



Legislative Council Staff
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Fiscal Note

Drafting Number: LLS 24-0956 Date: February 22, 2024
Prime Sponsors: Sen. Baisley; Van Winkle Bill Status: Senate Finance
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Bill Topic: REAL PROPERTY VALUATION

Summary of Fiscal Impact:
State Revenue [] State Transfer [] Local Government [x]
State Expenditure [x] TABOR Refund [] Statutory Public Entity []

For the purposes of property taxation, the bill reduces actual valuations for the 2025 property tax year and caps growth for most classes of property each assessment cycle. The bill increases state expenditures, reduces local government revenue, and increases local administrative costs.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The fiscal note reflects the introduced bill.

Table 1
State Fiscal Impacts Under SB 24-144

Table with 4 columns: Category, Budget Year FY 2024-25, Out Year FY 2025-26, Out Year FY 2026-27. Rows include Revenue, Expenditures (School Finance, Total Expenditures), Transfers, and Other Budget Impacts.

1 Expenditures for the state share of school finance may be paid from the General Fund, the State Education Fund, the State Public School Fund, or a combination of these.

Summary of Legislation

The bill resets the property tax base by adjusting actual values for most types of real residential and nonresidential property classes (except mobile homes, oil and gas, producing mines, and state-assessed property) beginning with the 2025 property tax year. For the 2025 reassessment cycle (property tax years 2025 and 2026), the bill limits “actual values” (the valuations to which property tax assessment rates are applied) as if they were not allowed to have grown by more than 6 percent in each of the 2021, 2023, and 2025 reassessment cycles. The bill requires that property valuations grow by no more than 6 percent in each subsequent cycle. It includes an exception for unusual conditions that increase a property’s valuation, such as the addition of an on-site improvement or addition to a structure.

Assumptions

Assessed value impacts. The measure is expected to reduce assessed values by the amounts shown in Table 2 based on the Legislative Council Staff December 2023 forecast for assessed values.

Table 2
Forecast of Statewide Assessed Values
Millions of Dollars

Tax Year	Current Law		SB 24-144	
	Assessed Value	Percent Change from Prior Year	Assessed Value	Percent Change from Prior Year
2024	\$200,214	-	\$200,214	-
2025	\$203,846	1.8%	\$162,953	-18.6%
2026	\$205,495	0.8%	\$164,262	0.8%

Source: Colorado Legislative Council Staff.

Property tax revenue impacts. The bill affects property tax revenue through reduced actual values that will impact assessed values. The analysis assumes lower assessed values will impact property tax revenues in districts with fixed mill levies. Many districts with floating mill levies are also expected to be impacted depending on their ability to adjust levies upwards in response to lower valuations. Property tax impacts were estimated assuming 2022 weighted average mill levies from the Division of Property Taxation, except that school district total program mills are adjusted where required under current law enacted in House Bill 21-1164. The range of revenue decreases shown in the Local Government section represents whether all mill levies are affected by the measure, or whether some bond, contractual, and override levies will rise as assessed values fall. The smaller impact reflects the assumption that bond, contractual, and override levies that changed during the 2021 assessment cycle will rise in 2025 to offset the reduction in assessed values. Actual property tax revenues that will be impacted by the bill depend on local policy constraints and decisions and could vary from the estimate in the analysis.

State Expenditures

The bill increases state expenditures for the state share of school finance. Expenditures are shown in Table 3 and detailed below.

**Table 3
Expenditures Under SB 24-144**

	FY 2024-25	FY 2025-26
Department of Education		
State Share of School Finance ¹	\$916.5 million	\$929.3 million

¹ Expenditures for the state share of school finance may be paid from the General Fund, the State Education Fund, the State Public School Fund, or a combination of these.

School finance. The bill decreases property tax collections from school district total program mills, requiring an equivalent increase in the state share of total program funding for school finance. The state aid obligation is expected to increase by \$916.5 million in FY 2025-26, \$929.3 million in FY 2026-27, and larger amounts in later years. Under current law, changes in the state aid obligation may be paid from the General Fund, the State Education Fund, the State Public School Fund, or a combination of these based on decisions made by the General Assembly.

Division of Property Taxation. The bill is expected to minimally increase workload in the Department of Local Affairs Division of Property Taxation. Workload will include reviews and updates of procedures, forms, and manuals, and to provide technical assistance to local governments.

Local Government

The bill is expected to reduce local government revenue, including school districts, by a net amount of between \$2.2 billion and \$2.5 billion in both FY 2025-26 and FY 2026-27, as shown in Table 4. Total loss in property tax from the impact of reduced assessed values will be partially offset by increased state aid to school districts through the school finance formula. The bill also increases local administrative costs.

**Table 4
Local Government Revenue Impacts of SB 24-144**

	FY 2025-26	FY 2026-27
	Property Tax Year 2025 Collected in 2026	Property Tax Year 2026 Collected in 2027
Property tax revenue	(\$3.10 - \$3.39 billion)	(\$3.13 - \$3.42 billion)
School districts – state aid	\$0.92 billion	\$0.93 billion
Net revenue impact	(\$2.19 - \$2.48 billion)	(\$2.20 - \$2.49 billion)

Property tax revenue. Changes to actual values under the bill are expected to reduce local property taxes between \$3.10 billion and \$3.39 billion for property tax year 2025, and between \$3.13 and \$3.42 billion for property tax year 2026, and larger impacts in later years.

State aid to school districts. The bill is expected to increase the required amount of state aid to school districts by \$916.5 million in FY 2025-26 and \$929.3 million in FY 2026-27, and larger impacts in later years, as a result of reduced property tax revenue from total program levies.

County assessors. The bill will require significant administrative costs for county assessors' offices to implement the changes in the bill. Expenditures will require software enhancements that are often provided through third-party vendors and could require additional personnel.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State and Local Government Contacts

Counties	County Assessors	Information Technology
Local Affairs	Municipalities	Property Tax Division
Special District Association		

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).