

Referendum M
Obsolete Constitutional Provision Relating to Land Value Increases

1 **Referendum M proposes amending the Colorado Constitution to:**

- 2 ♦ remove a provision allowing the state legislature to exempt, for tax
3 purposes, land value increases from the planting of hedges, orchards,
4 and forests on private lands.

5 **Summary and Analysis**

6 When the state constitution was adopted in 1876, it allowed the state legislature to
7 exclude, for a limited period of time, any increase in the value of private land from the
8 planting of hedges, orchards, and forests from taxation. Historical documents suggest
9 that the exemption was included in the constitution to promote and encourage the
10 growth of forests on lands owned by private citizens.

11 In 1876, the state legislature adopted a law providing for the tax exemption for ten
12 years. In 1911, the state legislature adopted a new law to exclude, for tax purposes,
13 any increase in the value of private land resulting from the planting of trees for a
14 period of 30 years from the date of planting. Although this law is still on the books, it
15 is not a consideration in the way property is currently valued for property taxes.
16 Amendments to the constitution since 1876 limit the types of property tax exemptions
17 that the legislature can adopt, and an exemption for planting trees or forests is not
18 included.

19 **Argument For**

20 1) Referendum M removes an unused tax exemption from the constitution. This
21 provision of the constitution is not a consideration in the current valuation of property
22 for tax purposes, and likely could not be used in the future by the state legislature to
23 grant a tax exemption. Other, more recent sections of the constitution limit allowable
24 tax exemptions, and a tax exemption for planting trees on private land is not included.

25
26 **Argument Against**

27 1) This measure may limit the power of the state legislature to enact laws to
28 provide a tax exemption for planting trees on private land. The state constitution is
29 ambiguous about allowable property tax exemptions. Eliminating a provision that
30 could allow the legislature to offer a tax exemption is not in the best interest of
31 taxpayers. Special circumstances, such as a forest fire, may lead to a future desire to
32 encourage reforestation through a tax exemption for planting trees on private land.

33 **Estimate of Fiscal Impact**

34 Referendum M does not affect state or local revenues or expenditures.