



Legislative  
Council Staff

*Nonpartisan Services for Colorado's Legislature*

# Initiative 14

## Fiscal Summary

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<b>Date:</b>	February 11, 2021	<b>Fiscal Analyst:</b>	Anna Gerstle (303-866-4375)
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### LCS TITLE: REDUCTION IN PROPERTY TAX ASSESSMENT RATES

#### Fiscal Summary of Initiative 14

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.ColoradoBlueBook.com](http://www.ColoradoBlueBook.com). This fiscal summary identifies the following impact.

**State expenditures.** The measure increases state expenditures to backfill lost property tax revenue to school districts. By lowering property tax assessment rates, the measure will decrease property tax revenue collected by school districts; as a result, the state share of school finance is estimated to increase by approximately \$280 million in budget year 2023-24 and subsequent years. The measure will also increase workload for the Division of Property Taxation to update and review forms and training materials, as well as to respond to inquiries regarding assessment rate changes.

**Local government impact.** By lowering property tax assessment rates, the measure will decrease property tax revenue to local governments statewide by an estimated \$1.2 billion, beginning in 2024. The impact will vary among local governments across the state, and the specific impact on each city, county, special district, or school district will depend on several factors, including mill levies and the composition of properties in each jurisdiction. This fiscal summary assumes that the current assessment rates of 7.15 percent for residential property and 29 percent for nonresidential property will be maintained for tax years 2021 and 2022.

**Economic impacts.** The measure will decrease property taxes for homeowners and nonresidential property owners, increasing the money that households will have to save or spend and that businesses will have to hire employees, purchase equipment or other investments, or retain as profit. The measure will also decrease revenue to cities, counties, special districts, and school districts, resulting in fewer local government services, including police and fire protection, hospitals, transportation, education, and libraries, among other services.