

Referendum M
Unused Constitutional Provision Relating to Land Value Increases

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

- 2 ♦ remove the ability of the state legislature to delay taxing land value
3 increases from planting hedges, orchards, and forests on private lands.

4 **Summary and Analysis**

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 Historical documents suggest that this delay was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

11 In the late 1800s and early 1900s, the state legislature adopted other laws to delay
12 taxing increased value from tree plantings. As the law is written today, it excludes
13 from taxation any increase in the value of private land resulting from the planting of
14 trees for a period of 30 years from the date of planting. Although this law is on the
15 books, it is not considered in the way property is currently valued for property taxes.

16 **Argument For**

17 1) Referendum M reduces unnecessary language in the constitution by removing
18 an unused provision. Because this provision is not in use today, individual property
19 taxes will not increase as a result of this measure. It is unlikely that a future state
20 legislature could grant a delay in taxation for planting trees on private land because
21 such a delay could be considered a tax exemption. Other, more recent sections of the
22 constitution define allowable tax exemptions, and a tax exemption for planting hedges,
23 orchards, or forests is not included.

24 **Argument Against**

25 1) This measure may limit the power of the state legislature to pass laws to provide
26 a tax incentive for planting trees on private land. Special circumstance may lead to a
27 future desire to encourage reforestation through such a tax incentive. The state
28 constitution is ambiguous about the legislature's ability to pass laws on the subject.
29 Therefore, eliminating a provision that could allow the legislature to offer a tax
30 incentive is not in the best interest of taxpayers.

31 **Estimate of Fiscal Impact**

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