Initiative 72

Legislative
Council Staff
Nonpartisan Services for Colorado's Legislature

Fiscal Summary

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LCS TITLE: CONCERNING PROPERTY VALUATION

Fiscal Summary of Initiative 72

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. This measure resets the assessed value of real and personal property to its level in the 2020 property tax year and limits annual growth in assessed values to inflation or 3 percent, whichever is lower. If a property is sold after 2020, it is revalued based on the sale price. Its assessed value may then grow annually by inflation, capped at 3 percent.

By resetting the assessed value of real and personal property to its 2020 level, the measure will decrease property tax revenue to local governments statewide by up to an estimated $2.47 billion in budget year 2023-24. To the extent that properties are sold between 2020 and 2023, and revalued at a higher level than 2020 levels grown by inflation up to 3 percent, this impact will be reduced. The reduction in local property tax revenue will grow in subsequent years to the extent that property values grow faster than inflation up to 3 percent. 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.

State expenditures. The measure increases state expenditures to backfill lost property tax revenue to school districts. As a result, the state share of school finance is estimated to increase by a maximum of $687 million in budget year 2023-24, and this state cost will continue to grow in subsequent years. To the extent that properties are sold between 2020 and 2023 and revalued at a higher level than 2020 levels grown by inflation up to 3 percent, this impact will be reduced. 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 new assessment procedures. The measure also requires the Secretary of State to resubmit the initiative to voters at the 2032 election, in order to make its provisions permanent.

Economic impacts. This measure will decrease property taxes for homeowners and nonresidential property owners, increasing the money that households will 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 lower levels of local government services, including police and fire protection, hospital, transportation, education, and library, among other services.