



2012 GUIDELINES ON TAXATION

Background

1. The Grand Junction Area Chamber of Commerce believes that a balanced tax policy is vital to the economic health of Colorado in general and Mesa County in particular.
2. In 1982, Colorado voters passed a constitutional amendment regarding property taxes referred to as the Gallagher Amendment. This created a gross inequity in the Colorado property tax system caused by the disparity between the tax rates for commercial, industrial, non-agriculture property and residential properties.
3. In 1991, legislators passed spending limits legislation referred to as the Arveschoug-Bird Legislation. However, this bill was weakened in 2009 via Senate Bill 228, which repealed the Arveschoug-Bird Legislation's provisions that limit the growth of the State's General Fund to 6% over the past year's expenditures. In 2010, this Legislation was repealed.
4. In 1992, Colorado voters passed a constitutional Amendment limiting revenue and expenditures referred to as the TABOR Amendment. In 2007, SB 199 froze the mill levy for K-12 funding which conflicts with the intent of TABOR.
5. In 2000 Colorado voters passed a constitutional amendment referred to as Amendment 23 to increase spending for K-12 education.
6. In 2005 Colorado voters passed Referendum C, which created a five-year time-out on TABOR requirements.
7. In 2008, the Supreme Court opined that fee increases without a vote do not conflict with the intent of TABOR.
8. In 2009, the federal government started greatly expanding spending, thus enormously increasing the federal debt. This will have an impact on state and local government's ability to meet their own needs.
9. Together these major pieces of legislation and judicial actions combined with over forty years of other uncoordinated tax changes have had major implications on the way taxes are assessed in the State of Colorado as well as on state and local government budgeting processes.

The Chamber Supports:

1. A long-term goal of a complete overhaul of the state's tax system, including but not limited to action to simplify, clarify, and hopefully restore citizen's understanding of and confidence in Colorado's taxing structure.
2. Efforts to resolve the Constitutional conflicts created by the interaction of the TABOR Amendment, the Gallagher Amendment and Amendment 23.
3. Changes to property taxes that will establish fair, logical and equitable property taxes throughout Colorado.
4. Individual tax policies that have a beneficial outcome on Colorado's economic stability and development and make Colorado, and thus Mesa County, more competitive in the global marketplace, encourage economic development, and enhance the local business climate.
5. The repeal of the Gallagher Amendment.
6. Achieving a balanced federal budget.
7. The legislative repeal of the mill levy freeze included in SB07-199 and the reintroduction of the Arveschoug-Bird provision.

The Chamber Opposes:

1. New taxes without voter approval.
2. Tax policies that have a negative impact on the state and local governments' credit ratings.
3. Any legislation or regulation imposing a tax or fee on service businesses including any shift of tax burden to the local level.
4. Any bonded indebtedness that allows revenues to be used for general fund appropriations or to pay the cost of any governments' day to day operations.
5. Any effort to redirect severance tax revenue away from communities impacted by energy development.
6. Tax increases disguised as "fees."
7. User fees that are not directly allocated to the operating body charging the fee.
8. Reductions in tax credits and incentives for economic development purposes.

The Chamber Will:

1. Continue to monitor and study developments in the taxation of “e-commerce” and work to ensure that whatever solution is accepted will not negatively impact state and local businesses.
2. Take an active role in developing potential solutions to the Constitutional conflicts created by the interaction of the TABOR Amendment, the Gallagher Amendment and Amendment 23.
3. Closely monitor any proposal for new funding mechanisms for meeting our highway maintenance and construction needs to determine their impact on business and the State’s economy.