

# 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:** March 20, 2024  
**SUBJECT:** Proposed initiative measure 2023-24 #248, concerning property taxes

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 ##244 to 249. 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 ##245 to 247 and #249, 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.

Earlier versions of this proposed initiative, proposed initiatives 2023-2024 ##198 to 200, were the subject of memoranda dated February 19, 2024, which were discussed at

a public meeting on February 23, 2025. The substantive and technical comments and questions raised in this memorandum will not include comments and questions that were addressed at the earlier meetings, except as necessary to fully understand the issues raised by the revised proposed initiative. However, the prior comments and questions that are not restated here continue to be relevant and 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 local district 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 increase that is approved by voters after January 1, 2025;
2. 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 of actual value;
3. 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 percent of actual value, minus the less of fifty-five thousand dollars or the amount that causes the valuation for the assessment of the property to be one thousand dollars;
4. No later than April 15 of each year, requiring the state treasurer to issue a warrant to reimburse local districts for lost revenue as a result of the passage of the proposed initiative;
5. Requiring the general assembly to appropriate reimbursements to the maximum extent practicable; and
6. Requiring that any reduction in revenue attributed to the statewide property tax revenue limit 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 39-1-102 (15.7):
  - a. What is meant by the phrase "financed through [...] another property tax financing mechanism"? Is any local district that receives property tax revenue considered to be financed through a property tax funding mechanism?
  - b. What is meant by a "new local district"? If a district expands to include a property, is that not considered a "substantial change of use"?
  - c. How is the inclusion of a property in a new local district a change of use?
3. The following questions concern proposed section 39-1-103.9:
  - a. Is voter approval needed at the state or local level for local districts to collect and retain additional revenue under proposed section 39-1-103.9 (1)? The language in the subsection does not specify.
  - b. How would a local government ensure that it did not "collect", as opposed to "retain", additional revenue? What would happen to such revenue if a local government could not "collect" it?
  - c. What is meant by "a tax increase" in proposed section 39-1-103.9 (2)? Is this meant to refer to an increase in property tax revenue?
  - d. How does proposed section 39-1-103.9 (2) interact with a property that is included "in a new local district that is financed through tax increment financing or another property tax financing mechanism"?
  - e. Do the proponents consider there to be a difference between the "mill levy overrides" referenced in the first sentence of proposed section 39-1-103.9 (3) and the "mill levy increases" referenced in the third sentence of proposed section 39-1-103.9 (3)?
  - f. The second sentence of proposed section 39-1-103.9 (3) states: "Locally-approved mill levy increases approved after January 1, 2025, and when approved by voters, shall not count toward any statewide property tax limit." What is intent of the clause "and when approved by voters" and is it necessary? If intent is to specify that a mill levy increase that is "approved by the voters after January 1, 2025," does not count against the property tax limit upon such approval, consider rephrasing accordingly.
4. Proposed section 39-3-210 (2) refers to "lost revenue as a result of the passage of this measure"? Does this include revenue lost by local districts as a result of the lowering of the valuations for assessment in proposed sections 39-1-104 (1)

and 39-1-104.2 (3)(r), revenue lost as a result of the four percent limit on property tax revenue growth in proposed section 39-1-103.9 (1), or both?

## **Technical Comments**

There are no new technical comments.