

MAR 22 2024

OF THE STATE OF COLORADO  
Cheryl L. Stevens, Clerk  
DATE FILED March 22, 2024



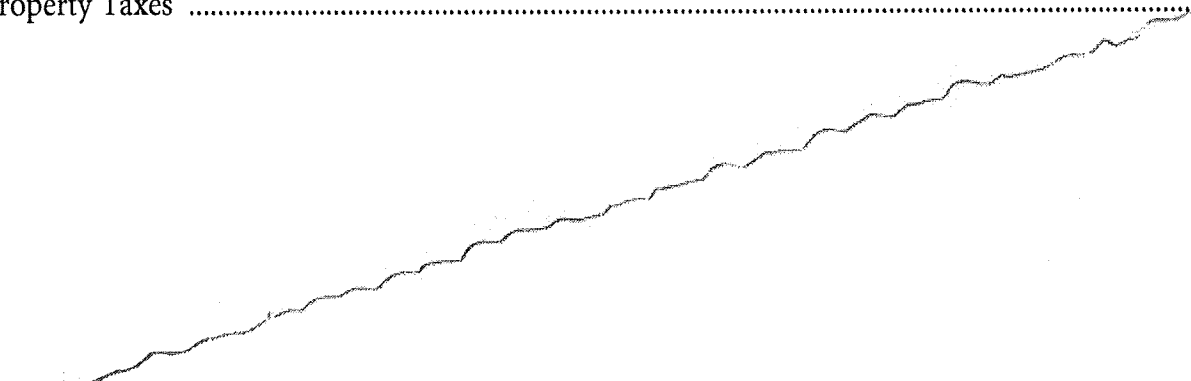
# STATE OF COLORADO

DEPARTMENT OF  
STATE

## CERTIFICATE

I, JENA GRISWOLD, Secretary of State of the State of Colorado, do hereby certify that:

the attached are true and exact copies of the filed text, fiscal summary, motion for rehearing, and the rulings thereon of the Title Board for Proposed Initiative "2023-2024 #148 'Determination of Property Taxes'" .....



.....IN TESTIMONY WHEREOF I have unto set my hand .....  
and affixed the Great Seal of the State of Colorado,  
at the City of Denver this 21<sup>th</sup> day of March, 2024.

*Jena Griswold*

SECRETARY OF STATE



## Proposed initiative measure 2023-2024 #148 - FINAL TEXT

Be it Enacted by the People of the State of Colorado:

SECTION 1. In the constitution of the state of Colorado, **amend** section 3 (1) (a) of article X as follows:

Section 3. Uniform taxation – exemptions. (1)(a) Each property tax levy shall be uniform upon all real and personal property not exempt from taxation under this article located within the territorial limits of the authority levying the tax. The actual value of all real and personal property not exempt from taxation under this article shall be determined under general laws, which shall prescribe such methods and regulations as shall secure just and equalized valuations for assessments of all real and personal property not exempt from taxation under this article. Valuations for assessment shall be based on appraisals by assessing officers to determine the actual value of property in accordance with provisions of law, which laws shall provide that actual value be determined by appropriate consideration of cost approach, market approach, and income approach to appraisal, However, the actual value of residential real property shall be determined solely by consideration of cost approach and market approach to appraisal; EXCEPT THAT BEGINNING WITH THE PROPERTY TAX YEAR WHICH COMMENCES JANUARY 1, 2024, THE ACTUAL VALUE OF QUALIFYING RESIDENTIAL REAL PROPERTY SHALL EQUAL THE AMOUNT OF THE PROPERTY'S MOST RECENT SALE and, however, the actual value of agricultural lands, as defined by law, shall be determined solely by consideration of the earning or productive capacity of such lands capitalized at a rate as prescribed by law. NOTHING IN THIS SECTION 3(1) a OF ARTICLE X OF THE COLORADO CONSTITUTION SHALL BE CONSTRUED TO CHANGE THE APPLICABILITY OF THE HOMESTEAD EXEMPTION AS SET FORTH IN SECTION 3.5 OF ARTICLE X OF THE COLORADO CONSTITUTION.

SECTION 2. In Colorado Revised Statutes, **add** subsection (14.6) to 39-1-102 as follows:

“QUALIFYING RESIDENTIAL REAL PROPERTY” MEANS RESIDENTIAL REAL PROPERTY SOLD IN AN ARMS LENGTH TRANSACTION BETWEEN UNRELATED PARTIES AS ATTESTED TO BY A “NO” RESPONSE TO QUESTION 8 ON REAL PROPERTY TRANSFER DECLARATION FORM TD-1000 OR RESIDENTIAL REAL PROPERTY INHERITED BY A SURVIVING SPOUSE.

