Proposition 136: Income Tax Rate Limit

Placed on the ballot by citizen initiative • Passes with a majority vote

Proposition 136 proposes amending the Colorado statutes to:

- set a 4.4 percent limit on the state income tax rate for individual and corporate taxpayers.

What Your Vote Means

YES

A "yes" vote on Proposition 136 establishes the current state income tax rate of 4.4 percent as the maximum rate.

NO

A "no" vote on Proposition 136 keeps the current state income tax rate of 4.4 percent without establishing a new limit in statute.

Summary and Analysis of Proposition 136

What does Proposition 136 do?

The measure limits the state income tax rate for individuals and corporations to the current rate of 4.4 percent of taxable income beginning on January 1, 2027.

Does Proposition 136 change the current income tax rate?

No, the measure does not alter the current 4.4 percent state income tax rate. It creates a state law setting this rate as the maximum beginning on January 1, 2027.

Does Proposition 136 prevent any future changes to the state income tax rate?

No, Proposition 136 will not change the process for adjusting Colorado's income tax rate. The state legislature or a citizen initiative may reduce the state income tax rate. The Colorado Constitution already requires that any tax rate increases be approved by voters.

What happens if Proposition 136 and Initiative 195 both pass?

Initiative 195 creates a graduated income tax, where higher tax rates are applied to higher incomes and lower tax rates are applied to lower incomes earned by a household or business. If both Initiative 195 and Proposition 136 are approved by voters, the proposed rate for incomes over $500,000 in Initiative 195 would be higher than the 4.4 percent limit in Proposition 136. Generally, when parts of voter-approved measures conflict, the policy outcome is determined by the measure that receives more votes. However, if both measures are approved by voters, the exact outcome is unclear. The state legislature or a court will determine how to resolve any conflicts.

Argument For Proposition 136

1) Proposition 136 reinforces voter support for maintaining the current state income tax rate. The current rate, overwhelmingly approved by voters in 2022, is fair and keeps Colorado's tax rate among the lowest in the country.

Argument Against Proposition 136

1) This initiative is designed to put Initiative 195 into legal jeopardy, causing confusion and a potentially costly legal battle to resolve. After the 2026 election, Proposition 136 has no effect, since raising tax rates already requires voter approval and any future approval would override this measure.

Information about the organizations supporting and opposing this measure is available on the Colorado Secretary of State's website:

www.coloradosos.gov/pubs/elections/Initiatives/ballot/contacts/2026.html

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Fiscal Impact of Proposition 136

The measure limits the state income tax rate to no higher than the current rate of 4.4 percent. This results in no change to state or local government revenue or spending. For this reason, the measure has no fiscal impact.

Note from Legislative Council Staff:

The Secretary of State is still verifying signatures for Initiative 195. If Initiative 195 does not qualify for the ballot, we will remove the section about how the two measures interact from our analysis. We will also replace the argument against with this alternative:

1) Proposition 136 has no practical effect. Colorado voters must already approve any increase in the state income tax rate, so this measure does not provide any additional protections for taxpayers.

Initiative 232: Income Tax Rate Limit

Placed on the ballot by citizen initiative • Passes with a majority vote

Initiative 232 proposes amending the Colorado statutes to:

- set a 4.4 percent limit on the state income tax rate for individual and corporate taxpayers.

What Your Vote Means

YES

A "yes" vote on Initiative 232 establishes the current state income tax rate of 4.4 percent as the maximum rate.

NO

A "no" vote on Initiative 232 keeps the current state income tax rate of 4.4 percent without establishing a new limit in statute.

Summary and Analysis of Initiative 232

What does Initiative 232 do?

The measure limits the state income tax rate for individuals and corporations to the current rate of 4.4 percent of taxable income beginning on January 1, 2027.

Does Initiative 232 change the current income tax rate?

No, the measure does not alter the current 4.4 percent state income tax rate. It creates a state law setting this rate as the maximum beginning on January 1, 2027.

Does Initiative 232 prevent any future changes to the state income tax rate?

No, Initiative 232 will not change the process for adjusting Colorado's income tax rate. The state legislature or a citizen initiative may reduce the state income tax rate. The Colorado Constitution already requires that any tax rate increases be approved by voters.

What happens if Initiative 232 and Initiative 195 both pass?

Initiative 195 creates a graduated income tax, where higher tax rates are applied to higher incomes and lower tax rates are applied to lower incomes earned by a household or business. If both Initiatives 195 and 232 are approved by voters, the proposed rate for incomes over $500,000 in Initiative 195 would be higher than the 4.4 percent limit in Initiative 232. Generally, when parts of voter-approved measures conflict, the policy outcome is determined by the measure that received more votes. However, if both measures are approved by voters, the exact outcome is unclear. The state legislature or a court will determine how to resolve any conflicts.

