Initiative 252

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Fiscal Impact Statement

Date: May 27, 2024 **Fiscal Analyst:** Greg Sobetski (303-866-4105)

LCS TITLE: CONCERNING VOTER-APPROVED REVENUE CHANGES

Fiscal Impact Summary		FY 2024-25	FY 2025-26
Revenue		-	-
Expenditures	General Fund	($3,687.2 million)	($3,820.0 million)
	Cash Funds	($421.7 million)	($568.9 million)
	School Finance[1]	$265.0 million	$265.0 million
	TABOR Refunds	$4,108.9 million	$4,388.9 million
	Total	**$265.0 million**	**$265.0 million**

[1]School finance expenditures may be paid from the General Fund, the State Education Fund, the State Public School Fund, or a combination of these. Data are not available to estimate the FY 2025-26 school finance expenditure; for illustrative purposes, this table shows an ongoing expenditure at the FY 2024-25 level.

Disclaimer. This initial fiscal impact statement has been prepared for an initiative approved for petition circulation by the Secretary of State. If the initiative is placed on the ballot, Legislative Council Staff may revise this estimate for the ballot information booklet (Blue Book) if new information becomes available.

Summary of Measure

The measure limits the term for which a voter-approved revenue change may be authorized under TABOR to no more than four years.

Background and Assumptions

Article X, Section 20, of the Colorado Constitution (TABOR) limits the amount of revenue that the state government or any local government may retain and spend or save each year. Revenue collected over the TABOR limit is required to be refunded to taxpayers, unless its retention is approved by voters. Since the addition of TABOR to the Constitution in 1992, voters at the state and local levels have approved revenue changes allowing the retention and spending of additional amounts of revenue.

This fiscal impact statement assumes that the measure applies beginning in FY 2024-25 to voter approved revenue changes that occurred more than four year ago, which without the measure would otherwise be in effect for that year. While voters may reauthorize revenue changes under the measure, this fiscal impact statement presents the fiscal impact if state changes are not reauthorized. Data is unavailable to estimate the impact on local governments.

Taxpayer Impact

The measure is expected to increase state and local TABOR refunds to taxpayers if current voter-approved revenue changes are not reauthorized. Additional state refunds are estimated at $4.1 billion for tax year 2025 and $4.4 billion for tax year 2026. Actual refunds per taxpayer will depend on the refund mechanisms used, but would average $1,040 for 2025 and $1,100 for 2026, assuming no current changes are reauthorized. Reauthorizations would reduce these refund amounts. Data is unavailable to estimate the taxpayer impact of local refunds.

State Expenditures

The measure impacts state spending on school finance and TABOR refunds, as discussed below.

School finance. By decreasing the amount of property tax allowed to be retained and spent by local school districts if voters do not reapprove revenue changes, the measure increases the state aid obligation for school finance by an estimated $265 million in FY 2024-25, and larger amounts in later years. School finance expenditures may be paid from the General Fund, the State Education Fund, the State Public School Fund, or a combination of these. Since a budget has been enacted for FY 2024-25, the increased expenditure for that year will require cuts to other spending or a reduction in the state's General Fund or State Education Fund reserve.

TABOR refunds and programmatic spending. The measure increases the state obligation for TABOR refunds by up to $4.1 billion in FY 2024-25 and $4.4 billion in FY 2025-26, and larger amounts if later years, if voters do not approve the retention and spending of these funds. Affected revenue streams are shown in Table 2.

Table 2
TABOR Refunds under Initiative 252
Dollars in Millions

Voter-Approved Revenue Change	Program Areas	FY 2024-25	FY 2025-26
Referendum C	Education, Health Care	$3,687.2	$3,820.0
Proposition AA	Education, Health Care, Human Services	$271.3	$290.1
Proposition DD	Water Infrastructure	$34.2	$36.2
Proposition EE	Preschool, Health Care	$116.2*	$242.6
Proposition FF**	School Meals	$0.0	$0.0
Proposition 123**	Affordable Housing	$0.0	$0.0
	Total	**$4,108.9**	**$4,388.9**

*Half-year impact; authorization for Prop EE would expire after tax year 2024.
**Authorizations for Prop FF and Prop 123 would expire after tax year 2026 and first affect refunds in FY 2026-27.

The amounts shown in Table 2 would be required to be refunded to taxpayers, and state spending in the affected areas would decrease correspondingly. For FY 2024-25, decreased spending would require reduced appropriations through the mid-year supplemental budget process.

Local Government

The measure increases local government obligations for TABOR refunds and decreases the amount that local governments may expend for other purposes. The amount of the impact depends on the extent to which local governments seek reauthorizations for prior voter-approved revenue changes, and whether voters approve or reject these ballot measures. There is not available data to estimate the maximum impact across all affected local governments; however, the total impact across all local governments is expected to exceed $1 billion.

Effective Date

If approved by voters at the 2024 general election, this measure takes effect upon proclamation of the Governor, no later than 30 days after the official canvass of the vote is completed.

State and Local Government Contacts

Counties	County Treasurers	Joint Budget Committee Staff
Law	LCS Economists	Local Affairs
Municipalities	Property Tax Division	Regional Transportation District
Revenue	School Districts	Special District Association
Treasury		