

Proposition NN: Keep and Spend Money for Children’s Programs

Placed on the ballot by the legislature • Passes with a majority vote

Proposition NN proposes amending the Colorado statutes to

- allow the state to keep some or all of the revenue that would otherwise be refunded to taxpayers under the Taxpayer’s Bill of Rights (TABOR); and
- spend the retained revenue on K-12 education, programs that support children, and, after ten years, other programs as determined by the state legislature.

What Your Vote Means

YES

A yes vote on Proposition NN permanently allows the state to keep some or all of the revenue that otherwise would be refunded to taxpayers under TABOR. The retained revenue may be spent on K-12 education, programs that support children, and, after ten years, other state programs.

NO

A no vote on Proposition NN maintains current TABOR refunds and funding levels for K-12 education, programs that support children, and other state programs.

Summary and Analysis of Proposition NN

What does Proposition NN do?

Proposition NN allows the state to keep and spend revenue that would otherwise be refunded to taxpayers, up to a newly established limit. The new limit is based on the amount spent on public education. In the first ten years, this revenue is spent on K-12 education, programs that support children, and local government property tax reimbursements. After ten years, the retained revenue is spent on K-12 education, local government property tax reimbursements, and other purposes as determined by the state legislature. The measure includes requirements for the state and school districts to report on how the money is spent.

What is the TABOR limit and what are TABOR refunds?

The Colorado Constitution includes a section called the “The Taxpayer’s Bill of Rights,” also known as TABOR. TABOR limits the amount of revenue the state government can collect each year to the prior year’s limit, adjusted for inflation plus population growth. This is known as the TABOR limit. Voters may give the state permission to keep and spend additional revenue above the TABOR limit.

If the amount of revenue the state collects in any year is above the TABOR limit, the excess amount must be refunded to taxpayers. These are called TABOR refunds, and they are distributed to taxpayers by:

- reducing property taxes for seniors, veterans with a disability, and Gold Star surviving spouses, and reimbursing local governments for the lost tax revenue;
- lowering the income tax rate;
- lowering the state sales tax rate; and/or
- refunding revenue collected from the state sales tax to individuals based on their income.

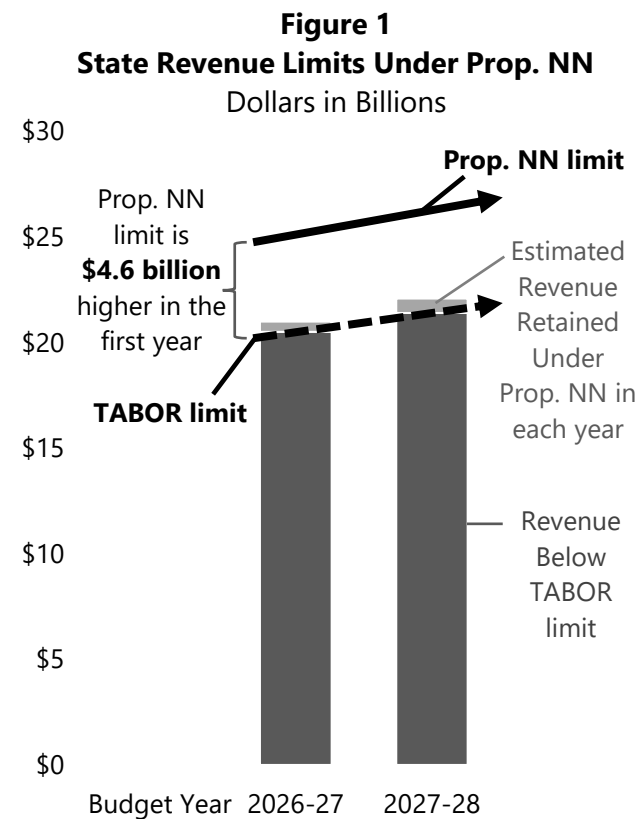
TABOR refunds are often distributed when people file their taxes, but they are different from tax refunds that are owed when people overpay their taxes. Tax refunds are not affected by this measure.

How much revenue will Proposition NN permit the state to keep and spend?

Proposition NN allows the state to keep and spend revenue above the current TABOR limit. The

additional amount allowed to be retained is equal to the highest amount the state has spent on K-12 education from certain funding sources in previous years. The current TABOR limit plus this additional amount is referred to as the Proposition NN limit in this analysis. The Proposition NN limit continues indefinitely.

The Proposition NN limit is \$4.6 billion higher than the current TABOR limit in budget year 2026-27, increasing in later years. This means that the state may keep up to \$4.6 billion more revenue under the measure in the first year. However, the actual amount the state keeps will depend on how much revenue it collects. State revenue is expected to be well below the Prop NN limit in the next several years, and is not expected to exceed the Proposition NN limit for at least the next five to ten years. Long-term projections beyond that period are uncertain.



