

Referendum M Obsolete Constitutional Provision Relating to Land Value Increases

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

- 2 ◆ remove a provision that allows the state legislature to delay taxing land
3 value increases from planting hedges, orchards, and forests on private
4 lands.

5 **Summary and Analysis**

6 When the state constitution was adopted in 1876, it allowed the state legislature to
7 pass laws to delay taxing any increase in the value of private land from planting
8 hedges, orchards, and forests. Historical documents suggest that this delay was
9 included in the constitution to promote and encourage the growth of forests on lands
10 owned by private citizens. In 1876, the state legislature adopted a law excluding such
11 plantings from taxation for ten years – through 1886.

12 In the late 1800s and early 1900s, the state legislature adopted other laws to delay
13 taxing increased property value from tree plantings. As the law is written today, it
14 excludes from taxation any increase in the value of private land resulting from the
15 planting of trees for a period of 30 years from the date of planting. The law is not
16 used in the way property is currently valued for property taxes. In addition, other
17 sections of the constitution adopted more recently define allowable tax exemptions,
18 and a tax exemption for planting hedges, orchards, or forests on private land is not
19 included.

20 **Argument For**

21 1) Referendum M reduces unnecessary language in the constitution by removing
22 an obsolete provision. Because this provision is not used today, individual property
23 taxes will not increase as a result of this measure. A future state legislature cannot
24 grant a delay in taxation for planting trees on private land because this is prohibited by
25 the constitution, which defines allowable tax exemptions.

26 **Argument Against**

27 1) Special circumstances may lead to a future desire to encourage reforestation
28 through a tax incentive. There are conflicting provisions about allowable tax
29 exemptions in the constitution, and it is uncertain if the provision being removed is
30 valid. If the provision is removed, however, the legislature will certainly not be able to
31 offer a tax incentive for planting trees on private lands.

32 **Estimate of Fiscal Impact**

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