

**Front Range Library Directors' Meeting at High Plains Library District
(March 19, 2010)**

**November 2010 Statewide Ballot Initiatives—
Implications for Libraries and Library Revenues**

Presenters:

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Georgeann Becker has practiced public finance law in Colorado for 32 years, currently as a partner in the Denver office of Peck, Shaffer & Williams LLP. Ms. Becker has acted as bond counsel, underwriter's counsel and issuer's special counsel for disclosure matters for obligations issued or entered into by state and local governmental units, including library districts, in Colorado, such as general obligation bonds, sales and use tax revenue bonds, water system and other utility revenue bonds, airport system revenue bonds, special assessment bonds, single-family mortgage revenue bonds, multi-family housing revenue bonds, industrial development bonds, lease purchase certificates of participation, tax increment bonds, tax and revenue anticipation notes and advance and current refundings of these types of obligations. Ms. Becker served as a long-time member of the Enterprises, Annual Appropriations/Lease Purchase and Special Assessments Subcommittees of the Colorado Municipal League's (CML) TABOR Technical Review Committee which began meeting in the summer of 1992 before TABOR was approved by Colorado's voters. Ms. Becker is a member of the Government Counsel Section of the Colorado Bar Association, the Colorado Association of Bond Lawyers, the National Association of Bond Lawyers (NABL) and the Association for Governmental Leasing and Finance (AGL&F).

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Jacqueline C. Murphy graduated from the University of Denver College of Law in 1997. Ms. Murphy is a director of the Seter & Vander Wall law firm which serves as general counsel to special districts and several library districts, including two library districts currently in formation. Ms. Murphy is often called upon to share her library district expertise with library systems, the Colorado Association of Libraries and the Colorado State Library, which has included drafting state legislation pertaining to library districts. She has assisted cities and counties to transition library systems into library districts to enhance service capability. Her practice covers all aspects of representation of local government entities including district formation, capital project financing and construction, personnel matters and general statutory compliance. Ms. Murphy also serves as a Guest Teacher for the Denver Public Schools through a Denver Bar Association program.

I. Introduction

A. Proposition 101 and Amendments 60 and 61 have been certified for the November 2010 ballot by the Colorado Secretary of State. Each of these measures will significantly adversely affect local government entities, including library districts.

B. Dialogue/Information Sharing Among Local Government Associations and Library Community.

II. Proposition 101 (Reduces Vehicle (Specific Ownership Taxes), Income Tax and Telecommunication Revenues)

A. Specific Ownership Taxes (SOTs).

1. Pursuant to State law, library districts, in addition to other taxing entities, receive a share of Specific Ownership Taxes (SOTs) distributed by the Counties.

2. \$492m was collected statewide in SOTs in 2009.¹ Prop. 101 would reduce SOT revenues of local governments/library districts by 97% by the third year.²

3. Template to calculate specific money impacts may soon be available through CGFOA.

B. Telecommunication Revenues. Telecommunication provision would negatively impact rural areas (and consequently, their libraries).

C. State income tax rate decrease.

III. Amendment 60 (Limits Property Taxes)

A. Constitutional change. In contrast to Proposition 101, cannot be changed by legislature.

B. TABOR Implications.

1. Would Effectively Overturn TABOR Cases.

2. De-Brucing/Libraries/Library Districts May Need to Recalculate TABOR Limit Using 1992 (TABOR passage) as Base Year.

3. Enterprises to pay Property Taxes.

¹ CML Meeting on Proposition 101, Amendment 60 and Amendment 61, February 17, 2010

² CML Meeting on Proposition 101, Amendment 60 and Amendment 61, February 17, 2010

C. Property Tax Considerations.

1. Future property tax increase good only for 10 years.
2. Tax/debt or other obligation voted separately. \$ limit for 1st year.

D. Election Considerations.

1. Out of State voting.
2. More taxpayer money will need to be spent on elections.
 - a. Enterprises and unelected boards may not levy property tax or mandatory fees.
 - b. Right of Petition.
 - c. See IV(B) and (C) and V(B)(1) below.

IV. Amendment 61 (Limits State and Local Government Debt)

A. Constitutional Change.

B. Prohibits virtually all financing activities at State level and requires voter authorization for all financing activity at local government level.

C. Redefines “debt” for obligations requiring electoral authorization.

D. Once financial obligations repaid, tax rates equal to the average annual debt service would be cut.

E. 10% of assessed taxable value debt limit for local governments.

V. Other Considerations

A. Fair Campaign Practices Act (FCPA)

B. Mitigating Impact:

1. Election Planning for 2010.
2. Consider issuing or entering into obligations in 2010.
3. 2011 Budgets

- a. Consider preparing alternate budgets for 2011 (one if measures pass, one if not).
- b. Consider defeasing outstanding obligations in 2010.

VI. Questions and Further Discussion

Ms. Becker and Ms. Murphy are now serving on a new committee hosted by CML, the Colorado Association of School Boards (CASB), Colorado Counties Inc. (CCI) and the Colorado Special District Association (SDA) formed initially to analyze and discuss the potential impacts on the State and Colorado local governments of the three November 2010 statewide ballot initiatives being discussed today and will continue to volunteer their time, knowledge, experience and resources in connection with the efforts of this committee. Additionally, PSW and SVW have been and will continue to assist their local government clients in analyzing and describing these initiatives.

Feel free to contact Georgeann Becker or Jacqueline Murphy if you would like further information or have additional questions.

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