Initiative 50

Legislative
Council Staff
Nonpartisan Services for Colorado's Legislature

Fiscal Summary

Date:	June 5, 2023	**Fiscal Analyst:**	David Hansen (303-866-2633)

LCS TITLE: VOTER APPROVAL TO RETAIN ADDITIONAL PROPERTY TAX REVENUE

Fiscal Summary of Initiative 50

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 **www.colorado.gov/bluebook**. This fiscal summary identifies the following impact.

Local government impact. The measure conditionally decreases property tax revenue in years when statewide property tax revenue is projected to grow more than 4 percent over the prior year, unless voters approve a ballot measure allowing for the additional revenue to be retained. This analysis assumes the jurisdictions would be subject to the limitation in the measure beginning for property tax year 2025, for which taxes are payable in 2026. The December 2022 Legislative Council Staff forecast for assessed values currently projects assessed values will increase 4.7 percent for property tax year 2025. Assuming a proportional increase in projected local property tax revenue growth, a measure may be referred for voters to approve or reject allowing taxing jurisdictions to retain revenue above the measure's 4 percent growth limit. If a referred measure to retain revenue is not approved, Initiative 50 would decrease revenue by about $115 million, assuming the December 2022 forecast for assessed values and a statewide average levy of 85.034 mills.

Assuming school districts are subject to the measure's conditional limitations, a portion of lost revenue will be offset by increased state contributions to total program funding for school finance. The measure is expected to increase costs for local county assessors and treasurers to either refund tax revenue or otherwise meet the requirements of the measure when the limitation is imposed.

State revenue. The measure conditionally increases severance tax revenue by reducing future ad valorem tax credits available to oil and gas producers when calculating their severance taxes. The amount of this impact depends on how the limit in the measure is implemented in taxing jurisdictions that impose property taxes on oil and gas producers.

State expenditures. The measure increases state expenditures to produce a projection of property tax revenues each year. The measure is expected to increase workload for the Division of Property Taxation to update manuals and procedures and to provide technical assistance to local governments.

If a ballot measure to allow for property tax revenue retention is referred, expenditures for certain election costs incurred by the state related to ballot measures will conditionally increase in years where property tax revenue is projected to grow by more than 4 percent. Expenditures include reimbursing counties for increased election costs, publishing the text and title of the measure in newspapers across the state, and preparing and mailing the Blue Book.

Lastly, the measure conditionally reduces the local share of total program funding for school finance assuming school districts are subject to the limitation, which will result in a corresponding increase in the state aid requirement in certain years.

Economic impacts. The measure conditionally increases the amount of after-tax income available for some property owners to spend, save, or invest elsewhere in the economy in certain years. The measure will conditionally decrease revenue available for counties, municipalities, school districts, and special districts relative to current law, lowering the amount of funds available for public 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.