SECTION 3. In the constitution of the state of Colorado, **amend** section 20 (8) (c) of article X as follows:(c) Regardless of reassessment frequency, valuation notices shall be mailed annually and may be appealed annually, with no presumption in favor of any pending valuation. Past or future sales by a lender or government shall also be considered as comparable market sales and their sales prices kept as public records. Actual value shall be stated on all property tax bills and valuation notices and, for residential real property, determined solely by the market approach to appraisal, EXCEPT BEGINNING WITH THE PROPERTY TAX YEAR WHICH COMMENCES JANUARY 1, 2024, THE ACTUAL VALUE OF QUALIFYING RESIDENTIAL REAL PROPERTY SHALL BE DETERMINED BY THE AMOUNT OF THE PROPERTY'S MOST RECENT SALE.

SECTION 4. In Colorado Revised Statutes, 39-1-103 **amend** (5)(a) and (15) and **add** subsections(15.5), (15.6) and (15.7) to 39-1-103 as follows:

39-1-103. Actual value determined – when.

(5) (a) All real and personal property shall be appraised and the actual value thereof for property tax purposes determined by the assessor of the county wherein such property is located. The actual value of such property, other than agricultural lands exclusive of building improvements thereon and other than residential real property and other than producing mines and lands or leaseholds producing oil or gas, shall be that value determined by appropriate consideration of the cost approach, the market approach, and the income approach to appraisal. The assessor shall consider and document all elements of such approaches that are applicable prior to a determination of actual value. The actual value reflects the value of the fee simple estate. Despite any orders of the state board of equalization, no assessor shall arbitrarily increase the valuations for assessment of all parcels represented within the abstract of a county or within a class or subclass of parcels on that abstract by a common multiple in response to the order of said board. If an assessor is required, pursuant to the order of said board, to increase or decrease valuations for assessment, such changes shall be made only upon individual valuations for assessment of each and every parcel, using each of the approaches to appraisal specified in this subsection (5)(a), if applicable. The actual value of agricultural lands, exclusive of building improvements thereon, shall be determined by consideration of the earning or productive capacity of such lands during a reasonable period of time, capitalized at a rate of thirteen percent. Land that is valued as agricultural and that becomes subject to a perpetual conservation easement shall continue to be valued as agricultural notwithstanding its dedication for conservation purposes; except that, if any portion of such land is actually used for nonagricultural commercial or nonagricultural residential purposes, that portion shall be valued according to such use. Nothing in this subsection (5) shall be construed to require or permit the reclassification of agricultural land or improvements, including residential property, due solely to subjecting the land to a perpetual conservation easement. The actual value of residential real property shall be determined solely by consideration of the market approach to appraisal EXCEPT THAT BEGINNING WITH THE PROPERTY TAX YEAR WHICH COMMENCES JANUARY 1, 2024, THE ACTUAL VALUE OF QUALIFYING RESIDENTIAL REAL PROPERTY SHALL EQUAL THE AMOUNT OF THE PROPERTY'S MOST RECENT SALE. A gross rent multiplier may be considered as a unit of comparison within the market approach to appraisal. The valuation for assessment of producing mines and of lands or leaseholds producing oil or gas shall be determined pursuant to articles 6 and 7 of this title 39.

(15) The general assembly hereby finds and declares that assessing officers shall give appropriate consideration to the cost approach, market approach, and income approach to appraisal as required by section 3 of article X of the state constitution in determining the actual value of taxable property. In the absence of evidence shown by the assessing officer that the use of the cost approach, market approach, and income approach to appraisal requires the modification of the actual value of taxable property the first year of a reassessment cycle in order to result in uniform and just and equal valuation for the second year of a reassessment cycle, the assessing officer shall consider the actual

value of any taxable property for the first year of a reassessment cycle, as may have been adjusted as a result of protests and appeals, if any, prior to the assessment date of the second year of a reassessment cycle, to be the actual value of such taxable property for the second year of a reassessment cycle, HOWEVER, BEGINNING WITH THE PROPERTY TAX YEAR WHICH COMMENCES JANUARY 1, 2024, THE ACTUAL VALUE OF QUALIFYING RESIDENTIAL REAL PROPERTY SHALL EQUAL THE AMOUNT OF THE PROPERTY'S MOST RECENT SALE.

