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MEMORANDUM

April 14, 2015

TO: State Title Board

FROM: Larson Silbaugh, Senior Economist, 303-866-4720

SUBJECT: Revenue Impact of Proposed Initiative #24

This memorandum provides an estimate of the state revenue impact for proposed initiative 2015-16 #24. Among other provisions, the initiative proposes taxes and fees on contributions, loans, or income used or received by committees organized to influence election results. The taxes can be avoided when specific disclosure and contribution limits are met.

The state revenue impact for FY 2016-17, the first full fiscal year in which the initiative will be in effect, is **up to \$323.0 million**. This includes up to \$311.1 million in taxes, as well as \$11.9 million in fees.

Table 1 shows the estimated revenue from the taxes and fees included in the proposed initiative. The revenue is based on the following assumptions:

- With voter approval, this initiative will be effective January 1, 2016, and apply to spending on the November 2016 election;
- campaign spending for state and local ballot measures and offices will receive the same level of contributions that were made during the 2014 election cycle;
- spending on races for Colorado representatives to the United States House of Representatives and United States Senate will equal spending during the 2014 election cycle;
- the taxes and fees will only apply to presidential campaign funds that are actually spent in Colorado, and this amount is equal to what was spent during the 2012 election cycle; and
- candidates will not meet all of the proposed initiative's requirements, so all spending and contributions will be subject to the new taxes.

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Table 1
Estimated Revenue Impact of Proposed Initiative #24
FY 2016-17

Revenue Source	Amount
Taxes - Section 3(1)	\$311.1 million
Oversight Fees - Section 3(3)	\$10.7 million
Registration Fees - Section 3(4)	\$1.2 million
Total	\$323.0 million

The revenue impact assumes that campaigns and contributors will not meet the requirements in this proposed initiative. If candidates and committees meet the requirements in the proposed initiative, then the new revenue will be less than the amounts estimated in this memorandum.

The proposed initiative includes additional taxes and fees for various campaign practices. Transfer committees are defined in the measure and face an additional 10 percent tax on contributions, but this is not included in the revenue estimate because it is not clear which committees would meet the definition in the proposed initiative. In addition, there are fees for individuals that exceed campaign contribution limits specified in the proposed initiative. These fees are not included in the revenue estimate because data are not available to determine which individuals exceed those limits.