

STATE OF COLORADO

Colorado General Assembly

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MEMORANDUM

TO: Suzanne Taheri and Michael Fields
FROM: Legislative Council Staff and Office of Legislative Legal Services
DATE: April 2, 2021
SUBJECT: Proposed initiative measure 2021-2022 #27, concerning Property Tax Assessment Rate Reduction and Voter-Approved Revenue Change

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 #26 to #28. The comments and questions raised in this memorandum will not include comments and questions that were addressed in the memoranda for proposed initiative 2021-2022 #26, except as necessary to fully understand the issues raised by the revised proposed initiative. Comments and questions addressed in the other memorandum 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 Revised Statutes appear to be:

1. To reduce the property tax assessment rate for nonresidential property, other than producing mines and lands or leaseholds producing oil or gas, from 29% to 26.4%;
2. To reduce the property tax residential assessment rate from 7.15% to 6.5%; and
3. To allow the state to temporarily retain and spend up to \$25 million to reimburse local governments for the homestead property tax exemption.

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?

The following questions and comments relate to section 3 of the proposed initiative:

2. The purpose identified in the first clause is to offset lost revenue from a reduction in property tax and to fund state reimbursements to local government entities for the application of the homestead exemption. But the proposed initiative appears to only require the money to be used for the reimbursements to local governments. Is this intentional?
3. The General Assembly does not appropriate money to the state treasurer for the purpose of reimbursing local governments under section 39-3-207 (4)(a)(I), C.R.S. Do you mean that the warrants that are otherwise authorized under said subsection may be drawn, in part, upon the \$25 million that you have identified?
4. Is the state's ability to retain and spend this money contingent on there being a homestead exemption available for a property tax year?

Technical Comments

There are no new technical comments.