

PROPOSITION AA

TAXES ON MARIJUANA AND MARIJUANA PRODUCTS

Adds an additional article 28.8 to title 39 of the Colorado Revised Statutes which imposes sales and excise taxes on the retail sale of recreational marijuana.

Major Provisions:

Sales Tax

- Imposes a sales tax of 10% on all sales of retail marijuana and retail marijuana products effective on January 1, 2014;
- Allows the General Assembly to increase or decrease the sales tax rate in the future but limits that rate to no more than 15%;
- Provides for 15% of the gross sales tax revenue to be apportioned to any city or town where the initial sales tax was collected. Counties will also receive a distribution based on a formula for sales in unincorporated areas of the county; and
- Allows local governments to impose their own sales taxes on marijuana and marijuana products.

Excise Tax

- Imposes an excise tax of 15% on the average wholesale price of cultivated marijuana;
- Allows the General Assembly to lower or raise the tax rate to a maximum of 15%;
- Transfers the first \$40 million received annually from the excise tax to the Public School Capital Construction Fund.

Other

- Exempts medical marijuana from these rates;
- Eliminates the need for a vote of the people for any future tax rate change relating to marijuana.

Background:

In 2012, voters legalized the personal use, and the state and local regulation of marijuana. The law required the state legislature to enact an excise tax on marijuana sales and required that the first \$40 million raised by the tax each year be placed in the Public School Capital Construction Fund.

Cities and counties have the right to regulate and license marijuana businesses, as well as to establish rules and land use regulations for marijuana businesses. Local rules would be in addition to state regulations. Currently eight counties have decided to allow marijuana businesses. Only counties and cities that allow the sale of marijuana will receive benefits from the sales tax. Sale of marijuana will go into effect on January 1, 2014.

If voters do not approve this proposition, the state will be required to take necessary funds for enforcing the marijuana regulations from the general fund. None of the proposed taxes and rules will apply to medical marijuana.

Those in favor say:

1. The people of Colorado voted to make marijuana legal and to regulate it like alcohol. Passage of this measure will ensure that the retail marijuana industry will be regulated strictly and responsibly. This measure will also ensure that retail marijuana sales – and thus marijuana users – cover the cost of these regulations.
2. The taxes are not so high that it will lead to consumers turning to the black market to purchase marijuana.
3. This measure will fulfill the promise of Amendment 64 to direct tens of millions of dollars annually to public school construction.

Those opposed say:

1. Extra burdens like the 15% excise tax and the special 10% sales tax will so increase the cost of producing and consuming marijuana that the legal market will not be able to compete with the still-existing black market.
2. High taxes will discourage the legal production and consumption of marijuana.
3. To maximize tax revenue and realize the intent of Amendment 64, marijuana must be treated like any legal consumer goods. Entrepreneurs must be able to innovate and compete on price, and consumers must be able to buy safely.

AMENDMENT 66

FUNDING FOR PUBLIC SCHOOLS

Amends Article IX, Section 17 and Article X, Section 20 of the Colorado Constitution; and Section 39-22-104 of the Colorado Revised Statutes to change school financing and the income tax imposed on individuals, estates, and trusts.

Major Provisions:

Constitutional Provisions

- Repeals the requirement in the Colorado Constitution that the statewide base per pupil funding for P-12 public education grow annually by at least the rate of inflation;
- Requires a minimum of 43% of state sales, excise, and income tax revenue currently collected at a rate of 4.63% continue to be collected and used to pay for public education.

Statutory Provision

- Increases individual income tax rates from 4.63% to 5% on federal taxable income up to and including \$75,000; and from 4.63% to 5.90% on federal taxable income over \$75,000.

Background:

Currently, P-12 public education is funded by state income and sales taxes, and local property and vehicle ownership taxes. While it will increase income taxes, this measure will not increase corporate, sales, or property taxes. At this time, P-12 education is the largest portion of the Colorado budget. Should this proposal be adopted, the first

fiscal year's income tax revenues would increase by about \$950 million. The average Colorado family will pay \$11 per month more in income taxes. The ballot proposal is the funding mechanism for the new education reform legislation which was passed by the Legislature in the last session. If the proposal does not pass, the education bill will not be funded and the changes will not take place.

Currently, state law provides a base for per pupil funding which allows each school district to receive equal funding per student. Based on factors such as total number of students, percentage of lower-income students and cost of living in the local community, the base funding amount can be increased. In the past few years, the recession has required funding cuts to education by the Colorado Legislature. Since 2000, the average share of state tax revenues spent on P-12 education was 46%. In the last fiscal year the amount was 40%.

Those in favor say:

1. It is important for Colorado to produce students who graduate ready to join the workforce or further their education. This proposal allows Colorado to have the workers necessary to meet the needs of new and existing businesses.
2. One of the most important priorities is investing in a high quality education for kids. Colorado needs to make a commitment to the next generation to provide modern and technologically advanced classrooms.

3. The proposal will strengthen early childhood education by providing pre-school and full day kindergarten. It will provide funding for gifted and talented students, at-risk students, English language learners and funding for charter schools.

Those opposed say:

1. Colorado's economic recovery is fragile. The state has yet to fully recover and its families are still struggling. Families cannot afford a tax hike especially since incomes have declined. The proposal is wrong for our kids and Colorado's families.
2. Too much funding for schools goes to administration and too little goes toward paying our teachers and to directly benefitting children in the classroom.
3. Colorado's public schools are not adequately preparing our kids for college or for success in life. Many of the state's high school graduates need remedial classes once they enter college.

AMENDMENTS TO THE CONSTITUTION AND TO THE REVISED STATUTES

Proposition AA has been submitted to the voters by the legislature and makes changes to the state statutes. Amendment 66 is an initiated constitutional and statutory proposal. Citizens have gathered the required number of signatures to place it on the ballot.

THE LEAGUE OF WOMEN VOTERS® OF COLORADO EDUCATION FUND is not responsible for the accuracy or fairness of the arguments of either side. The pro and con statements are a compilation of the material submitted by proponents and opponents of each ballot issue.

VOTING REQUIREMENTS

Identification is required for voting at all polling places. First time voters voting by mail may need to submit identification. Acceptable ID forms are:

- Valid Colorado driver's license;
- Valid Colorado identification card;
- Valid U.S. passport;
- Employee identification card from a government agency with photo;
- Valid U.S. military card;
- Copy of current utility bill, paycheck or government check showing name and current address;
- FAA photo pilot's license;
- Certified naturalization document;
- Valid Medicare or Medicaid card;
- Certified copy of birth certificate;
- Valid student ID card with photo;
- Valid veteran's ID card;
- Valid ID card from a recognized tribal government.

THE LEAGUE OF WOMEN VOTERS® OF COLORADO EDUCATION FUND promotes informed participation in government by providing non-partisan educational information on topics of public concern and on the processes of government.

Contact the League's **VOTER HOTLINE at 303-863-VOTE (8683)** for: Voter information, Ballot information, Ballot Issue speakers.

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BALLOT ISSUES 2013



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