



Big Property Tax Ballot Items Await Your Vote this Fall

Proposition 108 and Amendment 50 Impact on Commercial Real Estate

This November, voters have a decision to make. We can either keep property tax laws passed by elected officials during the 2024 legislative session or adjust these laws per ballot items Proposition 108 and Amendment 50. It's complicated but, in short, a Yes on both ballot items keeps more money in homeowner's pockets and for commercial real estate owners and tenants. While some commercial property values are struggling, residential values continue to rise and therefore the property tax revenue for the state is on the rise. This year alone the state collected \$3.3B more in taxes than last year. If you vote Yes on 108 and 50, schools and government services still see an increase in funding, but not as robust an increase as they would if we leave the legislative proposal to play through.

Comparison of Property Tax Legislative Proposal vs. Ballot Item Proposals

	Legislative Proposal	Ballot items 108 and 50
Commercial property tax assessment rate	Commercial assessment rate eventually reduces to 27% and eventually to 25% in two years *does not extend tax relief to industrial property owners	Commercial assessment rate reduced from 29% to 24% next year
Residential property tax assessment rate	Homeowner assessment increases 6.3% to 6.7% *includes a two-tier tax system where those who own a home valued over \$700k pay more	Homeowner assessment rate reduced from 6.3% to 5.7%

Caps future property tax increases	A 5.5% cap is set but with several exemptions, that leave some districts unprotected.	A 4% cap on property tax revenues collected by the state prevents any future spikes taxes.
People vote for future tax increases?	No, elected officials decide future tax increases.	Yes, this protects TABOR refunds and requires a vote for future tax increases.
Schools and fire funding	Leaves the schools portion of the funding formula uncapped and potential for tax revenue to double in 12 years (from \$11B to \$22B by 2032)	Requires the state to fund schools, fire and services and allows for local elections to be held to increase taxes, when the people want it.

**State Property Tax Revenue Projections if Ballot Items 50 & 108 Pass
Funding Increases Each Year for Schools, Fire & Services**

Year	State Property Tax Revenue Collected / Projected (Shown with Ballot Items 50 and 108 In Place)
2022	\$12.7B
2023	\$14.8B
2024	\$14.8B
2025	\$14.6B
2026	\$15B
2027	\$15.6B
2028	\$15.8B
2029	\$16.4B
2030	\$16.6B

2031	\$17.3B
2032	\$17.5B

It is important to note that Colorado's School Funding Formula was also changed during legislative session this year. In short, the funding for education now follows the student and is determined by individual student need. This could prove to be what Colorado needs to get schools back on track but we haven't seen it in action yet.

Your continued input helps our policy analysis. We welcome your story problems, comments and questions; send to Katie Kruger at kkruger@dmcar.com.