

Repub. opposition fails to derail reversal of property tax surplus ruling

Written by K.C. Mason

A three-hour Republican filibuster in the Colorado Senate Monday night failed to derail a Democrat plan to withhold state education funding from any school district that reverses a previous vote on spending surplus property tax revenue on schools.

Sen. Bob Bacon, D-Fort Collins, introduced Senate Bill 291 in the wake of last month's Colorado Supreme Court ruling that upheld the 2007 property tax mill levy freeze.

The high court ruled that because all but three of Colorado's 178 school districts had already exempted themselves from the revenue limits imposed by the Taxpayer's Bill of Rights—the so-called de-brucing process named for TABOR author Doug Bruce—another election was not required to collect more revenue under the mill levy freeze.

The bill states that any school district that chooses to re-establish the TABOR limits in a re-brucing election would lose any state aid to make up the difference for the lost revenue.

Neither Bacon nor any other Democrat chose to respond to a three-hour Republican rant against the measure, during which Sen. Shawn Mitchell, R-Broomfield talked non-stop for two hours and 40 minutes.

"The originators of this bill are perpetrating an act of treachery," Mitchell said during his tirade, which included reading large portions of the 60-page Supreme Court ruling. "Now you want to punish the districts that want to have an informed vote now that the rules have changed. This is a treacherous double-cross."

Sen. Greg Brophy, R-Wray, was among those feeding material for Mitchell to read.

"This bill is unbelievably punitive," Brophy said. Mitchell "is right when he says it has a real chilling effect on taxpayer voters in certain districts of the state. The Supreme Court has given these guys a hall pass to raise taxes at will."

When asked, Sen. Mary Hodge, D-Brighton, said she signed on as a co-sponsor to SB 291 to prevent school districts from "gaming the system."

"If they've de-bruced, they've de-bruced," Hodge said. "To un-bruce because of the Supreme Court ruling seems like they are gaming the system."

The House meanwhile gave preliminary approval to Senate Bill 228, which removes the six percent growth limit on general fund spending to give lawmakers more flexibility in allocating state revenue. The spending formulas in the bill would instead be based on growth in statewide personal income.

"Senate Bill 228 does not increase taxes, does not increase state revenue and does not increase the size of state government," said Rep. Don Marostica, R-Loveland, who has been roundly criticized by fellow Republicans for sponsoring the bill. "The state limit in growth does not account for changes in economic conditions."

Rep. Kevin Priola, R-Henderson, said Republicans were able to show how easy the formulas could be changed with an amendment to divert more funding to education. The amendment first was approved but later removed in a formal recorded vote.

The proponents "say it still guarantees money for roads and buildings but it doesn't," Priola said. "All the guarantees are gone. Roads and buildings don't vote and are getting the short end of the stick."

The House also was scheduled to vote this week on three other late-arriving bills that stemmed from the Supreme Court ruling in the mill levy case. The court's March 13 pronouncement that a public vote isn't required for tax policy changes that don't increase revenue beyond what TABOR already allows opened the door to bills repealing existing tax credits.

The General Assembly's majority Democrats have been quick to jump on the high court ruling

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to introduce bills that would repeal sales tax exemptions for cigarette sales (HB 1342) and vending machine food sales (HB 1355), and eliminate a 15-year-old income tax deduction for Colorado-source capital gains (HB 1366).

The latest bill repeals a tax policy that allows taxpayers to deduct capital gains derived from the sale of assets held five years or longer and purchased before May 9, 1994.

All three tax credit bills, if they pass the House, would have to be approved by the Senate before next week's mandatory May 6 adjournment deadline.

Hodge said she believes the Senate should take more time with the tax credit issues.

"I've heard these are coming but I think we need some time to look at this stuff," said Hodge, suggesting instead an interim committee or task force to study the issue further.

"Trying to rush stuff through at the end of the session is not good tax policy."