

BALLOT PROPOSITION #204

Publicity Pamphlet Fiscal Impact Summary

State law requires the Joint Legislative Budget Committee Staff to prepare a summary of the fiscal impact of certain ballot measures. Proposition 204 would enact a 1 cent per dollar transaction privilege and use tax ("sales tax") and allocate those monies to specified programs.

The 1 cent tax is projected to generate \$971 million in revenue in its first year. Of that amount, \$753 million would be distributed to education, \$97 million to transportation and \$121 million to human service programs.

The proposition would also have the following fiscal impacts:

- 1) Specified funding levels for the state's kindergarten through 12th grade and state university systems cannot be reduced below the levels for fiscal year 2011-2012 or 2012-2013, whichever is greater.
- 2) Specific components of the K-12 school finance formula would be annually adjusted for inflation. This increase would initially be paid from the 1 cent sales tax. Given the proposition's allocation formula, the 1 cent sales tax is projected to fully cover the cost of the cumulative increases through approximately 2018 and partially cover the cumulative cost after that time.
- 3) The limits on school district bonds and overrides cannot be below those in effect for 2012.
- 4) Vehicle license tax and related highway user revenues cannot be transferred to any other fund. Highway user revenues may continue to fund the Department of Public Safety's Highway Patrol.
- 5) The sales tax base cannot be adjusted in a way that causes the amount of sales tax collected to be less than the amount collected in the prior year, plus six per cent, unless there is a corresponding change in the tax base that results in no reduction in the amount of sales tax collected.