

The Problem with Proposition 117

Proposition 117 would mandate a vote on the creation of new enterprise funds that collect revenues above \$100 million over the first five fiscal years. This is a direct assault on Colorado's ability to provide critical services to its residents.

What is an Enterprise Fund?

Enterprise funds were created as part of the Taxpayer's Bill of Rights (TABOR) in 1992. They are defined by a few specific aspects.

- They are government-owned businesses housed in a state agency and run by state employees.
- They can only receive 10 percent of its funding from government grants, with the vast majority of funding coming from user fees.
- They have bonding authority, meaning they can take out debt based upon the projected revenue from their user fees, and they cannot levy taxes.
- They must provide goods and services in exchange for the user fees.
- Enterprise funds have independent public audits annually to ensure compliance with the above requirements.

An important aspect of enterprise funds is the use of fees, instead of taxes. Taxes are used for general funding that is up to the discretion of lawmakers. Fees are a cost to an individual in exchange for a good or service.

Prop 117 is not about fees, however. It is about enterprise funds. Enterprise funds are not subject to our state's arbitrary revenue cap. Forcing enterprise funds to be subject to the revenue cap will crowd out other important priorities like education, transportation, and health care. For example, the enterprise encompassing student tuition is \$11.5 billion, basically the same amount as the entire General Fund. If tuition were subject to the revenue cap, we would not have any money for anything else in Colorado.

Uses of Enterprise Funds

Enterprise funds currently fill many gaps in public services as a result of the complicated and regressive fiscal system that exists in our state. For example:

- Tuition for higher education institutions in Colorado compose the largest one.
- The Capitol Parking Garage is an enterprise fund because those who park there pay for a direct service. It was built with bonding, taking out debt based on future revenue.
- The Petroleum Storage Tank Fund uses fees from polluters to pay for environmental clean-up.

None of these make sense as part of the General Fund, as they are direct payments for a service or good that is provided by a government-owned business.

Voting NO on Proposition 117 is Good for Colorado

- Colorado already has difficulty providing adequate services to its residents. This proposition seeks to put even more obstacles up to prevent our state from meeting its obligations to the people who live here.
- Enterprises play a critical role in providing services that have a more direct individual benefit, or to charge industries for pollution or other negative actions.

- Mandating a vote on enterprise funds only allows more special interest and dark money to flow into our elections to prevent fees from providing services.

Proposition 117 is a solution in search of a problem. Without a fair tax system, enterprise funds are a critical part of providing services to Coloradans.

VOTE NO ON PROPOSITION 117