

Initiative 2023-24 #261: Dedication of Excess State Revenues for Local Taxing Authorities
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*Be it Enacted by the People of the State of Colorado:*

**Section 1. Legislative declaration.** We, the voters of the state of Colorado, hereby find and declare that:

1. Placement by the state of limitations upon the dollar amount or rate of growth of property tax revenue that may be collected, retained, or spent at the local level from the levy of taxes upon real and personal property creates a disproportionate and inequitable impact upon local governments and taxing authorities, as well as the residents and businesses in local communities throughout the state. Such limitations often disregard or fail to adequately recognize the variable challenges impacting disparate local communities and the wishes of the residents and businesses within those communities.

2. These impacts affect local government services – to include schools, fire protection, flood control, transportation, housing, and other services of critical importance to residents and businesses in communities throughout the state.

3. One manner in which the state can attempt to ameliorate these impacts upon local communities has been to dedicate state revenue to supplement – or partially “backfill” – local revenue reductions and shortfalls mandated by the state. Such dedication of state revenue for local use, however, necessarily reduces the amount of revenue retained and otherwise available to support state services to residents of all communities throughout the state.

4. The impact of these policies is particularly inequitable and damaging to both state and local public services in those years in which the state is restricted by formulaic revenue limitations upon retention and use of its own revenue at the state level while concurrently being required to use state revenue to backfill separately mandated revenue shortfalls at the local level.

5. One way to address this situation is to allow the state to utilize any “excess revenue” above its own permitted retention levels under section 20(7)(d) of article X of the state constitution for the specific purpose of supplementing or backfilling revenue lost to local governments and recipients of local property tax revenue resulting from state-mandated restrictions upon the amount or growth of that local tax revenue.

6. The people of the state of Colorado therefore find and declare that the retention and dedication of a portion of any excess revenue at the state level for the purposes set forth herein should be authorized as a voter approved revenue change under section 20(7)(d) of article X of the state constitution

**Section 2.** In Colorado Revised Statutes, **add** section 24-77-103.10 as follows:

**24-77-103.10. Retention of excess state revenues – dedicated transfers to local taxing authorities.** (1) FOR PURPOSES OF THIS SECTION, “LOCAL TAXING AUTHORITIES” MEANS CITIES,

TOWNS, COUNTIES, SCHOOL DISTRICTS, AND SPECIAL DISTRICTS ORGANIZED PURSUANT TO STATE LAW TO PROVIDE SERVICES TO THE PUBLIC AND THAT RECEIVE REVENUE FROM PROPERTY TAXES FOR ALL OR A PORTION OF THEIR REVENUES.

(2) FOR ANY PROPERTY TAX YEAR COMMENCING ON OR AFTER JANUARY 1, 2025, IN WHICH THE AMOUNT OF LOCAL PROPERTY TAX REVENUE HAS BEEN REDUCED BY IMPOSITION OF ANY STATEWIDE LIMITATION OR RESTRICTION UPON THE AMOUNT OR GROWTH OF PROPERTY TAX REVENUE, THE STATE SHALL BE AUTHORIZED TO RETAIN AND SPEND STATE REVENUES IN EXCESS OF THE LIMITATION UPON STATE FISCAL YEAR SPENDING IN THAT YEAR UNDER SECTION 20(7)(d) OF ARTICLE X OF THE STATE CONSTITUTION FOR THE PURPOSE SUPPLEMENTING OR BACKFILLING REVENUE OTHERWISE LOST TO LOCAL TAXING AUTHORITIES DUE WHOLLY OR PARTLY TO THE IMPOSITION OF THE STATEWIDE LIMITATION UPON THEIR PROPERTY TAX REVENUE. THIS AUTHORIZATION SHALL BE DEEMED A VOTER APPROVED REVENUE CHANGE UNDER SECTION 20(7)(d) OF ARTICLE X OF THE STATE CONSTITUTION.

(3) THE AUTHORIZATION TO RETAIN AND SPEND EXCESS STATE REVENUES FOR THE PURPOSES PROVIDED IN SUBSECTION (2) OF THE SECTION DOES NOT LIMIT OR RESTRICT THE ABILITY OF THE STATE TO RETAIN AND SPEND EXCESS STATE REVENUES FOR OTHER PURPOSES SUBJECT TO SEPARATE VOTER AUTHORIZATION.

**Section 3.** This act takes effect January 1, 2025.