future is murkier.

One might think the bill could pass the Senate, because Crowder and the 17 Democrats could combine for the necessary 18-vote majority. But the bill might never get to the floor if **Senate President Kevin Grantham** sends it to an unfriendly committee.

And there's a bigger issue looming – <u>House Bill 17-1242</u>, introduced the same week that the TABOR bill was debated. That's the measure that would ask voters to approve a sales tax increase to pay for transportation project bonds.

Significantly, Grantham is a lead sponsor of that bill but faces some significant opposition from fellow Republicans in both chambers. Transportation funding clearly is the top issue of the 2017 session, so it's possible the TABOR bill could get swept aside by the cross currents of the transportation debate.

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