Initiative 252

Legislative Council Staff
Nonpartisan Services for Colorado's Legislature

Fiscal Summary

Date:	April 2, 2024	**Fiscal Analyst:**	Greg Sobetski (303-866-4105)

LCS TITLE: CONCERNING VOTER-APPROVED REVENUE CHANGES

Fiscal Summary of Initiative 252

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.

State expenditures. The measure impacts state spending on school finance and TABOR refunds, as discussed below.

School finance. By decreasing the amount of property tax allowed to be retained and spent by local school districts if voters do not reapprove revenue changes, the measure increases the state aid obligation for school finance by up to $265 million in FY 2024-25, and larger amounts in later years.

TABOR refunds. The measure increases the state obligation for TABOR refunds by up to $4.1 billion in FY 2024-25 and up to $4.4 billion in FY 2025-26, and larger amounts in later years, if voters do not reapprove the retention and spending of these funds. These amounts include the following voter-approved revenue changes:

- $3.7 billion in FY 2024-25, and $3.8 billion in FY 2025-26, in health care, K-12 education, and higher education spending under Referendum C (2005);
- $270 million in FY 2024-25, and $290 million in FY 2025-26, in K-12 education and various other spending under Proposition AA (2013);
- $35 million in each of FY 2024-25 and FY 2025-26 in water infrastructure and various other spending under Proposition DD (2019); and
- $115 million in FY 2024-25 and $245 million in FY 2025-26 in preschool programs, health care, and various other spending under Proposition EE (2020), assuming that this authorization would expire after calendar year 2024.

In later years, retention and spending authorized under Proposition FF (2022) and Proposition 123 (2022) would expire after calendar year 2026 if voters do not approve later measures to allow for these amounts to be retained.

Local government impact. The measure increases local government obligations for TABOR refunds and decreases local government revenue that may be expended for various purposes. The amount of the impact depends on which governments seek reauthorization for prior voter-approved revenue changes, and whether voters approve or reject these ballot measures. There is not available data to estimate the maximum impact across all affected local governments, however, the total impact across all local governments may exceed $1 billion.

Economic impacts. By increasing TABOR refunds, the measure 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 state and local budgets to pay TABOR refunds, and correspondingly decreases spending for state and local government services. 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.