Proposition LL: Retain and Spend State Revenue Exceeding the Estimate for Proposition FF

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

Proposition LL, if approved, would:

- allow the state to keep and spend $12.4 million in tax revenue, including interest, that has already been collected under Proposition FF for the Healthy School Meals for All Program, rather than refunding it to households earning $300,000 or more annually; and
- maintain current tax deduction limits for households earning $300,000 or more annually, which are scheduled to change in 2026 under current law to lower the taxes paid by these households.

What Your Vote Means

YES

A “yes” vote on Proposition LL allows the state to keep and spend $12.4 million in tax revenue that has already been collected for the Healthy School Meals for All Program and maintains current taxes on households earning $300,000 or more annually.

NO

A “no” vote on Proposition LL means the state will refund $12.4 million to households earning $300,000 or more annually and allows deduction limits to change as scheduled under current law, which will lower taxes paid by these households.

Summary and Analysis of Proposition LL

What does Proposition LL do?

Proposition LL allows the state to keep and spend $12.4 million in tax revenue already collected under Proposition FF for the Healthy School Meals for All Program, which includes $11.3 million in tax revenue plus $1.1 million in interest.

Proposition LL also allows the state to maintain the tax deduction limits voters approved in 2022 and to keep and spend any future revenue collected under those deduction limits. Currently, the deduction limits will increase, meaning the taxes paid by these households will decrease.

Finally, Proposition LL requires the state to spend at least $1.0 million on the local food purchasing and technical assistance programs that are part of the Healthy School Meals for All Program, if this money is not provided through the passage of Proposition MM.

What is the Healthy School Meals for All Program?

In November 2022, voters passed Proposition FF, which created the Healthy School Meals for All Program in the Colorado Department of Education. The program reimburses participating school meal providers that offer free school breakfasts and lunches ("school meals") to all students at participating public schools, regardless of family income. To qualify for the program, schools must also participate in the National School Lunch Program and receive federal meal funding.

The Healthy School Meals for All Program also included three additional funding components for school meal providers; however, these have not been implemented due to program costs exceeding available funds. These program components include funding to:

- purchase products grown, raised, and processed in Colorado to include in school meals and establish student-parent school meal advisory committees;
- increase wages or provide stipends for employees who prepare and serve school meals; and
- offer training, equipment, and technical assistance to help prepare healthy school meals using basic, nutritious ingredients, and to support collaboration between schools, communities, and local food growers.

How is the Healthy School Meals for All Program funded?

The program is funded through state income taxes paid by households with adjusted gross incomes of $300,000 or more by limiting the amount of money they can deduct from their Colorado taxable income. Deductions are limited to $12,000 for single filers and $16,000 for joint filers through 2025, and will increase in 2026 under current law. Any federal deductions taken above those amounts are added back to a household's Colorado taxable income. This affects an estimated 200,000 households, or about 6 percent of households filing tax returns in Colorado.

To date, the tax revenue collected has been less than the total cost of the program, because both student participation and inflation were higher than expected. As a result, program funding has only gone towards reimbursement for free school meals and administrative costs.

Under state law, the program is required to have at least $150 million in funding from new and existing sources to continue offering meals to all public school students. Based on current revenue estimates, if either Proposition LL or Proposition MM passes, the program will meet this revenue target. If both measures fail, then beginning January 2026, only certain students will be offered free school meals. In eligible low-income public schools, free school meals will be offered to all students. In all other public schools, free school meals will be offered to eligible low-income students. Eligibility is determined by federal income requirements.

Why is Proposition LL on the ballot?

The Taxpayer's Bill of Rights (TABOR) in the Colorado Constitution requires the state to provide voters an estimate of revenue that the state will collect from any new or increased taxes, and to refund any revenue collected above the estimate. It also requires the state to reduce the tax in order to prevent over-collections in future years. The 2022 Blue Book estimated that

Proposition FF would increase tax revenue by $100.7 million in state budget year 2023-24. The actual amount collected was $112.0 million, or $11.3 million more than estimated.

TABOR allows voters to give the state permission to keep revenue that exceeds the estimate in the Blue Book and maintain the current taxes. The state legislature, through House Bill 25-1274, referred Proposition LL to the voters to ask for this permission.

What happens to taxes if Proposition LL fails?

If Proposition LL fails, the state will refund $11.3 million in tax revenue it has collected, plus $1.1 million in interest, to households with annual adjusted gross incomes of $300,000 or more. Additionally, the Department of Revenue will make changes to reduce the amount of taxes these households pay in the future, as current law requires under TABOR.

How does Proposition LL interact with Proposition MM?

For a detailed overview of the interaction between Proposition LL and Proposition MM, the other statewide measure on the ballot, see Tables 2 and 3 of the Proposition MM analysis.

For information on those issue committees that support or oppose the measures on the ballot at the November 4, 2025, election, go to the Colorado Secretary of State's elections center web site hyperlink for ballot and initiative information:

https://coloradosos.gov/pubs/elections/Initiatives/InitiativesHome.html

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Argument For Proposition LL

1) Proposition LL allows the state to retain revenue that it has already collected to support free school meals for public school students, rather than refunding it to high-income taxpayers. Access to free school meals improves academic outcomes, eliminates stigma for low-income students, and reduces hunger. Using all of the tax revenue the state has already collected will help provide more free school meals to Colorado public school students.

Argument Against Proposition LL

1) Proposition LL is effectively a tax increase in challenging economic times. The state collected more revenue than it estimated. It should refund the money to affected taxpayers rather than using it for a government program that gives meals to students even if their families can afford to pay for them.

Fiscal Impact of Proposition LL

Taxpayer Impacts

If Proposition LL passes, the state will retain and spend $12.4 million, rather than refunding it to households earning $300,000 or more annually. Additionally, current deduction limits for taxpayers earning $300,000 or more annually will be maintained at 2025 levels rather than being increased beginning in 2026 to comply with the requirements of TABOR.

State Revenue

Proposition LL increases state revenue by an estimated $6.8 million in state budget year 2025-26 (half-year impact) and $13.8 million in state budget year 2026-27. This revenue will be collected because the measure maintains current taxes for households earning $300,000 or more annually. With the passage of Proposition LL, total revenue to the Healthy School Meals for All program is estimated to be $150.7 million in tax year 2026, which meets the current law revenue target that is required for free school meals to continue to be offered to all students in all public schools. The state budget year begins each July 1 and ends on June 30.

State Spending

Proposition LL increases state spending for the Healthy School Meals for All Program by $33.0 million in state budget year 2025-26, and $67.0 million in state budget year 2026-27. This increase includes the following:

- the amount that would have been otherwise refunded to taxpayers ($12.4 million in state budget year 2025-26 only);
- $1.0 million in local food purchasing and technical assistance; and
- additional reimbursements to provide free school meals to all students, rather than limiting them to only certain schools and students ($19.6 million in state budget year 2025-26, and $66.0 million in state budget year 2026-27 and ongoing). After FY 2026-27, meal reimbursements may be adjusted to match future revenue, as permitted under SB 25-214.

School District Revenue and Spending

Proposition LL provides up to $33.0 million in additional funding to participating school districts for school meals and local food purchasing and technical assistance in state budget year 2025-26, and $67.0 million in state budget year 2026-27. The state will continue to reimburse all participating school districts for breakfast and lunches served to all students, rather than restricting meal reimbursements to eligible low-income students and schools. This funding will be distributed through the Healthy School Meals for All Program.