

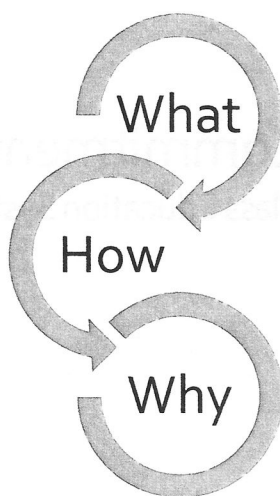
Colorado's Commitment

Building a World-Class Education System

Overview

- (1) SB 213: An Primer
- (2) The PERA Concern
- (3) Colorado's Competitiveness
- (4) The Cost of Inaction
- (5) How to Get Involved

SB 213: A Primer



Colorado: Leading the Nation

With this ballot initiative, we will be:

- **Making a historic investment in early childhood and kindergarten**
- **1st in the country** with a \$100 million independent **Innovation Fund** to seed and accelerate K-12 breakthroughs
- **1st in the country** to **treat principals like CEOs** by giving them control over their own budget
- **1st in the country** to give **absolute funding equity** for charters
- **1st in the country** to provide full taxpayer transparency for how every dollar in our system is spent
- **1st in the country** to **require dollars to follow students** to the school level
- **1st in the country** to **require ROI analysis** to track the results on every investment
- **1st in the country** to create a statewide career ladder system that rewards highest performing teachers and principals
- **1st in the country** to **repurpose \$1.5 billion** of inefficiently-used funds before asking for additional revenue
- Passing constitutional reforms to place our state budget on a **long-term path to fiscal sustainability**

Will this all go to PERA?

- **Protections We've Built In**
 - Constitutional Protections
 - Statutory Protections
- **Other PERA Efforts**
 - We are the only state in the country to cut benefits for current retirees; we are awaiting the result of that lawsuit now
 - Colorado Succeeds is leading a broad business coalition to make a comprehensive assessment

Why the two-step tax?

- **Tyranny of Majority:** States with highest top rate have the most brackets because 1-2% of voters in top rates
- **Colorado Two Step:** 40% of Colorado taxpayers will be in the top bracket, another 15% within \$10,000 of top bracket
 - Only 6 other states have a flat tax; 35 have multiple brackets
 - Of those 35 states, the average top rate is 7.2% – at 5.9%, we will have the 7th-lowest top rate
 - Only two other states (Kansas & Maine) have a two-step tax

Will this hurt our competitiveness?

- Colorado currently has the **fifth-lowest overall tax burden** in the country; with the two-step tax, CO will **have the 9th-lowest tax burden**

Tax Collections Per \$1,000 of Income Currently			Tax Collections Per \$1,000 of Income With Two-Step		
State	Rank	Tax	State	Rank	Tax
Combined State and Local Taxes			Combined State and Local Taxes		
Wyoming	2	\$150.49	Wyoming	2	\$150.49
New Mexico	17	\$103.99	New Mexico	17	\$103.99
Nebraska	22	\$101.33	Nebraska	22	\$101.33
Kansas	25	\$100.98	Kansas	25	\$100.98
Utah	31	\$96.31	Utah	31	\$96.31
Arizona	38	\$91.16	Arizona	38	\$91.16
Texas	40	\$89.34	Texas	40	\$89.34
Oklahoma	43	\$88.49	Colorado	41	\$89.25
Colorado	45	\$86.82	Oklahoma	44	\$88.49

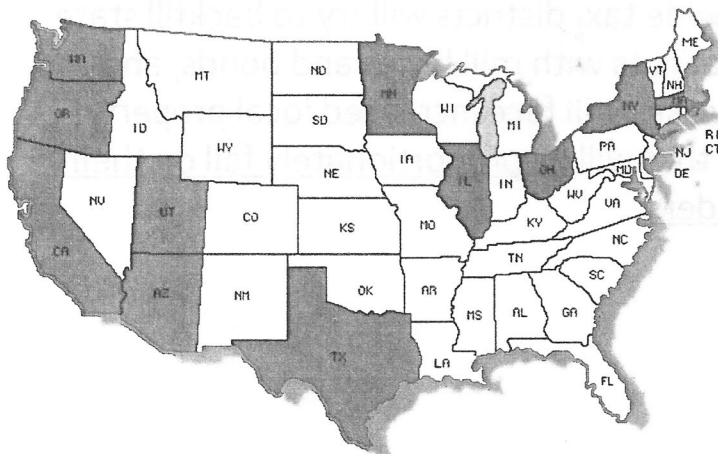
Closer Look: Colorado as Competitor

In the past two years, we've recruited or expanded the following businesses in Colorado:



