

**Amendment 60
Property Taxes**

1 **Amendment 60 proposes amending the Colorado Constitution to:**

- 2 ♦ overturn property tax increases approved in local elections and require
- 3 periodic voter approval of property tax increases;
- 4 ♦ cut local property taxes for public schools in half over ten years and
- 5 replace this money with state funding;
- 6 ♦ require government-owned businesses to pay property taxes, which
- 7 must be offset by lower local property tax rates; and
- 8 ♦ provide additional voting rights to property owners in Colorado and
- 9 permit voters to petition any local government to reduce property taxes.

10 **Summary and Analysis**

11 Amendment 60 changes several aspects of Colorado's property tax system to
 12 reduce the amount of property taxes that individuals and businesses pay and the
 13 amount that school districts, counties, special districts, and cities receive. Table 1
 14 shows the annual impact of the amendment in today's dollars on an average
 15 homeowner, school districts, counties, and the state, once it is fully implemented. An
 16 average homeowner's property tax bill will fall by \$XX, or XX percent. School districts
 17 will lose a total of \$XX in property taxes, or XX percent, which the state is required to
 18 replace. Counties will lose \$XX in property taxes, or XX percent.

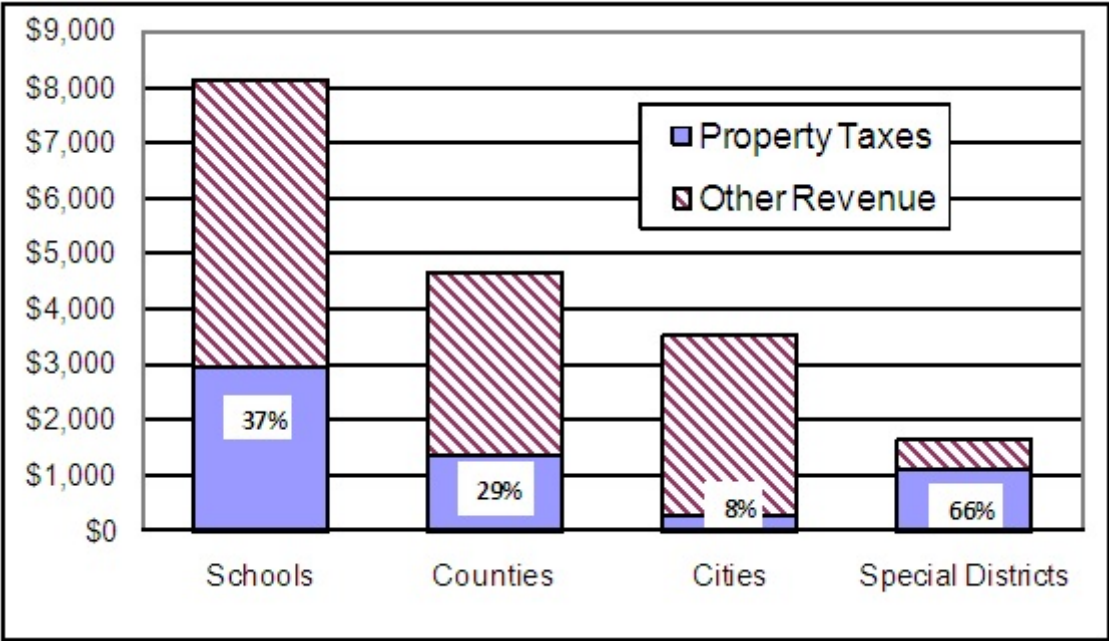
19 **Table 1. Annual Impacts of Amendment 60, Once Fully Implemented**
 20 **(Estimates for this table will be included in the second draft)**

21	Impacted Group	Current Law	Amendment 60	Difference	% Change
22	Property Tax Payment for				
23	Average Homeowner				
24	(\$200,000 home)				
25	Property Tax Collections				
26	for School Districts				
27	Property Tax Collections				
28	for Counties				
29	State Expenditures for				
30	School Finance				

1 **Background and current law.** Property taxes are based on the value of land,
2 houses, buildings, and business equipment. Individuals and businesses pay property
3 taxes to various local governments, such as cities, counties, school districts, and
4 special districts, each of which imposes its own tax rate on property.
5 Government-owned businesses, including enterprises and authorities, are exempt
6 from paying property tax. For example, water utilities and municipal airports do not
7 pay property taxes.

8 Property taxes pay for a variety of local government services, including public
9 education, police and fire services, the construction and maintenance of roads and
10 bridges, sewer and water systems, parks and recreation facilities, hospitals, and
11 libraries. The degree to which local governments rely on property taxes to pay for
12 services varies. For example, school districts and special districts, like a fire
13 protection district, are more reliant on property taxes than other local governments.
14 Figure 1 shows the amount and percentage of revenue that local governments get
15 from property taxes.

16 **Figure 1. Local Government Funding in Colorado, Millions of Dollars**



17 **Constitutional limits on property taxes.** The state constitution restricts
18 increases in the amount of property taxes that a local government can collect each
19 year to inflation plus a measure of local growth, such as student enrollment in the case
20 of a school district. The constitution also requires voter approval for a local
21 government to increase property tax rates or to keep property tax revenue above its
22 constitutional limit.

1 Many local governments in Colorado have voted to exempt themselves from some
2 or all of the constitutional limits related to property taxes. Currently, voters in
3 76 percent of municipalities, 81 percent of counties, and 98 percent of school districts
4 have voted to retain and spend property tax revenue above the constitutional limit,
5 either temporarily or permanently.

