

Initiative 232: Income Tax Rate Limit

Placed on the ballot by citizen initiative • Passes with a majority vote

Initiative 232 proposes amending the Colorado statutes to:

- set a 4.4 percent limit on the state income tax rate for individual and corporate taxpayers.

What Your Vote Means

YES

A “yes” vote on Initiative 232 establishes the current state income tax rate of 4.4 percent as the maximum rate.

NO

A “no” vote on Initiative 232 does not establish a maximum state income tax rate.

Summary and Analysis of Initiative 232

What does Initiative 232 do?

The measure limits the state income tax rate for individuals and corporations to the current rate of 4.4 percent of taxable income beginning on January 1, 2027.

Does Initiative 232 change the current income tax rate?

No, the measure does not alter the current 4.4 percent state income tax rate. It creates a state law setting this rate as the maximum beginning on January 1, 2027.

Does Initiative 232 prevent any future changes to the state income tax rate?

No, Initiative 232 will not change the process for adjusting Colorado’s income tax rate. The state legislature or a citizen initiative may reduce the state income tax rate. Any tax rate increases must be approved by voters, as required by the Colorado Constitution.

What happens if Initiative 232 and Initiative 195 both pass?

Initiative 195 creates a graduated income tax, with higher tax rates assessed on higher incomes. If both Initiatives 195 and 232 are approved by voters, the proposed rate for incomes over \$500,000 in Initiative 195 would be higher than the 4.4 percent limit in Initiative 232. Generally, when parts of voter-approved measures conflict, the policy outcome is determined by the measure that received more votes. However, if both measures are approved by voters, the exact outcome is unclear.

Argument For Initiative 232

- 1) The current income tax rate, overwhelmingly approved by voters in 2022, is fair and keeps Colorado’s tax rate among the lowest in the country. Initiative 232 establishes clear voter intent that income tax rates not be raised as proposed in Initiative 195.

Argument Against Initiative 232

- 1) Initiative 232 could confuse voters and interfere with the implementation of Initiative 195, if that measure passes. After the 2026 general election, Initiative 232 has no effect, since raising tax rates already requires voter approval and any approval would override this measure.

Information about the organizations supporting and opposing this measure is available on the Colorado Secretary of State's website:

www.coloradosos.gov/pubs/elections/Initiatives/ballot/contacts/2026.html

Fiscal Impact of Initiative 232

The fiscal impact will be included in the second draft.