



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Fiscal Summary

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

LCS TITLE: LOCAL CONTROL OF PROPERTY TAX REVENUES

Fiscal Summary of Initiative 95

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. The measure requires local electors to determine whether a statewide property tax limit will be effective in a local district. The measure conditionally increases local property tax revenue for districts that do not vote to apply a statewide limit.

If a future statewide limitation on property tax revenues that impacts school districts is adopted and some or all local jurisdictions do not approve it, local property tax revenue for school districts will increase. This will increase the local share of total program funding to school districts and decrease the state aid obligation for school finance if a future statewide property tax limit is imposed and not adopted by local jurisdictions.

If the measure requires conducting local elections when seeking to apply any statewide property tax limitation at the local level, local expenditures will also increase.

State revenue. To the extent that a statewide limitation on property tax revenues would otherwise impact taxes paid for oil and gas, the measure may decrease state severance tax revenue if more ad valorem tax credits are available to taxpayers.

State expenditures. The measure may increase workload for the Division of Property Taxation to update manuals and procedures and to provide technical assistance to local governments. As noted above, if a statewide limitation on property tax revenue is adopted and some or all local governments do not approve it, state expenditures for school finance will decrease by allowing the local share of school finance to remain at higher levels.

Economic impacts. The measure has no economic impact unless a statewide property tax limit is imposed at some point in the future. If a limit is imposed, the measure's economic impacts will vary locally and depend on the outcomes of local elections to apply, or not to apply, the statewide limit. In instances where a statewide limit is adopted and a local government does not approve it, the measure will increase business and household spending on local property taxes and reduce spending elsewhere in the economy.