



Legislative
Council Staff

Nonpartisan Services for Colorado's Legislature

Initiative 25

Fiscal Summary

Date:	April 6, 2021	Fiscal Analyst:	Aaron Carpenter (303-866-4918)
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LCS TITLE: LEARNING ENRICHMENT AND ACADEMIC PROGRESS PROGRAM

Note: This fiscal summary has been revised to include additional information on the fully phased-in tax increase under the measure. It replaces the fiscal summary dated April 5, 2021.

Fiscal Summary of Initiative 25

This fiscal summary, prepared by the nonpartisan Director of Research of the Legislative Council, contains a preliminary assessment of the measure's fiscal impact. A full fiscal impact statement for this initiative is or will be available at www.ColoradoBlueBook.com. This fiscal summary identifies the following impact.

State expenditures. The initiative will increase state expenditures in the newly created Learning Enrichment and Academic Progress Fund by an estimated \$55.8 million in FY 2021-22 and \$109.1 million in FY 2022-23 and in future years. Expenditures will include administration of the Learning Enrichment and Academic Progress Program and the financial aid award amounts distributed to parents.

Diversions and transfers of state funds. The initiative will divert \$21.0 million in FY 2021-22 and \$22.0 million beginning in FY 2022-23 in state land board revenue from the Permanent Fund to the State Public School Fund. The initiative then transfers a corresponding amount of revenue each year from the General Fund to the newly created Learning Enrichment and Academic Progress Fund. The money transferred is not subject to state constitutional spending limits.

State revenue. The initiative will increase state revenue by an estimated \$34.8 million in FY 2021-22 and by \$87.1 million in FY 2022-23 from increasing the tax on retail marijuana. When fully phased-in, this new tax will increase state revenue by \$137.6 million in FY 2024-25. This revenue is not subject to state constitutional spending limits. In addition, by diverting money from the Permanent Fund, the interest from which is used for current and future school funding needs, the initiative decreases state revenue from interest earnings by an estimated \$70.5 million over 10 years.

Economic impacts. The measure is expected to provide expanded learning opportunities to Colorado students. Expanded learning opportunities may improve students' educational outcomes, thereby enhancing their readiness for the workplace. To the extent that the measure improves educational outcomes, it may increase employment opportunities and wage earnings for the beneficiary students. The measure is also expected to reduce child care expenses for parents of participating children. In addition, the initiative increases sales tax on retail marijuana, which may reduce the amount of money consumers will have to spend or save elsewhere in the economy.