

Estimate of Fiscal Impact

Amendment 41 is expected to increase state government expenditures and state, county, and municipal government revenues. The increase in expenditures will depend upon the number of staff employed by the ethics commission and the cost of office space and supplies. Staff will be needed to investigate complaints, advise the commission, and prepare subpoenas. State revenues will increase to the extent that public officials and employees are fined for ethics violations. Most existing ethics laws and standards are similar to this proposal. As such, any state or local government revenue from fines is anticipated to be minimal.

Amendment 42 Colorado Minimum Wage

Amendment 42 proposes adding a new section to Article XVIII of the Colorado Constitution that:

- raises the minimum wage from \$5.15 per hour to \$6.85 per hour, and adjusts the wage annually for inflation; and
- increases the minimum wage for workers who regularly receive tips from \$2.13 per hour to \$3.83 per hour, and adjusts it annually by the same dollar amount as the minimum wage for non-tipped workers.

Summary and Analysis

What is the minimum wage? The minimum wage is the lowest wage that can be paid to most workers. It was instituted in 1938 by the federal government. Since then, the federal minimum wage has been increased nineteen times, from \$0.25 to its current level of \$5.15 per hour for most workers and \$2.13 per hour for workers that receive tips. It was last increased in 1997.

States can set a higher minimum wage than the federal one. Colorado's minimum wage is currently set at the federal amount of \$5.15 per hour. Although federal law also allows cities to enact a higher minimum wage, state law does not allow cities to enact minimum wage laws separate from that of the state.

Which workers typically get paid the minimum wage? Nationally, nearly three-quarters of those paid \$5.15 per hour or less work in service jobs, mostly in food preparation and serving. Some workers can be paid less than \$5.15 per hour because they receive tips or other compensation in addition to their hourly wage. Also, there are several jobs that are not covered by the minimum wage. The most common of these include certain farm workers, part-time babysitters, some seasonal and recreational employees, newspaper delivery persons, and salespeople who regularly work away from their employer's place of business.

The federal government publishes wage data for workers paid by the hour. This data overstates the number of workers affected by Amendment 42 because it includes workers not covered by minimum wage laws. Also, it understates the earnings of some workers because it does not include tips and other compensation. According to 2005 wage data, about 106,000, or just under 5 percent, of Colorado workers were paid less than \$6.85 per hour, the wage rate set in Amendment 42. About 72,000 of these workers were paid between \$5.15 and \$6.85 per hour, 9,000 were paid \$5.15 per hour, and 25,000 were paid less than \$5.15 per hour. Many of the workers earning below \$5.15 per hour likely received other compensation that pushed their total earnings above \$5.15 per hour.

How does Amendment 42 change state law? Amendment 42 increases Colorado's minimum wage from \$5.15 per hour to \$6.85 per hour beginning January 1, 2007. Furthermore, the proposal adjusts the wage by the rate of inflation each year. For workers who regularly receive tips, the minimum wage increases from \$2.13 per hour to \$3.83 per hour. This wage will adjust each year so that it will always be no more than \$3.02 less than that for workers who do not receive tips. For example, if inflation is 3 percent in 2007, in 2008 the minimum wage would increase to \$7.06 for most workers and \$4.04 for workers who receive tips.

How many states have higher minimum wages than the federal one? As of August 2006, 23 states and the District of Columbia had adopted a minimum wage greater than the federal minimum wage. Of those, four are adjusted annually by the rate of inflation. Washington State has the highest minimum wage. It is currently set at \$7.63 per hour and adjusts for inflation each year.

Arguments For

1) Raising the minimum wage ensures that more Coloradans working full-time will earn an income above the poverty level. Currently, a full-time worker earning \$5.15 per hour makes about \$10,700 a year. Amendment 42 raises this amount by a third, to about \$14,250. The annual income considered to be poverty level is \$9,800 for a one-person household and \$13,200 for a two-person household. Up to an estimated 138,000 Colorado workers could benefit from Amendment 42, including low-income workers earning just above the proposed minimum. Some of these workers' wages are the only source of their family's earnings.