6 **How does Amendment 60 change the financing of public schools?** Public
7 schools in Colorado are funded from a combination of federal, state, and local
8 sources. In budget year 2008-09, local property taxes accounted for 37 percent of
9 school district funding, as illustrated in Figure 1. Amendment 60 requires all public
10 school districts to cut their 2011 property tax rates in half by 2020. This reduction in
11 tax rates is done in equal yearly amounts. The school district funding lost from this
12 rate reduction is required to be replaced by additional state support. The amendment
13 also overturns all prior school district elections to keep property tax revenue above the
14 constitutional limit, which further reduces local property taxes and increases the state's
15 contribution to schools.

16 **How does Amendment 60 affect property taxes for other local governments?**
17 Cities, counties, and special districts are also funded from a combination of federal,
18 state, and local sources. As shown in Figure 1, special districts and counties are more
19 dependent on property taxes than cities, which tend to rely on sales taxes. The
20 amendment decreases local property taxes for counties, special districts, and cities
21 by:

- 22 • overturning all previously approved local elections to keep property tax
23 revenue above the constitutional limit; and
- 24 • invalidating certain voter-approved property tax rate increases.

25 **How does Amendment 60 affect government-owned businesses?**
26 Amendment 60 requires state and local enterprises and authorities to pay property
27 taxes. Under current law, state enterprises, such as most public universities or the
28 Division of Wildlife in the Department of Natural Resources, do not pay property taxes
29 on land they own or equipment they use. Similarly, local enterprises or authorities,
30 such as the Denver Water Department or the Denver International Airport, pay no
31 property taxes. The property taxes collected from these government-owned
32 businesses must be offset by lower property tax rates for homeowners and other
33 property taxpayers. The amendment also prohibits enterprises from charging either a
34 mandatory fee or a tax on property.

35 **How does Amendment 60 change property tax elections?** Amendment 60
36 allows property owners to vote on property tax issues in any location where they own
37 real property, regardless of their primary place of residence. In addition, citizens can
38 petition local governments to reduce property taxes. Local governments must conduct
39 all property tax elections in November, and any question to raise or lower property tax
40 rates must be separate from questions authorizing debt.

1 Amendment 60 also places limits on future property tax elections. Any future
2 election that allows a local government to retain revenue above its constitutional limit
3 automatically expires four years after passage. All property tax increases must be
4 voted on and any increase approved by voters automatically expires after ten years.
5 Any extension of an expiring property tax is considered to be a tax increase and must
6 be put to a vote.

7 **How is Amendment 60 enforced?** The amendment requires the state to
8 annually audit all cities, counties, school districts, and other types of local
9 governments to ensure compliance with all requirements of the amendment. Citizens
10 are also allowed to file lawsuits to enforce compliance.

11 **How do Amendments 60 and 61 and Proposition 101 interact?** (Some
12 language will be included in either the Summary and Analysis section, the Fiscal
13 Impact section, or both of the Blue Book to describe the interactions of these
14 measures.)

15 **Arguments For**

16 1) Amendment 60 reduces property taxes for families and businesses throughout
17 the state. By reinstating previous property tax limits and cutting school district tax
18 rates in half, the amendment gives Coloradans a much-needed tax break, without
19 hurting kindergarten through twelfth grade education funding. Schools are unharmed
20 because the state is required to replace the local property taxes lost by school
21 districts.

22 2) Amendment 60 strengthens citizen control over local government by requiring
23 periodic voter approval of property tax changes. It sets tax expiration dates and
24 requires that voters approve any extension of an expiring tax. The amendment also
25 allows citizens to petition local governments to lower taxes, and it prevents unelected
26 boards, like the Denver Water Board, from establishing new fees or taxes on property.

27 3) Amendment 60 levels the playing field for private businesses by making
28 government-owned business pay property taxes. Taxing government businesses,
29 such as utilities and colleges, limits the advantage which these entities have over
30 private businesses. The additional revenue will be used to lower the local property tax
31 rate, benefitting all property taxpayers in the area. For example, if the University of
32 Colorado at Boulder paid property taxes, Boulder County property tax rates would fall
33 by an estimated XX percent.

34 **Arguments Against**

35 1) Amendment 60 overturns voter-approved tax increases that fund important
36 services provided by counties, cities, school districts, and special districts. Local
37 voters are best equipped to choose the level and type of services needed in their
38 communities and the means to pay for those services. The amendment enables

1 voters across the state, in one election, to reverse hundreds of locally approved
2 decisions to fund services like fire and police protection, roads, water and sewer
3 systems, libraries, and parks.

4 2) Amendment 60 provides both political and economic benefits to property
5 owners at the expense of other citizens who do not own property. Allowing property
6 owners to vote in property tax elections wherever they own property gives absentee
7 owners disproportionate power to influence local decisions. In addition, by requiring
8 government-owned businesses to pay property taxes, the amendment shifts a
9 financial burden from property owners to other citizens. Local property taxes will be
10 cut at the same time that the costs for using parks, water, libraries, and getting a
11 college education escalate. People who do not own property will receive little tax
12 savings, while paying more for services.

13 3) Amendment 60 adds an additional obligation to the state budget without
14 providing new revenue. Once fully implemented, the measure will annually reduce
15 school district property taxes by an estimated \$X, and require that the state's annual
16 contribution for K-12 education grow by a like amount. This is equivalent to the annual
17 budget for the Department of X. Less money will be available for other state
18 government services upon which Colorado's citizens rely, such as public safety,
19 highways, higher education, and health care.