



Initiative 261

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Fiscal Summary

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LCS TITLE: DEDICATION OF EXCESS STATE REVENUES FOR LOCAL TAXING AUTHORITIES

Fiscal Summary of Initiative 261

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 conditionally permits the state to retain revenue for the purpose of reimbursing local governments for revenue lost as a result of a property tax limit, and conditionally decreases TABOR refunds by an equal amount. The amount retained is unknown and depends on whether, and by how much, local property tax revenue is constrained by imposition of a statewide property tax revenue limit. The amount of any reimbursements will depend on whether and the amount by which state revenue exceeds the Referendum C cap. In years when state revenue is below the cap, reimbursements to local governments will not be made.

Local government impact. The measure conditionally increases local government revenue from state reimbursements for lost property tax revenue as a result of a property tax limit. As discussed above, this amount is unknown and will depend on whether a statewide property tax limit is imposed in the future, the amount by which the limit reduced local property tax revenue, and the amount by which state revenue exceeds the Referendum C cap.

Economic impacts. The measure conditionally increases revenue available for local government services, and, by reducing refunds to taxpayers, conditionally decreases the amount of after-tax income available for households and businesses to spend, save, or invest elsewhere in the economy. Any overall change in economic activity will depend on the net impacts of increased investment in public services and lower after-tax household and business income.