Initiative 109

Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Preliminary Fiscal Summary

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LCS TITLE: VALUATION FOR ASSESSMENTS

Fiscal Summary of Initiative 109

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**. The estimates in this fiscal summary are preliminary and may be revised with additional time for property tax modeling and/or new information from state and local government agencies. This fiscal summary identifies the following impact.

Local government impact. By reducing residential and nonresidential assessment rates, the measure reduces property tax revenue to local governments by an estimated $3 billion in property tax year 2025, for which taxes are paid in 2026, and by larger amounts in later years. Of that amount, about $800 million in lost school district revenue will be made up through state aid for total program funding for school finance as required under current law.

The measure repeals the provision in current law that exempts time share units held by and marketed for sale by developers from the definition of hotels and motels. This provision is assessed as causing an indeterminate property tax increase.

State expenditures. The measure increases state expenditures by an estimated $800 million in FY 2025-26, and by larger amounts in later years, for the state aid obligation for school finance.

Economic impacts. Reducing assessment rates 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 will decrease revenue available to counties, municipalities, school districts, and special districts relative to current law, lowering the amount of funds available for public 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.