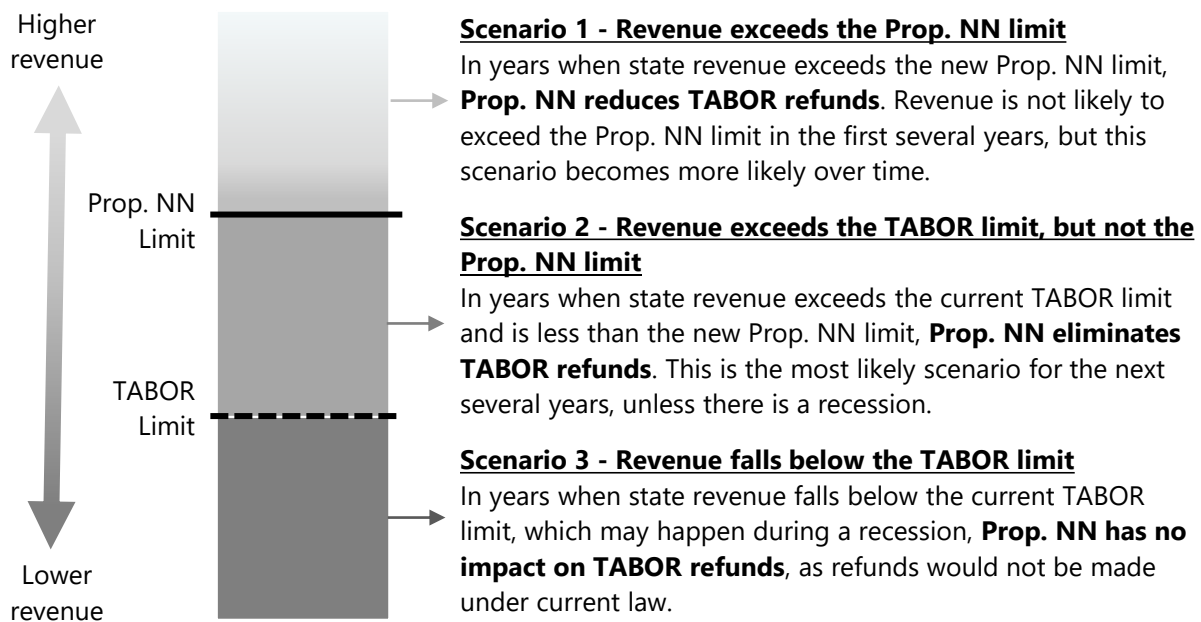
How does Proposition NN impact TABOR refunds?

Proposition NN's impact on TABOR refunds depends on how much money the state collects above the current TABOR limit in a given year, and how much the state spent on public education in prior years. State revenue collections are mostly driven by economic activity and changes to state or federal laws, like reducing tax rates or collecting new fees. State spending on

public education depends on student counts, inflation, property tax collections, and funding decisions made by the state legislature. Figure 2 shows the range of possible TABOR refund impacts.

Under current estimates, revenue in the next several years is expected to exceed the current TABOR limit but not the new Proposition NN limit, which would eliminate TABOR refunds, as described in Scenario 2 in Figure 2 below.

Figure 2
Scenarios for TABOR Refund Changes



How does Proposition NN impact individual TABOR refunds in the short term?

For budget years 2026-27 and 2027-28, Proposition NN is expected to eliminate all TABOR refunds. Figure 3 shows estimated changes in TABOR refunds under Proposition NN for certain income levels. The amounts presented in Figure 3 are based on estimates, which are subject to change. The actual amount that the measure reduces TABOR refunds will depend on how much money the state collects above the current TABOR limit in future years.

Figure 3
Estimated TABOR Refunds for Certain Income Levels

Adjusted Gross Income	2027 Refund Current Law: Single Filers	2027 Refund Current Law: Joint Filers	2027 Refund Prop. NN: All Filers	2028 Refund Current Law: Single Filers	2028 Refund Current Law: Joint Filers	2028 Refund Prop. NN: All Filers
\$50,000	\$21	\$42	\$0	\$39	\$58	\$0
\$75,000	\$28	\$56	\$0	\$58	\$86	\$0
\$100,000	\$28	\$56	\$0	\$68	\$96	\$0
\$200,000	\$38	\$76	\$0	\$121	\$162	\$0
\$500,000	\$65	\$130	\$0	\$276	\$352	\$0

