

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 #28, 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 initiatives 2021-2022 #26 and #27, 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 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 offset lost revenue resulting for a reduction in property tax.

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. The state does not collect property tax. How will retaining and spending this money offset the state's lost revenue resulting from a reduction in property tax?
3. Is the offset for lost revenue from school districts, which under the school finance formula increases the state's share of public school funding? If so, is this really an offset for the state's increased spending requirement?
4. Is this offset for a local government's lost revenue resulting from a reduction in property tax?
5. If it is for local government, how will this money be distributed?
6. Is the lost revenue in property tax in fiscal year commencing on July 1, 2022, until July 1, 2027, or is the state's authority to retain and spend \$25 million per year for those fiscal years?

Technical Comments

There are no new technical comments.