(15.5) A TAXPAYER MAY PROTEST THE ACTUAL VALUE OF RESIDENTIAL REAL PROPERTY IN ACCORDANCE WITH SECTION 39-5-121 (1)(b) OR MAY APPEAL THE ACTUAL VALUE OF RESIDENTIAL REAL PROPERTY IN ACCORDANCE WITH SECTION 39-5-122 (2). IF THE PROTEST OR APPEAL RESULTS IN AN ACTUAL VALUE THAT IS LESS THAN OR EQUAL TO THE VALUE OF THE RESIDENTIAL REAL PROPERTY'S MOST RECENT SALE OR APPRAISAL, THEN THE RESIDENTIAL REAL PROPERTY SHALL BE REAPPRAISED, PURSUANT TO SECTION 39-1-104 (10.2), AND THE ACTUAL VALUE SHALL BE THE REAPPRAISED VALUE UNTIL THE RESIDENTIAL REAL PROPERTY IS SOLD.

(15.6) BEGINNING WITH THE PROPERTY TAX YEAR WHICH COMMENCES JANUARY 1, 2024, THE ASSESSMENT RATE FOR RESIDENTIAL REAL ESTATE SHALL BE 6.7%. ANY INCREASE IN THE ASSESSMENT RATE SHALL BE APPROVED BY A YES VOTE OF 51% OF THE REGISTERED VOTERS OF THE STATE OF COLORADO.

(15.7) BEGINNING WITH THE PROPERTY TAX YEAR WHICH COMMENCES JANUARY 1, 2024, THE MILL RATE FOR RESIDENTIAL REAL ESTATE SHALL BE THE MILL RATE AS OF JANUARY 1, 2021. ANY INCREASE IN THE MILL RATE SHALL BE APPROVED BY A YES VOTE OF 51% OF THE REGISTERED VOTERS OF THE TAXING DISTRICT.

SECTION 5. In Colorado Revised Statutes, 39-1-104 **add** (10.2) (f) as follows:

(f) BEGINNING WITH THE PROPERTY TAX YEAR WHICH COMMENCES JANUARY 1, 2024, THE ACTUAL VALUE OF QUALIFYING RESIDENTIAL REAL PROPERTY SHALL BE EQUAL TO THE AMOUNT OF THE PROPERTY'S MOST RECENT SALE.

SECTION 6. **Effective date.**

THIS INITIATIVE SHALL BECOME EFFECTIVE UPON THE EARLIER OF THE OFFICIAL DECLARATION OF THE VOTE HEREON BY PROCLAMATION OF THE GOVERNOR OR THIRTY DAYS AFTER THE VOTE HAS BEEN CANVASSED, PURSUANT TO SECTION 1 (4) OF ARTICLE V OF THE COLORADO CONSTITUTION.

**Ballot Title Setting Board**

**Proposed Initiative 2023-2024 #148<sup>1</sup>**

*Hearing March 7, 2024:*

*Title setting denied on the grounds that the initiative contains multiple subjects and the Board lacks jurisdiction to set title.*

*Board Members: Theresa Conley, Kurt Morrison, Ed DeCecco*

*Hearing adjourned 1:00 P.M.*

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<sup>1</sup> Unofficially captioned “**Determination of Property Taxes**” by legislative staff for tracking purposes. This caption is not part of the titles set by the Board.

Motion for rehearing proposed initiative 2023-2034 #148

The Title Board contends that section 15.7 of the proposed initiative

(15.7) BEGINNING WITH THE PROPERTY TAX YEAR WHICH COMMENCES JANUARY 1, 2024, THE MILL RATE FOR RESIDENTIAL REAL ESTATE SHALL BE THE MILL RATE AS OF JANUARY 1, 2021. ANY INCREASE IN THE MILL RATE SHALL BE APPROVED BY A YES VOTE OF 51% OF THE REGISTERED VOTERS OF THE TAXING DISTRICT.

Is in opposition to this phrase in section 3 (1) (a) of article X of the Colorado Constitution:

“property tax levy shall be uniform upon all real and personal property”

The board contends that the language of 15.7 creates a non uniform tax levy for residential real estate which establishes a second subject for the initiative.

The proponent’s contend that section 3 (1) (a) of article X requires a uniform tax levy upon classes of real property, not a uniform tax levy upon all classes of real property, and that the language of 15.7 does not create a second subject for the proposed initiative.

