



Legislative Council Staff
Nonpartisan Services for Colorado's Legislature

Fiscal Note

Table with 2 columns: Field (Drafting Number, Prime Sponsors, Date, Bill Status, Fiscal Analyst) and Value (LLS 24-0663, Rep. Bockenfeld, January 17, 2024, House State Affairs, Elizabeth Ramey | 303-866-3522, elizabeth.ramey@coleg.gov)

Bill Topic: LOCAL GOVERNMENT TABOR PRIOR VOTER APPROVAL REQUIREMENT

Table with 2 columns: Summary of Fiscal Impact and Selections (State Revenue, State Expenditure, State Transfer, TABOR Refund, Local Government, Statutory Public Entity)

The bill requires that a local government that retains revenue in excess of its TABOR limit pursuant to a waiver election held prior to November 9, 2020, must resubmit the ballot issue from that waiver election to the registered voters of the local government for re-approval by the November 2029 local elections. It increases local expenditures, conditionally decreases local revenue, and conditionally increases state expenditures for school finance.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Summary of Legislation

The bill requires that a local government that retains revenue in excess of its TABOR limit on fiscal year spending or property tax revenue pursuant to a waiver election held prior to November 9, 2020, must resubmit the ballot issue from that waiver election to the registered voters of the local government for re-approval by the November 2029 local elections. If the measure is not approved by voters, any approved waiver to keep excess TABOR revenue will end starting in the following fiscal year after the election is held.

Background

Article X, Section 20, of the Colorado Constitution (TABOR) requires revenue collected by state and local governments in excess of an annual limit (TABOR limit) to be refunded to taxpayers, unless voters approve a measure allowing a local government to retain the excess. Since the enactment of TABOR, 50 counties and 174 school districts have received voter approval to permanently retain and spend excess revenues above the TABOR limit prior to 2020. Additionally, many other municipalities and special districts received voter approval to permanently retain all or a portion of excess revenues above the TABOR limit prior to 2020.

Local Government

Local governments that previously approved retaining excess TABOR revenue at elections prior to November 2020 will have additional costs and workload to conduct another retention election between enactment of the bill and 2029. If such a measure to waive TABOR limits on local government fiscal year spending or property tax revenue is rejected by voters, the bill will conditionally reduce local government expenditures and conditionally increase local government TABOR refunds in the fiscal year following the election. Thus, impacts may begin as soon as FY 2025-26 if a measure is brought under the bill at the 2024 general election or as late as FY 2030-31 for measure brought at the last possible election under the bill in November 2029.

State Expenditures

The bill conditionally increases expenditures for state aid for school finance beginning in FY 2025-26. These expenditures may be paid from the General Fund, the State Education Fund, the State Public School Fund, or a combination of these.

Of the state's 178 school districts, 174 districts received voter approval to retain and spend excess revenue prior to 2020. The bill requires districts to conduct elections to reauthorize these approvals. Districts that do not reauthorize approvals will retain less property tax revenue, reducing local share funding for school finance and requiring an equivalent increase in state aid. The amount of the increase depends on when and where reauthorization measures are rejected. If all measures are rejected, the increased state aid requirement could exceed \$1 billion annually by FY 2030-31. The exact impact to the state aid obligation will depend on voter decisions to keep or reject previously approved waivers under TABOR and the timing of local elections.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State and Local Government Contacts

Counties	Municipalities	Revenue
Special District Association		

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).