



Legislative
Council Staff

Nonpartisan Services for Colorado's Legislature

Initiative 146

Fiscal Summary

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LCS TITLE: CONCERNING PROPERTY VALUATION

Fiscal Summary of Initiative 146

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. The measure decreases property tax revenue collected by counties, municipalities, school districts, and special districts by an estimated \$1.2 billion for property tax year 2023. This estimate assumes that property that has not been sold since June 30, 2020, is valued at the level used to calculate the property's 2021 taxes. The revenue decrease will become larger in later years as the measure holds changes in property valuations below the market rates at which they would otherwise grow. The measure expires after the 2032 property tax year.

Property tax impacts will differ across local governments according to local market conditions and the composition of their tax bases. However, most local governments that collect property taxes will have less revenue available to spend, save, or refund to taxpayers, relative to the revenue that they would have received under current law. Changes in programmatic expenditures relative to those that would occur under current law will depend on budgetary decisions made by local elected officials. Depending on how the measure is implemented, administrative workload and costs for county assessors' offices could increase.

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 \$390 million in FY 2023-24, and by larger amounts in later years. The measure will increase workload and costs 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. Annual expenditures for a required audit of the measure's effects are estimated at \$600,000.

Economic impacts. The measure will decrease property taxes for homeowners and nonresidential property owners, increasing the amounts available for households to spend or save and for businesses to hire employees, make investments, or retain as profit. The measure will also decrease revenue to counties, municipalities, school districts, and special districts, resulting in lower levels of local government services, including police and fire protection, hospitals, transportation, infrastructure, education, libraries, and parks and recreation, among others. Any overall change in economic activity will depend on the net economic impacts of higher after-tax household and business income and reduced investment in public services.