

# 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:** April 3, 2024  
**SUBJECT:** Proposed initiative measure 2023-2024 #294, concerning Valuation for Assessments

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 #295 to 306. 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 #295 to 306, 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 and were discussed at public meetings on February 23, 2024 and proposed initiatives 2023-2024 #244 to 249 were the subject of memoranda dated March 20, 2024 and were discussed at public meetings on March 22, 2024. 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. Lowering the valuation for assessment of all taxable nonresidential property in the state, excepting residential real property, producing mines, lands or leaseholds producing oil or gas, agricultural property, or renewable energy production property, on or after January 1, 2025, by one percentage point per year for five years from 29 percent to 24 percent of actual value;
2. Setting the valuation for assessment for the same taxable nonresidential property for subsequent years at 24 percent of actual value;
3. Lowering the valuation for assessment for residential real property and multi-family residential real property on or after January 1, 2025, by 0.37 percent per year for five years from 7.15 percent to 5.3 percent of actual value;
4. Setting the valuation for assessment for the same residential real property and multi-family residential real property for subsequent years at 5.3 percent of actual value;
5. No later than April 15 of each year, requiring the state treasurer to issue a warrant to reimburse local districts for revenue loss due to the reduced valuations for assessment set forth in the proposed initiative;
6. Requiring that any revenue loss due to the reduced valuations for assessment set forth in the proposed initiative will not reduce funding school districts receive pursuant to the "Public School Finance Act of 1994"; and

7. Requiring the general assembly to appropriate reimbursements to the maximum extent practicable.

## **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 39-1-104 (1), C.R.S.:
  - a. Is it the proponents' intent that for property tax year 2025 the assessment rate for nonresidential property is 28 percent?
  - b. Is it the proponents' intent that for property tax year 2029 and for each property tax year thereafter the assessment rate for nonresidential property is 24 percent?
  - c. Do the proponents intend for the assessment rates set forth in proposed section 39-1-104 (1), C.R.S., to apply to lodging property?
  - d. Do the proponents intend for the assessment rates set forth in proposed section 39-1-104 (1), C.R.S., to apply to all property listed by the assessor under any improved commercial subclass codes?
  - e. How does proposed section 39-1-104 (1), C.R.S., interact with section 39-1-104 (1.8)(b), C.R.S.? Does it override the provisions of section 39-1-104 (1.8)(b), C.R.S.?
  - f. It is correct to say that the proponents do not intend for the assessment rates set forth in section 39-1-104 (1), C.R.S., to apply to agricultural property or renewable energy production property? If it is and the assessment rates do not apply to such property, will the 29 percent assessment rate set forth in section 39-1-104 (1.8)(a), C.R.S., continue to apply to agricultural property or renewable energy production property for property tax year 2025 and subsequent property tax years?
3. The following questions concern proposed section 39-1-104.2 (3)(q) and (3)(r), C.R.S.:

- a. Is it the proponents' intent that for property tax year 2025 the assessment rate for multi-family residential real property and residential real property is 6.78 percent?
  - b. Is it the proponents' intent that, for property tax year 2029 and for each subsequent property tax year, the assessment rate for multi-family residential real property and residential real property is 5.3 percent?
4. The following questions concern proposed section 39-3-211, C.R.S.:
- a. How do the proponents intend for "revenue loss" to be calculated each year? For instance, for property tax year 2025, is revenue loss attributable to the reduction in the assessment rate for nonresidential property from 29 percent to 28 percent and for multi-family residential real property and residential real property from 7.15 percent to 6.78 percent and for property tax year 2026, is revenue loss attributable to the reduction in the assessment rate for nonresidential property from 28 percent to 27 percent and for multi-family residential real property and residential real property from 6.78 percent to 6.41 percent? For subsequent property tax years, is revenue loss calculated cumulatively from the 29 percent and 7.15 percent current assessment rates or calculated based only on the assessment rate change from the immediately preceding property tax year?
  - b. If property taxes are lowered by the general assembly or by passage of a different ballot initiative, would any revenue loss resulting from the change trigger the provisions of proposed section 39-3-211, C.R.S., as set forth in the proposed initiative?
  - c. For property tax year 2030 and all subsequent property tax years, will there be any "revenue loss due to the reduced valuations for assessment set forth in section 39-1-104 (1) and in sections (*sic*) 39-1-104.2 (3)(q) and (3)(r)", C.R.S.? If there is no revenue loss, should the requirement for the state treasurer to issue a warrant to be paid yearly to reimburse local districts have an end date?
  - d. What does the term "local districts" mean as it is used in proposed section 39-3-211, C.R.S.? Would the proponents consider defining the term?

- e. Do the proponents intend for the term "local districts" to include school districts? If so, how would a warrant issued by the state treasurer to reimburse a school district for revenue lost as the result of reduced valuations for assessment set forth in the proposed initiative impact the calculation of the local and state shares of total program funding for purposes of school finance?

## **Technical Comments**

The following comments address technical issues raised by the form of the proposed initiative. These comments will be read aloud at the public meeting only if the proponents so request. You will have the opportunity to ask questions about these comments at the review and comment meeting. Please consider revising the proposed initiative as suggested below.

1. It is standard drafting practice to show the names of acts in initial-capital letters and in quotation marks. For example, public school finance act of 1994 should instead be shown as: "Public School Finance Act of 1994".