



Legislative
Council Staff

Nonpartisan Services for Colorado's Legislature

Initiative 104

Fiscal Summary

Date:	April 19, 2022	Fiscal Analyst:	Greg Sobetski (303-866-4105)
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LCS TITLE: SUPPLEMENTAL TAX ON LUXURY RESIDENTIAL REAL PROPERTY

Fiscal Summary of Initiative 104

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.

State revenue. The tax created in the measure is expected to increase state revenue by \$1.3 billion in FY 2023-24. The tax is expected to apply to 35,300 residential properties for the 2023 property tax year, with total value of \$223 billion. These estimates include both single-family and multifamily residential properties that are taxed as a single parcel and that are expected to be valued over the threshold in the measure.

State expenditures. The measure allows revenue collected from the tax to be retained and spent, rather than refunded to taxpayers. The Department of Local Affairs is required to distributed to local governments for affordable housing purposes, and to develop criteria to determine how revenue will be distributed. Administrative and oversight costs are estimated at \$7 million in FY 2022-23, with ongoing costs of \$3.5 million annually thereafter.

Local government impact. The tax created in the measure is assumed to be assessed and collected by county assessors and treasurers. County government expenditures will be required to administer the tax, communicate with taxpayers, and resolve disputes. Local governments are eligible to receive distributions of tax revenue to use for affordable housing purposes.

Economic impacts. Owners of residential property valued at more than \$2 million will have less after-tax income available to spend or save, reducing their consumption and investments throughout the economy. Revenue collected from the tax is to be used to address shortages in and enhance the availability of affordable housing, boosting incomes for developers and construction firms. Households that would otherwise face housing insecurity and find stable housing under the measure will experience increased financial security and opportunities for employment.