



Legislative
Council Staff

Nonpartisan Services for Colorado's Legislature

Initiative 28

Fiscal Summary

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LCS TITLE: PROPERTY TAX ASSESSMENT RATE REDUCTION AND VOTER-APPROVED REVENUE CHANGE

Fiscal Summary of Initiative 28

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.

Local government impact. By lowering property tax assessment rates, the measure will decrease property tax revenue to local governments statewide by an estimated \$1.03 billion, beginning in 2023. The impact will vary among local governments across the state, and the specific impact on each city, county, special district, or school district will depend on several factors, including mill levies and the composition of properties in each jurisdiction. Subject to appropriations by the General Assembly, some local governments may also receive state funding to partially offset lost revenue, up to \$25.0 million statewide.

State expenditures. The measure increases state expenditures to backfill lost property tax revenue to school districts. By lowering property tax assessment rates, the measure will decrease property tax revenue collected by school districts; as a result, the state share of school finance is estimated to increase by approximately \$257.7 million in budget year 2022-23 and subsequent years. The measure will also increase workload for the Division of Property Taxation to update and review forms and training materials, as well as to respond to inquiries regarding assessment rate changes.

Should the General Assembly appropriate \$25.0 million to partially offset the reduction in property tax revenue, the measure will increase state expenditures for that purpose, and the state would be authorized to retain and spend \$25.0 million above constitutional spending limits.

Economic impacts. The measure will decrease property taxes for homeowners and nonresidential property owners, increasing the money that households will have to save or spend and that businesses will have to hire employees, purchase equipment or other investments, or retain as profit. The measure will also decrease revenue to cities, counties, special districts, and school districts, resulting in fewer local government services, including police and fire protection, hospitals, transportation, education, and libraries, among other services.