

# STATE OF COLORADO

## Colorado General Assembly

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### MEMORANDUM

TO: Colin Larson and John Brackney

FROM: Legislative Council Staff and Office of Legislative Legal Services

DATE: April 6, 2022

SUBJECT: Proposed initiative measure 2021-2022 #145, concerning property 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 a series of initiatives including proposed initiatives 2021-2022 ##140 to 144 and ##146 to 151. The comments and questions raised in this memorandum will not include comments and questions that were addressed in the memoranda for proposed initiatives 2021-2022 ##140 to 144 and ##146 to 151, except as necessary to fully understand the issues raised by the revised proposed initiative. Comments and questions addressed in those other memoranda may also be relevant, and those questions and comments are hereby incorporated by reference in this memorandum.

## **Purposes**

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

1. To ensure that the actual value of real and personal property shall not be increased annually by more than inflation, limited to three percent, unless inflation exceeds five percent and the General Assembly decides by bill to increase the actual value of real and personal property by no more than four percent, and to ensure that the actual value of real and personal property equals the amount of the property's most recent sale, unless the property is substantially improved or suffers a decline in value.
2. To allow voters or the General Assembly to decide whether they want to keep the property valuation system established in the proposed initiative or return to the current system.

## **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. What does it mean for the General Assembly to "decide by bill"?
3. What is the effect of stating in statute that the General Assembly may decide an issue "by bill"? Does the General Assembly not already have that power? If not, how could a statutory change grant such a power?
4. Does the statement "except that the General Assembly may decide by bill each year that the actual value of real property shall not be increased annually by more than inflation" mean that the General Assembly has to "decide by bill" each year whether "the actual value of real property shall not be increased annually by more than inflation"?
5. Would a decision by the General Assembly to increase the actual value of real property "by more than inflation, limited to 4%," qualify as "a tax policy change directly causing a net tax revenue gain to any district" or otherwise require an election under TABOR?
6. How should the General Assembly determine whether "inflation rises above 5%"? What period of time does the General Assembly need to consider when making this determination?

7. What is the significance of the phrase “in order to provide schools districts, fire districts, and other local districts additional revenue increases in years with historically high inflation”?

## **Technical Comments**

There are no technical comments for this proposed initiative.