Argument For Initiative 232

1) Initiative 232 reinforces voter support for maintaining the current state income tax rate. The current rate, overwhelmingly approved by voters in 2022, is fair and keeps Colorado's tax rate among the lowest in the country.

Argument Against Initiative 232

1) This initiative is designed to put Initiative 195 into legal jeopardy, causing confusion and a potentially costly legal battle to resolve. After the 2026 election, Initiative 232 has no effect, since raising tax rates already requires voter approval and any future approval would override this measure.

Information about the organizations supporting and opposing this measure is available on the Colorado Secretary of State's website:

www.coloradosos.gov/pubs/elections/Initiatives/ballot/contacts/2026.html

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Fiscal Impact of Initiative 232

The measure limits the state income tax rate to no higher than the current rate of 4.4 percent. This results in no change to state or local government revenue or spending. For this reason, the measure has no fiscal impact.

Note from Legislative Council Staff:

The Secretary of State is still verifying signatures for Initiative 232 and Initiative 195. If Initiative 232 qualifies for the ballot and Initiative 195 does not, we will remove the section about how the two measures interact from our analysis. We will also replace the argument against with this alternative:

1) Initiative 232 has no practical effect. Colorado voters must already approve any increase in the state income tax rate, so this measure does not provide any additional protections for taxpayers.

Last Draft Comments from Interested Parties

Proposition 136

Income Tax Rate Limit

Michael Fields, representing Advance Colorado Institute:

Thanks for the latest draft. Below is a suggestion.

This question (Does Initiative 232 prevent any future changes to the state income tax rate?) should add that Initiative 232 would have to be repealed before any tax rate increase could be approved by voters. So, while 232 does not prevent voters from changing the rate, it does require that this law be repealed before they can.

AND/OR

Argument for should add that 232 also creates an additional barrier to raising taxes in Colorado, as it is a new law that would have to be repealed before taxes could be increased in the future.

Thanks,
--
Michael Fields
President
Advance Colorado Institute
720-218-9478

Andrea Kuwik, representing The Bell Policy Center:

Hello,

Attached, please find feedback on the third draft of the Initiative 232 Blue Book analysis from the Bell Policy Center.

Please let me know if you have questions, or if we can provide additional information.
Thank you again for your work and for this opportunity to provide feedback,

Andrea
Andrea Kuwik (she, her, hers)
Director of Policy and Research
The Bell Policy Center
o: 303.297.0456
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Ms. Kuwik also submitted Attachment A.

The Bell Policy Center

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August 19, 2026

To: Legislative Council Staff

Re: Initiative 232 Blue Book Draft #3

Legislative Council Staff,

Thank you for the opportunity to provide feedback on the third draft of the Initiative 232 Blue Book analysis.

Below are several suggestions from the Bell Policy Center. Please let me know if you have questions or if we can provide additional information. Thank you again for your important work and for this opportunity to provide feedback,

Andrea Kuwik

- On page 1, lines 23-30, there is a section on both Initiative 195 and Initiative 232. There is a distinct issue that is missing from this section. While the tax rates are unclear if both measures pass and Initiative 232 gets more votes, there will be no new funding for education, health care, and child care. It is crucial that this is mentioned in the Blue Book. We suggest a sentence at the end of line 30 that is similar to: "If Initiative 232 does get more votes than Initiative 195 there will likely be no new funding for education, health care, and child care."

- In the 'Argument Against' section on page 2, lines 6 - 9, we believe two additions are important. First, it is important that voters know that any legal action would be, in-part, borne by taxpayers.

  Second, it's clear that Initiative 232 was created to negate the tax increases proposed in Initiative 195, which would only impact the wealthiest individuals and corporations. This is one of the strongest arguments against Initiative 232 and should be included in the argument against.

  Taken together, we suggest amending the first sentence to read to read "This initiative is designed to keep taxes low for the wealthy at the expense of everyone else and put Initiative 195 into legal jeopardy, causing confusion and a potentially costly legal battle, which would be paid in part by taxpayers, to resolve."

Contact List

Proposition 136

Income Tax Rate Limit

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Proposition 136

Income Tax Rate Limit

Ballot Title: Shall there be a change to the Colorado Revised Statutes capping the state income tax rate at 4.4% of federal taxable income for individuals and corporations?

Text of Measure:

Be it Enacted by the People of the State of Colorado:

SECTION 1. In Colorado Revised Statutes, **add** 39-22-102.5 as follows:

39-22-102.5. Maximum Tax Rate.

STARTING JANUARY 1, 2027, NEITHER THE INDIVIDUAL INCOME TAX RATE NOR THE CORPORATE INCOME TAX RATE MAY EXCEED 4.4% OF A TAXPAYER'S FEDERAL TAXABLE INCOME.

SECTION 2. Effective date.

This measure is effective upon proclamation of the Governor and applicable to the tax year beginning January 1, 2027 and all future tax years thereafter.