Closer Look: Colorado as Competitor

For each of those companies, these were our main competitors:



Closer Look: Colorado as Competitor

Under the two-step tax, here is how our tax climate would compare to those competitor states:

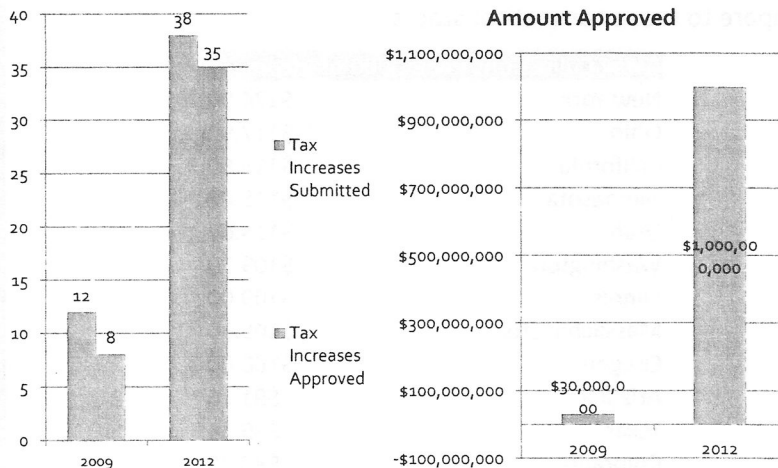
Tax Collections Per \$1,000 of Income	
New York	\$124.90
Ohio	\$117.90
California	\$115.60
Minnesota	\$115.00
Utah	\$113.60
Washington	\$109.20
Illinois	\$109.00
Massachusetts	\$105.30
Oregon	\$100.00
Arizona	\$91.16
Texas	\$89.34
Colorado	\$89.25

Sources: U.S. Census Bureau, Colorado Legislative Council

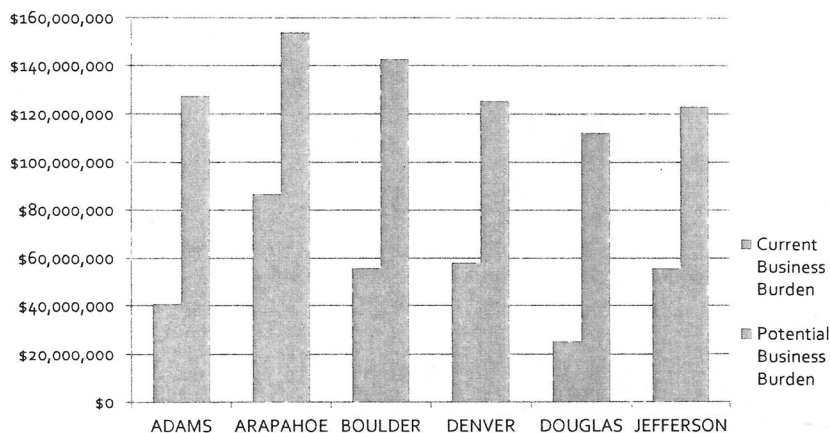
The Cost of Inaction?

Bottom Line: Without a broad-based, statewide tax, districts will try to backfill state budget cuts with mill levies and bonds, and businesses will face increased local property taxes that will disproportionately fall on their shoulders

Closer Look: The Cost of Inaction



Closer Look: The Cost of Inaction



What we Stand to Lose:

Without the ballot initiative:

- **Existing reform efforts will be jeopardized** as districts will refuse to comply or seek to repeal teacher effectiveness, standards, accountability, early literacy, and the READ Act due to inadequate resources
- **Future reform efforts** like educator licensure stall
- **Other statewide issues are neglected;** transportation, constitutional reform, and higher education go unaddressed as state waits for K-12 fix