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Colorado General Assembly

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MEMORANDUM

TO: Suzanne Taheri and Michael Fields
FROM: Legislative Council Staff and Office of Legislative Legal Services
DATE: January 31, 2024
SUBJECT: Proposed initiative measure 2023-2024 #156, concerning property tax valuation

Section 1-40-105 (1), Colorado Revised Statutes, requires the directors of the Colorado Legislative Council and the Office of Legislative Legal Services to "review and comment" on initiative petitions for proposed laws and amendments to the Colorado constitution. We hereby submit our comments to you regarding the appended proposed initiative.

The purpose of this statutory requirement of the directors of Legislative Council and the Office of Legislative Legal Services is to provide comments intended to aid proponents in determining the language of their proposal and to avail the public of knowledge of the contents of the proposal. Our first objective is to be sure we understand your intent and your objective in proposing the amendment. We hope that the statements and questions contained in this memorandum will provide a basis for discussion and understanding of the proposal.

This initiative was submitted with proposed initiative 2023-2024 #155. The comments and questions raised in this memorandum will not include comments and questions that were addressed in the memorandum for proposed initiative 2023-2024 #155, except as necessary to fully understand the issues raised by the revised proposed initiative. Comments and questions addressed in the other memorandum may also be relevant, and those questions and comments are hereby incorporated by reference in this memorandum. Only new comments and questions are included in this memorandum.

Purposes

The major purposes of the proposed amendment to the Colorado Revised Statutes appear to be:

1. To prohibit the actual value of property for the 2024 tax year from increasing by more than four percent from the actual value for the 2022 tax year for property that does not have an unusual condition which results in an increase or decrease in value;
2. To prohibit the actual value of property for the 2025 tax year and every tax year thereafter from increasing by more than four percent over the actual value in the previous tax year for property that does not have an unusual condition which results in an increase or decrease in value;
3. To establish a one-time four-year reassessment cycle beginning January 1, 2021;
4. To require the state to reimburse local districts for revenue lost as a result of the proposed initiative's changes to valuation for assessment; and
5. To ensure that any reduction in state revenue resulting from the proposed initiative does not reduce funding for the state education fund.

Substantive Comments and Questions

The substance of the proposed initiative raises the following comments and questions:

1. Article V, section 1 (5.5) of the Colorado constitution requires all proposed initiatives to have a single subject. What is the single subject of the proposed initiative?
2. The following questions relate to proposed section 4:
 - a. The repeal date for section 39-3-210 is currently July 1, 2025. Do the proponents intend that the reimbursement requirement of subsection (8) is repealed July 1, 2025?
 - b. What is meant by "local district"? Is this meant to be the same as "local governmental entity", as defined in section 39-3-210? If not, does "local district" include a school district?
 - c. How is the amount of "lost revenue as a result of the passage of this measure" calculated?

- i. How does this work with floating mill levies that automatically adjust when property tax revenue changes?
 - ii. How does this calculation interact with a local district's fiscal year spending limit under section 20 (7)(b) of article X of the state constitution?
 - d. Is the amount of the warrant described in this section meant to only cover the "lost revenue as a result of the passage of this measure" from the most recent year?
 - e. To whom does the state treasurer issue the warrant described in this section?
3. The following questions relate to proposed section 5:
- a. The repeal date for section 39-3-210 is currently July 1, 2025. Do the proponents intend that proposed subsection (7) is repealed July 1, 2025?
 - b. What does it mean "to insulate school districts from revenue loss due to the passage of this measure"?
 - c. Since property tax revenue is local government revenue and not state revenue, what reduction in state revenue would be "attributed to the voter approval of" the proposed initiative?
 - d. What is meant by reducing "funding for the state education fund"?

Technical Comments

The following comments address technical issues raised by the form of the proposed initiative. These comments will be read aloud at the public meeting only if the proponents so request. You will have the opportunity to ask questions about these comments at the review and comment meeting. Please consider revising the proposed initiative as suggested below.

1. In the amending clause of section 4 of the proposed initiatives, there should be a comma after "39-3-210".
2. If the proponents intend to add both subsections (7) and (8) to 39-3-210, then sections 4 and 5 can be combined into one section that adds both (7) and (8) to 39-3-210.