2) An increase in the minimum wage is overdue. The federal government has not raised the minimum wage for nine years. Each year it becomes more difficult for minimum wage workers to buy necessary goods and services because of the rising cost of living. The buying power of the minimum wage is the lowest it has been for over 50 years. The proposed minimum wage of \$6.85 restores the wage to near its average buying power over the last 50 years. Adjusting the wage for inflation guarantees that the wage will not lose its buying power in the future.

3) Raising the minimum wage could benefit both businesses and workers by increasing worker morale and productivity, as well as reducing turnover and absenteeism. Further, some evidence shows that states that have minimum wages above the federal level have had favorable employment growth, including in industries that typically pay lower wages. This evidence shows that an increase in the minimum wage in these states has benefitted low-income workers without harming the economy.

Arguments Against

1) Raising the minimum wage may hurt the economy. Requiring businesses to increase the pay of non-tipped minimum wage workers by 33 percent and tipped minimum wage workers by 80 percent will push up wages of other workers and increase overall labor costs. Some evidence shows that businesses respond to an increase in the minimum wage by raising prices or by hiring fewer workers, or both. An increase in the minimum wage could be particularly difficult for smaller businesses and restaurants with fewer financial resources. The government does not need to require businesses to pay their workers more; businesses already pay nearly all Colorado workers more than the proposed minimum wage.

2) Some evidence shows that increases in the minimum wage cause employers to hire fewer less-skilled and inexperienced workers. These workers would then miss the opportunity to earn an income and gain the skills and experience that would allow them to earn higher wages in the future. Also, businesses forced to pay higher wages may offer fewer benefits, raises, and training opportunities. Further, many minimum wage workers do not live in low-income households or earn the minimum wage for long. Instead of increasing the minimum wage for all workers, existing programs and tax benefits can help low-income workers in need.

3) Since changes to the state constitution require voter approval, putting the minimum wage in the state constitution will make it difficult to respond quickly to future economic and labor conditions. Also, adjusting the minimum wage each year for inflation could contribute to continuing higher prices for Colorado consumers. Further, businesses will be required to pay workers higher wages each year regardless of their qualifications or performance and the financial condition of the business or the economy.

Estimate of Fiscal Impact

State spending and revenue. Students employed in work-study positions at state universities and colleges are often paid less than \$6.85 per hour. The difference between current student wages and the wages required by Amendment 42 could cost the state up to \$2.8 million annually. The actual state cost will depend on the options used by the legislature or schools to address the higher wages, such as providing more state money to the schools, increasing fees or tuition, or reducing the number of work study hours available to students. All other state employees are currently paid above \$6.85 per hour. Presently, it is unknown whether Amendment 42 will affect state revenue from income or sales tax collections. Any change in tax revenue cannot be quantified at this time.

Local government impact. The fiscal impact of the amendment on local government has not been estimated, though expenditures would increase for those local governments that currently pay workers at or near the minimum wage. Any change in local tax revenue cannot be quantified at this time.

**Amendment 43
Marriage**

Amendment 43 proposes adding a new section to Article II of the Colorado Constitution that:

- defines marriage in Colorado as only a union between one man and one woman.

Summary and Analysis

Definitions of marriage affecting Coloradans. Federal statutes define marriage as a legal union between one man and one woman for purposes of all federal laws relating to marital status. Colorado statutes define marriage as a legal union between one man and one woman for purposes of the state's laws relating to marital status.

For a marriage to be valid under Colorado statutes, it must be: (1) between a man and a woman; and (2) licensed, solemnized, and registered according to established procedures. In addition, Colorado recognizes common law marriage between a man and a woman who live together and hold themselves out publicly as husband and wife. Common law marriages are treated exactly the same as licensed marriages.