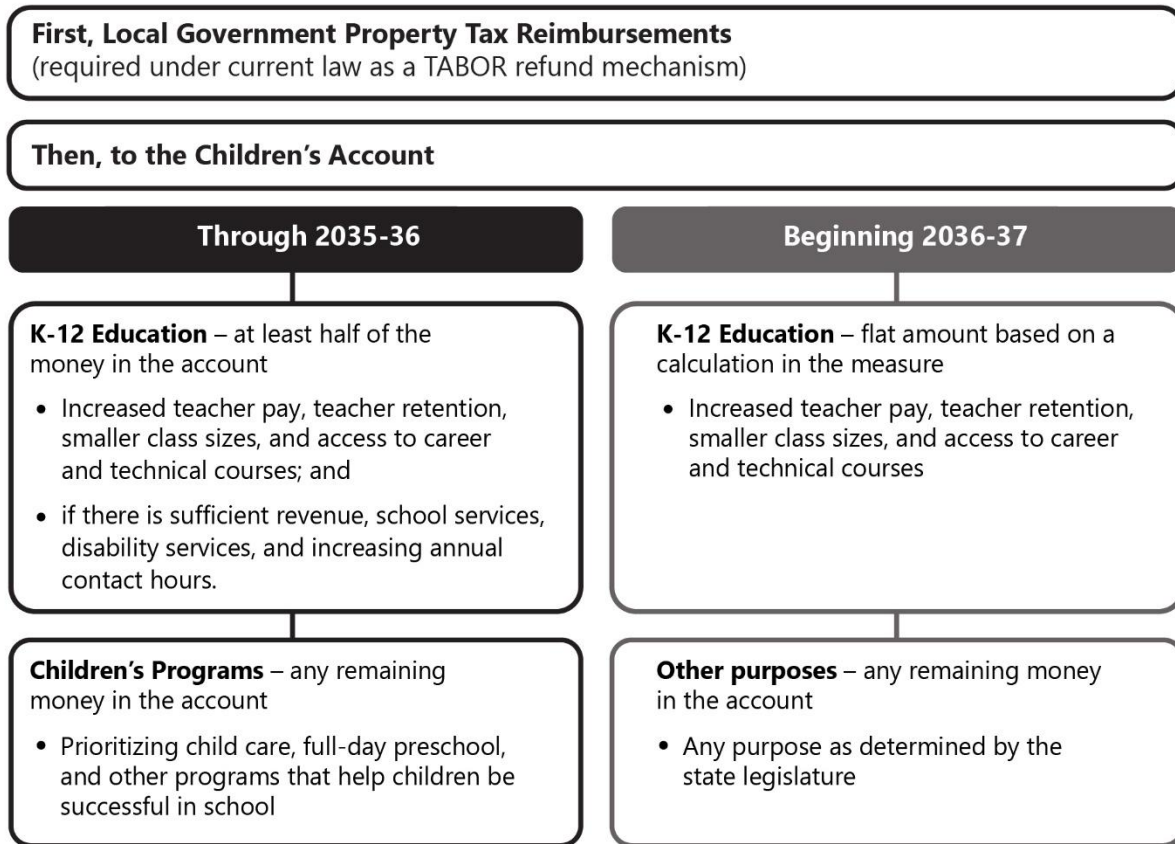
Note: This table assumes that taxpayers claim the standard deduction and no other deductions. This table shows TABOR refunds for individual taxpayers, not corporations. Corporations are not expected to receive TABOR refunds in 2027, and are expected to receive smaller TABOR refunds than individuals at the same income level in 2028.

How will the retained revenue be spent?

For years in which the state keeps revenue above the current TABOR limit, Proposition NN specifies how this revenue must be spent. The revenue must first be spent on property tax reimbursements to local governments, which is already required under current law. All remaining revenue is deposited into the newly created Children's Account.

For the first ten years, money in the Children's Account must be spent on public K-12 education and children's programs, based on a calculation described in the measure. After ten years, money in the account must first be spent on K-12 education, and the state legislature will determine how to spend any remaining money. Figure 4 shows how the retained money must be spent.

Figure 4
Spending Requirements for Retained Revenue



Arguments For Proposition NN

- 1) Proposition NN delivers a long-overdue investment in Colorado's children and future. Colorado's schools face a staggering funding shortfall of at least \$3.5 billion, a deficit reflected in overcrowded classrooms, outdated infrastructure, and teachers working second jobs or leaving the profession entirely. Proposition NN does not raise new taxes or ask Coloradans to pay more. It redirects money the state already collects into a dedicated, protected funding stream for our kids and classrooms, ensuring that dollars already in the public's hands are actually put to work for the public good.
- 2) TABOR has quietly dismantled Colorado's capacity to keep pace with the real and rising cost of serving its citizens. The price of educating and caring for a child grows year after year, and TABOR's formula does not keep pace. The result is a government that is perpetually falling behind, cutting corners on the services Colorado families depend on most. Proposition NN modernizes an outdated limit to reflect the actual cost of governing responsibly. For Colorado's children, permanent relief from this arbitrary cap isn't a luxury, it is a necessity.

Arguments Against Proposition NN

- 1) Proposition NN is a tax increase by another name, eliminating TABOR refunds for years to come. TABOR refunds are a taxpayer right: they are Coloradans' own money being returned to them as the state constitution requires. Eliminating or sharply reducing those refunds means that government will keep more of the money that families earn. For households already stretched thin, losing hundreds of dollars in annual refunds is a significant financial hit. TABOR was enshrined in the state constitution precisely because Colorado voters recognized that government's appetite for money must have limits.
- 2) The measure eventually hands the state over \$5 billion in additional revenue per year, with far too little accountability for how it gets spent. That growth in state government comes at the expense of Colorado families, and the guardrails are nowhere near strong enough to allow it. Before reaching deeper into taxpayers' pockets, the government should demonstrate it has exhausted every avenue to reduce wasteful spending, eliminate redundant programs, and deliver existing services more efficiently. Bigger government is not better government.

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

Fiscal Impact of Proposition NN

This will be included in the second draft.