

STATE OF COLORADO

OFFICE OF STATE PLANNING AND BUDGETING

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Bill Ritter, Jr.
Governor

Todd Saliman
Director

MEMORANDUM

TO: Title Setting Review Board

FROM: Todd Saliman, Director

DATE: May 6, 2008

SUBJECT: Fiscal Analysis for Proposed Ballot Initiative #95

Ballot Initiative #95 would raise the assessment rate for non-residential real property to thirty-four percent, from the current twenty-nine percent. As the initiative raises an assessment rate for property tax purposes, the Governor's Office of State Planning and Budgeting (OSPB) is tasked with calculating the aggregate annual increased tax revenue as specified by TABOR in the following format: "Shall state taxes be increased \$ _____ annually...?"

The OSPB has several caveats regarding the estimated fiscal impacts of the proposed Ballot Initiative #95:

- Municipal and county governments could conceivably reduce their mill levies in order to collect the same amount of revenue from an expanded tax base. Were this to occur, it is unclear as to how to determine precisely what (if any) of the resulting property tax revenues could be attributed to the change in the assessment rate.
- The initiative does not have an effective date. It is presumed by OSPB that the first property tax year where the provisions of this initiative could be implemented would be 2009, with mill levy certifications in December 2009 and subsequent property tax bills mailed in 2010. However, it is conceivable that the provisions of this initiative could become effective prior to the December 2008 certification of mill levies by one or more boards of county commissioners.
- The projected fiscal impact implicitly assumes that the provisions of this initiative supersede any existing or subsequently enacted statutory requirements as to the maximum proportion of any school district's annual budget that can be supported with local property tax revenue, specified in Section 22-54-106 (2)(a)(II), C.R.S. (2007)

This initiative would not raise revenue to the state government. Based on figures provided by the Colorado Legislative Council related to its statewide forecast of property values for the 2009 property tax year, OSPB believes that this initiative could raise property taxes in political subdivisions of state government by **\$552.2 million** to **\$577.3 million**. Due to the uncertainty inherent in forecasting real estate values, OSPB recommends that the title board adopt the **\$577.3 million** figure.