



## The Mechanics of Fair Tax Colorado 5 Things Initiative #271 Does

1. Initiative #271 repeals the single-rate income tax mandate in Article X, Section 20.
2. Initiative #271 implements a fair tax, which increases rates for income earned over \$250,000. Below is how this compares to Colorado's current tax table. Brackets will be adjusted annually by the percentage change in personal income.

| Income Bracket  | Initiative #271 Income Tax Rate | Colorado's Current Income Tax Rate | Difference in Percentage Points |
|---|---------------------------------|------------------------------------|---------------------------------|
| Below \$250,000   | 4.58%                           | 4.63%                              | -0.05 pp                        |
| \$250,000 to \$500,000                                  | 7.00%                           | 4.63%                              | 2.37 pp                         |
| \$500,000 to \$1,000,000                                | 7.75%                           | 4.63%                              | 3.12 pp                         |
| \$1,000,000+  | 8.9%                            | 4.63%                              | 4.27 pp                         |
| <b>Possible Revenue Generated Under Initiative #271</b> | <b>Up to \$2 billion</b>        |                                    |                                 |

3. A fair tax review commission will be composed of 25 appointed members. This commission will report to the governor, the General Assembly, and the public on the effects of the new fair tax system on state revenue, public service funding, income distribution, and business climate.
4. The revenue generated under Initiative #271 is voter approved, meaning it is not subject to the TABOR cap. Half is allocated to the recruitment, retention, and pay of pre-primary through K-12 teachers and student support staff. The other half will go toward addressing the impacts of a growing population and changing economy.
5. The majority of generated revenue (90 percent) must be spent on services not administration and to ensure funds are spent accordingly, a citizen's oversight committee will be created.