As the board is aware, a property tax levy is comprised of three components:

Actual value (appraised value), assessment rate and mill rate.

The property tax levy is equal to actual value multiplied by assessment rate multiplied by mill rate.

As the board may also be aware, the appraisal rate for commercial property, industrial property, multi-family residential property, agricultural property, other agricultural property, residential real property, renewable energy production property and vacant property differs. According to statute, these are 8 distinct classes of real property. SB 22-238 and SB 23B-001 established the following assessment rates for 2023

Commercial	27.9%
Industrial	27.9%
Multi-family residential	6.765 %
Agricultural	26.4%
Other agricultural	27.9%
Residential real property	6.765 %
Vacant	27.9%
Renewable energy	26.4%

For property with equivalent actual value, the tax levy on property of the class “Commercial” is 4.1241 times higher than the tax levy on residential real property. Different tax levies upon different classes of real property with equivalent actual value have survived challenges in Colorado courts and are a well established fact. This supports the proponent’s contention that the language of the Colorado Constitution refers to a uniform tax levy on a class of real property and not a uniform tax levy upon all classes of real property.

For this reason we respectfully request that initiative 2023-2024-148 be found to have a single subject matter.

**Ballot Title Setting Board**

**Proposed Initiative 2023-2024 #148<sup>1</sup>**

*Hearing March 7, 2024:*

*Title setting denied on the grounds that the initiative contains multiple subjects and the Board lacks jurisdiction to set title.*

*Board Members: Theresa Conley, Kurt Morrison, Ed DeCecco*

*Hearing adjourned 1:00 P.M.*

*Rehearing March 20, 2024:*

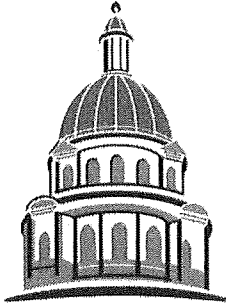
*Motion for rehearing was denied in its entirety. (3-0)*

*Board Members: Theresa Conley, Kurt Morrison, Ed DeCecco*

*Hearing adjourned 9:15 A.M.*

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<sup>1</sup> Unofficially captioned “**Determination of Property Taxes**” by legislative staff for tracking purposes. This caption is not part of the titles set by the Board.



# Initiative 148

## Legislative Council Staff

*Nonpartisan Services for Colorado's Legislature*

## Fiscal Summary

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**Date:** March 5, 2024      **Fiscal Analyst:** Emily Dohrman (303-866-3687)

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### LCS TITLE: DETERMINATION OF PROPERTY TAXES

### Fiscal Summary of Initiative 148

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 [leg.colorado.gov/bluebook](https://leg.colorado.gov/bluebook). This fiscal summary identifies the following impact.

**Local government impact.** The measure reduces property tax revenue to local governments by an estimated \$3.7 billion in property tax year 2024 (collected in 2025), \$3.6 billion in property tax year 2025, and increasing amounts in later years.

Impacts are expected to vary across local governments based on the tenure of homeowners in their homes, and based on the level of home price appreciation in the district. Districts with long homeowner tenure and/or rapid home price appreciation are expected to experience greater revenue loss from the measure. For school districts only, a portion of lost revenue will be offset by increased state contributions to school finance, as discussed below.

The measure significantly increases costs for local governments to update software programs to accommodate having different mill levies for residential and nonresidential real property. Additionally, reduced property tax revenue may make it more expensive to issue bonds that are backed by property tax revenue due to increased interest and legal costs, and may make defaults on current bonds more likely. Finally, the requirement of an election to be held for mill levy changes would increase election costs.

**State expenditures.** The measure increases state expenditures by an estimated \$1.0 billion in FY 2024-25, \$1.0 billion in FY 2025-26, and increasing amounts in later years from increased state aid obligation for school finance as required under current law.



**Economic impacts.** Reducing the amount of property taxes owed will increase the amount of after-tax income available for homeowners and business property owners to spend, save, or invest elsewhere in the economy. The measure may incentivize more property improvements than under current law, as improvements will not result in increased property taxes until the property's next sale.

The measure will decrease revenue available for counties, municipalities, school districts, and special districts relative to current law, lowering the amount of funds available for public services. The measure will decrease revenue collected by school districts under mill levy overrides and bond approvals, lowering the amount of funds available for school services.

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.