

STATE OF COLORADO

Colorado General Assembly

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MEMORANDUM

TO: Dave Davia and Michael Fields
FROM: Legislative Council Staff and Office of Legislative Legal Services
DATE: February 19, 2024
SUBJECT: Proposed initiative measure 2023-2024 #200, concerning property tax revenue

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 2023-2024 #198 and #199. The comments and questions raised in this memorandum will not include comments and questions that were addressed in the memoranda for proposed initiatives 2023-2024 #198 and #199, 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 require voter approval for a government to retain property tax revenue, if statewide property tax revenue is projected to go up more than four percent, excepting any property tax increase for a property with a substantial change of use over the preceding year and any property tax revenue resulting from a mill levy override that is approved by voters after January 1, 2025;
2. To establish the language that must be used in a ballot question asking for such voter approval;
3. Lowering the valuation for assessment of all taxable property in the state, excepting residential real property, producing mines, lands or leaseholds producing oil or gas, and agricultural lands exclusive of building improvements thereon, on or after January 1, 2025, from twenty-nine percent to twenty-five and one-half percent;
4. Lowering the valuation for assessment for residential real property, on or after January 1, 2025, from seven and fifteen hundredths to five and seven tenths of a percent, minus the lesser of fifty-five thousand dollars or the amount that causes the valuation for the assessment of the property to be one thousand dollars;
5. No later than April 15 of 2026 and 2027, requiring the state treasurer to issue a warrant in an amount of seven hundred and fifty million dollars to be paid from the general fund to reimburse local districts for lost revenue as a result of the passage of the proposed initiative; and
6. Requiring that any reduction in revenue attributed to the voter approval of this proposed initiative will not reduce funding for the state education fund.

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 following questions concern proposed section 39-3-210 (8):

- a. What amount of "lost revenue as a result of the passage of this measure" is the warrant issued by the treasurer on or before April 15, 2026, meant to reimburse?
- b. What if the amount of "lost revenue as a result of the passage of this measure" is either less than or greater than seven hundred fifty million dollars?
 - i. Is the treasurer still required to issue a warrant of exactly seven hundred and fifty million dollars in both of these cases?
 - ii. If the amount of "lost revenue as a result of the passage of this measure" is greater than seven hundred and fifty million dollars, how is the seven hundred and fifty million dollars divided amongst local districts? Who makes that determination?

Technical Comments

No new technical comments were raised by this proposed initiative.