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Tax watchdog: State faces dire finances

By Lynn Bartels, Rocky Mountain News

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Colorado's financial future is so dire it could shut down entire state departments and still face serious budget problems, according to a nonpartisan tax group.

The Center for Tax Policy on Wednesday released a report looking at the implications of the so-called ratchet effect in the Taxpayer's Bill of Rights, which doesn't allow the state to return to pre-recession spending levels.

The report by the Colorado group examines the impact of eliminating the state's share of college tuition or slashing non-mandatory funding for the elderly and mentally ill.

"It really shows you the scope of the problems this state faces," said Edie Sonn, spokeswoman for the Center for Tax Policy.

"The state's allowed spending levels to lag behind the increases necessitated by Colorado's growing population and cost of services."

Sonn said the report was not intended as an endorsement for Referendum C, the Nov. 1 ballot measure that would allow the state to temporarily suspend TABOR restrictions.

The center - a 59-year-old group that bills itself as a tax watchdog - examined the impact of TABOR because of the debate on Ref C, she said.

In the meantime, opponents of Ref C have done their own research and released reports critical of the measure. A study released last week by the Golden-based Independence Institute concluded Ref C would effectively kill TABOR's spending limits, turning Colorado into a potential California.

The Center for Tax Policy report examined four possible scenarios to deal with budget shortfalls expected to hit nearly \$630 million within five years. Only one scenario, the elimination of nonmandatory Medicaid funding, would close the deficit gap but "at a serious social cost."

That possibility "terrifies us health-care advocates," said Ben Davis, spokesman for the Consumer Health Initiative. "You have 700,000 people in this state without health care insurance, and they would have nowhere to turn."

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