



## Legislative Council Staff

*Nonpartisan Services for Colorado's Legislature*

# Memorandum

January 15, 2025

**TO:** Interested Persons  
**FROM:** David Hansen, Principal Economist, 303-866-2633  
**SUBJECT:** School District Property Tax Limit Balancing Percentage

## Summary

Passed in August 2024, House Bill 24B-1001 created a property tax limit for school districts beginning with the 2025 property tax year (PTY), for which taxes are payable in 2026. The bill's provisions limit statewide qualified local share property tax revenue, or local share total program revenue excluding certain sources or uses, by adjusting the residential assessment rate applied to school district mill levies temporarily downward if qualified revenue is expected to exceed the limit. Section 29-1-1702.5 (4)(c) C.R.S. requires Legislative Council Staff to provide the State Board of Equalization with the information necessary to calculate the balancing percentage that will lower assessed values to a level where qualified local share property tax revenue equals the limit.

For PTY 2025, qualified local share property tax revenue is not projected to exceed the limit. Therefore, a balancing percentage below the currently projected 7.05 percent residential assessment rate for school district mill levies is not required.<sup>1</sup> The following tables detail the amount of qualified local share property tax revenue that is projected for the 2025 PTY, applicable exclusions, and the limit for this qualified revenue.

## School District Property Tax Limit

The school district property tax limit is equal to the highest total local share property tax revenue from any previous reassessment cycle, increased by a growth rate percentage, and if applicable, a carryover amount. The growth rate percentage is the greater of 6 percent multiplied by the

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<sup>1</sup>The assessment rate will depend on statewide growth in actual value from 2024 to 2025, currently projected to be below 5 percent. If growth exceeds 5 percent, the rate will be 6.95 percent.



number of years in a current reassessment cycle (2 years), or the percentage increase in statewide base per pupil funding set by the General Assembly for the next fiscal year plus the percentage increase in funded pupil count (school factor). The analysis assumes the school factor will not exceed 12 percent for FY 2025-26.

In future years, the school district limit may be increased by a carryover amount, if and when qualified local share property tax revenue falls below the school district property tax limit in the previous reassessment cycle. In such a case, the amount of the smallest yearly shortfall will add to the limit for the next reassessment cycle.

This report estimates the property tax limit is equal to \$4,417,419,719 for PTY 2025, or total local share property tax revenue for PTY 2023 increased by 12 percent.

## Qualified Local Share Property Tax Revenue

Beginning with the 2025 PTY, qualified local share property tax revenue is limited by the school district property tax limit. Qualified local share property tax revenue is the total estimated amount of property tax revenue retained by all school districts in the state for total program funding for a property tax year, excluding various sources and uses of revenue. Tables 1 and 2 detail exclusions from qualified local share property tax revenue. Data in Table 1 rows 1 to 5, and Table 2 rows 1 and 2 were reported to Legislative Council Staff by assessors via the Division of Property Taxation. For exclusions of assessed value in Table 1, the revenue associated with the change in value was estimated from Legislative Council Staff's school finance model. Revenue exclusions from mill levy equalization credits were also estimated by Legislative Council Staff. In addition to the items in Table 1, statute specifies that qualified local share property tax revenue is exclusive of revenue from voter-approved increases in mill levies for total program funding at the district level,<sup>2</sup> excludes revenue from all other school district mill levies except total program levies,<sup>3</sup> and excludes specific ownership tax revenue.<sup>4</sup>

For the 2025 PTY, qualifying local share property tax revenue is estimated to total \$4,131,309,125, or \$286,110,594 below the school district property tax limit.

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<sup>2</sup> Section 29-1-1701 (2.5)(a)(VIII), C.R.S.

<sup>3</sup> Section 29-1-1701 (2.5)(a)(IX), C.R.S.

<sup>4</sup> Section 29-1-1701 (2.5)(a)(X), C.R.S.



**Table 1**  
**Revenue from Assessed Value Changes Excluded from**  
**Qualified Local Share Property Tax Revenue, PTY 2025**

Row	Exclusion	Assessed Value
1	New construction (Section 29-1-1701 (2.5)(a)(I), C.R.S.)	\$2,448,221,400
2	Annexations and change in law for classifications (Section 29-1-1701 (2.5)(a)(II), C.R.S.)	\$0
3	Omissions from the assessment roll (Section 29-1-1701 (2.5)(a)(IV), C.R.S.)	\$52,402,924
4	Previously legally exempt property (Section 29-1-1701 (2.5)(a)(VI), C.R.S.)	\$146,274,535
5	Increases from producing mines and oil and gas (Section 29-1-1701 (2.5)(a)(VII), C.R.S.)	\$438,195,564
<b>6</b>	<b>Total Assessed Value Excluded</b>	<b>\$3,085,094,423</b>
<b>7</b>	<b>Revenue from Assessed Value Exclusions</b>	<b>\$72,353,606</b>

Source: Colorado Division of Property Taxation, Legislative Council Staff.

**Table 2**  
**Qualified Local Share Property Tax Revenue Exclusions, PTY 2025**

Row	Exclusion	Estimated Revenue
1	Expiration of incremental tax revenues for TIF (Section 29-1-1701 (2.5)(a)(III), C.R.S.) <sup>1</sup>	\$29,773,449
2	Abatements or refunds (Section 29-1-1701 (2.5)(a)(V), C.R.S.) <sup>2</sup>	\$43,727,832
3	Changes in equalization tax credits (Section 29-1-1701 (2.5)(a)(XI), C.R.S.)	\$19,671,223
<b>4</b>	<b>Total Revenue Exclusions (other than assessed value exclusions in Table 1)</b>	<b>\$93,172,504</b>

Source: Colorado Division of Property Taxation, Legislative Council Staff.

<sup>1</sup>In addition to data reported by assessors, includes the estimated amount due to the expiration of the Stapleton Urban Redevelopment Plan tax increment financing diversions. Section 31-25-107 (9)(a), C.R.S., specifies revenues must be divided for a period not to exceed 25 years. Reference City and County of Denver, Ordinance No. 543, Council Bill No. 495, Series of 2000, for an Ordinance Approving the Stapleton Urban Redevelopment Plan and Creating the Stapleton Urban Redevelopment Area.

<https://library.municode.com/co/denver/munidocs/munidocs?nodetid=4a72c4288276d>

<sup>2</sup>Reflects the most recently reported value of abatements and refunds from August 1 of the previous year through July 31 of the current year.



**Table 3**  
**Estimated Qualified Local Share Property Tax Revenue, PTY 2025**

<b>Row</b>	<b>Item</b>	<b>Amount</b>
1	Local Share Property Tax Revenue	\$4,296,835,235
2	Less Exclusions (Sum of Table 1, Row 7 and Table 2, Row 4)	\$165,526,110
<b>3</b>	<b>Total Qualified Local Share Property Tax Revenue</b>	<b>\$4,131,309,125</b>

Source: Legislative Council Staff.

**Table 4**  
**School District Property Tax Limit, PTY 2025**

<b>Row</b>	<b>Item</b>	<b>Amount</b>
1	Highest Local Share Property Tax Revenue from 2023 Reassessment Cycle, PTY 2023 (Section 29-1-1703 (4)(d), C.R.S)	\$3,944,124,749
2	Growth Rate Percentage (Section 29-1-1703 (3), C.R.S.)	12.0%
3	School District Property Tax Revenue Limit	\$4,417,419,719
4	Qualified Revenue (Table 3, Row 3)	\$4,131,309,125
<b>5</b>	<b>Qualified Revenue in Excess of Limit (Row 4 Less Row 3)</b>	<b>-\$286,110,594</b>