



Initiative 245

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Fiscal Summary

Date: April 1, 2024 **Fiscal Analyst:** David Hansen (303-866-2633)

LCS TITLE: VALUATION FOR ASSESSMENTS

Fiscal Summary of Initiative 245

This fiscal summary, prepared by the nonpartisan Director of Research of the Legislative Council, contains a preliminary assessment of the measure's fiscal impact. A full fiscal impact statement for this initiative is or will be available at leg.colorado.gov/bluebook. This fiscal summary identifies the following impact.

Local government impact. By reducing residential and nonresidential assessment rates, the measure reduces property tax revenue to local governments by an estimated \$3.0 billion for property tax 2025, \$3.1 billion for property tax year 2026, and by larger amounts in later years. An estimated \$870 million in FY 2025-26 and \$890 million in FY 2026-27 will be made up through state aid for total program funding for school finance as required under current law. Overall, the measure is expected to reduce revenue for local governments and school districts by \$2.2 billion in FY 2025-26 and FY 2026-27, and larger amounts in later years.

State expenditures. The measure will increase state expenditures by an estimated \$870 million in FY 2025-26 and \$890 million in FY 2026-27, and by larger amounts in later years, reflecting the increased state-aid obligation for school finance paid to school districts under current law due to reduced property tax revenue under the measure.

Economic impacts. Reducing assessment rates will increase the amount of after-tax income available for homeowners and business property owners to spend, save, or invest elsewhere in the economy. The measure obligates a significant portion of the state budget to reimburse lost property tax revenue to school districts, which will reduce available funding for other state services. It also decreases local government revenue relative to the amount that would otherwise be collected. Any overall change in economic activity will depend on the net economic impacts of higher after-tax household and business income and reduced investment in public services.