Legal effects of marriage in Colorado. The marriage relationship in Colorado provides spouses with a number of legal rights, responsibilities, and benefits, including:

- collecting benefits such as pensions, life insurance, and workers' compensation without being designated as a beneficiary;
- jointly incurring and being held liable for debts;
- making medical treatment decisions for each other;
- protection from discrimination based on marital status in areas such as employment and housing;
- filing income taxes jointly; and
- ending a marriage and distributing property through a legal process.

Arguments For

1) The public has an interest in preserving the commonly accepted definition of marriage. Marriage as an institution has historically consisted of one man and one woman and, as such, provides the optimal environment for creating, nurturing, and protecting children and preserving families.

2) A constitutional amendment is necessary to avoid court rulings that expand marriage beyond one man and one woman in Colorado. In Massachusetts, a statutory definition was not sufficient to prevent a court from requiring the state to recognize same-sex marriages. Any change to the definition of marriage should be determined by the voters, not judges.

Arguments Against

1) Language that limits marriage to opposite-sex couples does not belong in Colorado's Bill of Rights, which generally guarantees individual rights. Amendment 43 may be unconstitutional because it denies same-sex couples and their children the legal benefits and protections that are available to married couples and their children.

2) Adding the proposed language to the constitution is unnecessary because there is already a statutory ban in Colorado on any marriage that does not consist of one man and one woman. Additionally, federal statutes define marriage as between one man and one woman for purposes of federal laws.

Estimate of Fiscal Impact

Amendment 43 is not expected to affect state and local revenues or spending. Costs that may result from potential legal challenges to the amendment cannot be estimated.

Amendment 42
Colorado Minimum Wage

Ballot Title: An amendment to the Colorado constitution concerning the state minimum wage, and, in connection therewith, increasing Colorado's minimum wage to \$6.85 per hour, adjusted annually for inflation, and providing that no more than \$3.02 per hour in tip income may be used to offset the minimum wage of employees who regularly receive tips.

Text of Proposal:

Be it enacted by the People of the State of Colorado:

Article XVIII of the Colorado Constitution is amended BY THE ADDITION OF A NEW SECTION to read:

Section 15. State minimum wage rate.

Effective January 1, 2007, Colorado's minimum wage shall be increased to \$6.85 per hour and shall be adjusted annually for inflation, as measured by the Consumer Price Index used for Colorado. This minimum wage shall be paid to employees who receive the state or federal minimum wage. No more than \$3.02 per hour in tip income may be used to offset the minimum wage of employees who regularly receive tips.

Amendment 43
Marriage

Ballot Title: An amendment to the Colorado constitution, concerning marriage, and, in connection therewith, specifying that only a union of one man and one woman shall be valid or recognized as a marriage in Colorado.

Text of Proposal:

Be it Enacted by the People of the State of Colorado:

SECTION 1. Article II of the Colorado constitution is amended BY THE ADDITION OF A NEW SECTION to read:

Section 31. Marriages - valid or recognized.

ONLY A UNION OF ONE MAN AND ONE WOMAN SHALL BE VALID OR RECOGNIZED AS A MARRIAGE IN THIS STATE.

SECTION 2. Effective date.

This section shall take effect upon proclamation of the vote by the governor.

Amendment 44
Marijuana Possession

Ballot Title: An amendment to section 18-18-406 (1) of the Colorado revised statutes making legal the possession of one ounce or less of marihuana for any person twenty-one years of age or older.

Text of Proposal:

Be it Enacted by the People of the State of Colorado:

Section 18-18-406 (1), Colorado Revised Statutes, is amended to read:

18-18-406. Offenses relating to marihuana and marihuana concentrate. (1) Any person UNDER TWENTY-ONE YEARS OF AGE who possesses not more than one ounce of marihuana commits a class 2 petty offense and, upon conviction thereof, shall be punished by a fine of not more than one hundred dollars. This law shall take effect on December 7, 2006.