



## **Support Amendment 73 – Great Schools, Thriving Communities**

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*Amendment 73 is a once-in-a-generation opportunity to create an education financing system that is more adequate, modern, equitable and sustainable. This is the first step in removing structural barriers to opportunity and ensuring every chance for every child to succeed. We strongly urge Coloradans to vote yes in November.*

### **Why Support Amendment 73?**

- **Amendment 73 moves Colorado closer to adequacy in school finance.** Colorado schools have not recovered from funding cuts sustained during the recession. Since 2010, schools have been underfunded by \$7 billion compared to what they should have received through the formula. As a result, schools are experiencing teacher shortages, outdated curriculum and aging buildings. Funding raised through the measure will go a long way towards improving Colorado's investment in preK-12 education.
- **Amendment 73 mandates a modernized funding formula.** The measure directs the Colorado Legislature to enact a new school finance law that meets criteria for a more equitable formula, and in the meantime makes targeted investments that research has shown to improve student outcomes—investments in early childhood education, students living in poverty and students with special needs, for example.
- **Amendment 73 stabilizes preK-12 property tax revenue over the long-term.** The measure addresses one key structural problem of school finance: The “ratchet-down effect” of the residential assessment rate that is projected to continue without Constitutional change. By lowering and freezing the assessment rates for residential and commercial property owners, the measure makes funding more sustainable, provides relief to commercial taxpayers, and provides relief to our state budget, which must backfill local revenue losses.
- **Amendment 73 makes the tax code more equitable.** Our current system lacks tax parity. The lower one's income, the higher percentage in taxes they pay. The revenue side of this measure only impacts taxpayers whose income (after exemptions and deductions) exceeds \$150,000 annually, which helps address our upside-down tax code. Colorado's corporate income tax currently ranks third lowest out of 44 states with income tax systems; if this initiative passes, Colorado would rank ninth lowest out of 44 states.

### **Amendment 73 would amend our state Constitution to:**

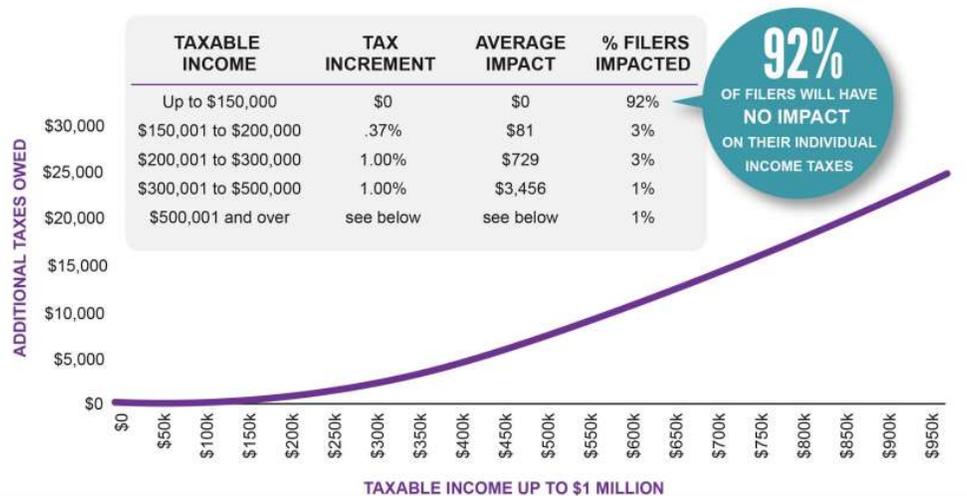
- Create four tax increments on federal taxable income above \$150,000. Higher rates for income taxpayers would increase from 4.63 percent to between 5 percent and 8.25 percent, with 92 percent of taxpayers seeing no impact on their individual income taxes (see graphic next page).
- Increase the income tax rate from 4.63 percent to 6 percent for corporations.
  - Applies only to C-corps, and not to S corps, sole proprietors, or LLCs.
  - Because of recent changes to the federal tax code (Tax Cuts and Jobs Act of 2017), under Amendment 73 Colorado corporations will still only pay a total corporate tax rate of 27 percent (compared to 39.63 percent in 2017).



- Stabilize the volatile local share of education funding by first lowering and then freezing property assessment rates (for property taxes levied by school districts only. All other local government services for which property tax is collected are unaffected by the measure.
  - For residences, permanently lower the assessment rate to 7 percent (from 7.2 percent currently).
  - For non-residences, permanently lower the assessment rate to 24 percent (from 29 percent).
- Create a dedicated Quality Public Education Fund for revenue raised through the initiative and direct the Legislature to enact a new school funding formula. In the meantime, beginning in Fiscal Year 2019-20, the initiative requires a more equitable distribution of funding via the following:
  - Increase base funding for all students to \$7,300;
  - Provide for an increase in the amount of revenue going to early childhood education programs (\$10 million) and fund all kindergarten students as a full-time student;
  - Expand the definition of “at-risk” students to count students eligible for free *and* reduced-price lunch;
  - Increase the amount of funds to school districts for English Language Learners (\$20 million), special education (\$120 million), and gifted and talented students (\$10 million).
- Require districts to make publicly available their mission, vision, current budget, audit, uniform improvement plan and student achievement scores.
- Require the Colorado Department of Education to study how it money was spent, and determine best practices for continuous improvement in student achievement.

The new taxes would raise a projected \$1.6 billion for preK-12 education annually.

## INDIVIDUAL INCOME TAX INCREASE



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