



PROPERTY TAX LIMITS-PAST, PRESENT, AND FUTURE

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Property Tax Limits-Past, Present, and Future

- In this world nothing can be said to be certain, except death and taxes-Benjamin Franklin
- The power of taxing people and their property is essential to the very existence of government-James Madison
- Taxes are what we pay for civilized society-Oliver Wendell Holmes, Jr.
- The only difference between death and taxes is that death doesn't get worse every time Congress meets-Will Rogers

Property Tax Limits-Past, Present, and Future

- What brings us here
 - Significant increase in property values
 - If mill levies are not reduced or the method of determining assessed value is not changed, there will be a significant increase in property tax bills
 - Repeal of Gallagher
 - Voters have approved debrucing questions (and other revenue limit waivers) for a significant number of local governments

BREAKING NEWS!

- Governor Polis calls the General Assembly into special session starting November 17
- This is a developing story-stay tuned for more

Property Tax Limits Prior to November 3, 1992

- Mill Levy caps
 - In 1913, HB 348 established mill levy caps for counties ranging from 1 to 6 mills depending upon assessed values
 - Examples of remaining mill levy caps
 - 4 mills for cemetery district-C.R.S. § 30-20-805
 - 7 mills for law enforcement authority-C.R.S. § 30-11-406
 - 10 mills to pay judgments-C.R.S. § 30-25-104

Property Tax Limits Prior to November 3, 1992

- Revenue Limit
 - In 1913, HB 348 established an annual property tax revenue increase limit of 5%
 - Today there is an annual 5.5% property tax revenue limit-C.R.S. § 29-1-301
 - Voters can waive this

TABOR Limits Property Tax Revenue

- TABOR also limits the amount of property tax revenue which a local government may receive in any year
- The limit for most local governments is the amount of revenue collected in the prior year adjusted for the percentage increase in inflation plus local growth
 - For school districts it is the percentage increase in inflation plus student population
- Voters can waive this (i.e. debruced)

Proposition HH

- The limit on increased property tax revenue for most local governments is the amount of revenue collected in the prior year adjusted for inflation
 - Inflation is Denver-Aurora-Lakewood CPI
 - Does not apply to school districts or any county, city, town, or city and county that has a home rule charter
- Governing body may exceed the Prop HH limit after publishing notice of intent to do so and holding a hearing
- Does not apply to revenues for voter approved bonds or contracts or for a mill levy that the voters have authorized to be levied without limitation or amount

Today

- For many governments, the revenue limit is the more restrictive of:
 - TABOR limit
 - 5.5% statutory limit in C.R.S. § 29-1-301
 - Had it passed, the Prop H limit
- Mill levy cannot increase absent voter approval
 - Mill levy adjustment of de-Gallagher questions
- Voters can approve a waiver of the TABOR limit and the 5.5% limit but not the Prop HH limit

Today

- Temporary property tax or mill levy credits may be given to comply with TABOR or to provide tax relief -C.R.S. § 39-1-111.5
 - House Bill 21-1164 Submitted by the Colo. Gen. Assembly, 487 P.3d 636 (Colo. 2021)
- Prop HH: A temporary property tax credit created under subsection (2)(a) of this section does not change the underlying mill levy imposed by a local government. Reducing or eliminating a temporary property tax credit does not require prior voter approval under section 20 (4)(a) of article X of the state constitution

Today

- Do we have a property tax crisis?
 - Mill levies not set until December 15
 - Temporary mill levy or tax credits
 - School Finance levy cannot be decreased without action by General Assembly

What does the future hold

- Parts of Prop HH can be done without voter approval
 - Value exemptions
 - Changes in assessed value ratio
 - Senior homestead portability

BREAKING NEWS- Governor's Call For Special Session

- Concerning a property tax relief package to reduce Coloradans' property tax burden in 2023
- Concerning the fiscal impact of the tax relief package on the interests of schools and local governments that are funded with property tax potentially utilizing reserves, TABOR surplus, and general fund
- Concerning necessary administrative changes attributed to the tax relief package only for 2023
- Concerning TABOR tax refund mechanisms only for 2023

BREAKING NEWS- Governor's Call For Special Session

- Concerning rental assistance only during the 2022-2023 fiscal year
- Concerning adjustments to the Earned Income Tax Credit only for the 2023 tax year, utilizing resources available from 2022-2023 fiscal year
- Concerning the creation of a process to review and make recommendations on long-term property tax relief
- Concerning the nutrition of over 300,000 food-insecure Colorado children during the summer months by establishing departmental authority to authorize the Summer Electronic Benefits Transfer program in Colorado beginning in summer 2024

What does the future hold

- Initiative 21 (title approved but petitions not filed)
 - No tax revenue on a property will increase more than three percent annually unless the property is substantially improved by adding more than ten percent square footage to the existing buildings or structures or its use changed in which case the property's actual value shall be reappraised

What does the future hold

- Initiative 50
 - If the total of statewide property tax revenue is projected to go up more than 4% over the preceding year, voter approval is needed for government to retain the additional revenue
 - This will be on 2024 ballot
 - Needs approval of 55% of those voting

What does the future hold

- Likely that we will continue to see ballot initiatives or legislation on property taxes
 - Cap levies
 - Cap revenues
 - Value reductions or exemptions
 - Assessment ratio changes
 - Circuit breakers for individual taxpayers
 - Truth in taxation
 - New property classifications

Property tax limits

Questions