

SAN LUIS VALLEY  
RURAL ELECTRIC CO-OP™

Dear Member:

November elections will be here soon and you will face many decisions—a new governor, many federal seats and many state seats. We will also vote on several ballot initiatives. Among these choices, I would like to address three ballot initiatives, Amendments 60, 61 and 101. Normally I only weigh in on legislative issues that affect the electric utility industry. However, I am so concerned about the unintended consequences of these amendments, I must speak out.

Amendment 60 cuts property taxes. This constitutional amendment requires school districts to reduce mill levies by 50 percent between 2011 and 2020, and requires the state to backfill lost revenue with increased state spending for K-12 education. It repeals all local town and county elections that were held to “de-Bruce” and restore services. Under Amendment 60, all tax increase questions must be voted on in November elections. Furthermore, such questions must be approved via two separate votes, one asking for money and another describing the project to be funded, which distorts issues.

Amendment 61 prohibits debt. This constitutional amendment prohibits the state and all political subdivisions from borrowing money in any form, even as a short-term bridge to make payment until tax revenues are received, and prohibits the extension of any term of current debt. It bans state and local governments from borrowing for capital projects like schools, paving, water treatment plants, storm drains, and more. Town and counties will not be able to lease/purchase equipment without voter approval in a November election, increasing costs to government. Voter-approved bonds must be paid within ten years instead of 20 or 30, also driving up costs.

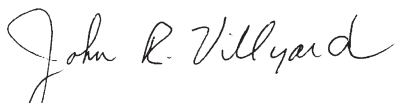
Proposition 101 limits state and local government revenue. It cuts income taxes, telecom taxes, and license taxes and fees. This statutory amendment reduces state income tax rates from 4.6 percent to 3.5 percent over time. It reduces motor vehicle ownership taxes to \$2 per new vehicle and \$1 for older vehicles. It eliminates taxes on vehicle rental and reduces annual vehicle registration and title fees to \$10 per vehicle.

According to the Colorado Legislative Council (the nonpartisan research agency of the Colorado General Assembly), if all of these measures were fully implemented in fiscal year 2010-11, the state would lose \$2.1 billion in revenue while having to increase K-12 education funding by \$1.6 billion. This would mean that 99 percent of the general fund budget would have to be used to fund K-12 education with no funds left to pay for the remaining government functions.

Our six counties would be affected by the loss in revenue. For example, in Rio Grande County, the elimination of vehicle ownership taxes would slash the 52 percent that currently funds schools. It would reduce license fees by over 80 percent and thus cut over \$500,000 from the County Roads & Bridges fund. The local fire district budget would be reduced from \$91,000 to \$1,671. The loss in funding for 911 emergency response, combined with reduced fire and ambulance budgets, would result in longer response times and higher insurance rates. In Alamosa County, ownership fees would be slashed 98.1 percent, from \$1.17 million to \$22,472. This would affect the budgets of county and local governments, schools, as well as ambulance, fire and water districts.

I respect individual views on taxes and government restrictions. I recognize your right to vote based on your own convictions and I sincerely respect your choices. However, these far-reaching measures have significant consequences. I urge you to be cautious when you cast your vote and to be responsible to your fellow citizens. The board and I join groups like Colorado Association of Commerce and Industry, Action 22, Colorado Farm Bureau, Upper Rio Grande Economic Development Council, Del Norte Economic Development Council and the leadership of both major political parties in opposing these initiatives. Please, become informed and involved.

Sincerely,



John R. Villyard, CEO

San Luis Valley Rural Electric Cooperative, Inc.