

GB-D

Meeting Date: October 9, 2023

Subject: Resolution 23-93, a Resolution Opposing Proposition HH, an Undue Limitation on Municipal Budgets and Local Control of Property Tax Relief

Presenter: Jennifer Krieger, AICP, Interim City Manager

Background: The Colorado General Assembly referred Proposition HH to voters through SB 23-303 for the November 2023 election. If voters approve Prop HH, this measure will impact the 2024 budget for the City of Dacono, specifically property tax revenues. The Colorado Municipal League prepared a detailed analysis and summary of Prop HH, which is highlighted below.

Proposition HH contains three main components:

- Provides some property tax relief by lowering assessment rates for both residential and certain types of nonresidential properties, providing a reduction in value for certain residential properties, and by increasing the senior homestead exemption and making that exemption portable.
- Imposes a limit on growth in property tax revenue for local governments (except for school districts and home rule jurisdictions), which would be capped at the rate of inflation. Local governments can exceed the revenue limit if the governing body, on an annual basis, notifies the public, holds a meeting for public comment, and adopts an ordinance or resolution.
- Seeks a voter-approved revenue change that would allow the state to retain and spend part of the state surplus (TABOR cap) up to the “Proposition HH cap.” This money will then be used to provide a partial and contingent backfill for the property tax revenues that local governments will lose out on because of the various reductions that will go into effect and to provide rental assistance; the largest portion of the state-retained revenue will go to fund K-12 education.

On September 8, the CML Executive Board approved a position of opposition on Proposition HH, a measure on this fall’s ballot. CML opposes Proposition HH because of the unnecessary constraints on municipal authority to provide appropriate localized property tax relief and the restriction of municipal tax revenue. If approved by voters, this measure will impact 2024 budgets for local governments, specifically property tax revenues.

Recommended Action: Staff is recommending approval of Resolution 23-93, joining CML in opposing Proposition HH because of the unnecessary constraints on municipal authority to provide appropriate localized property tax relief and the restriction of municipal tax revenue.

RESOLUTION NO. 23-93

RESOLUTION OF THE CITY OF DAcono OPPOSING PROPOSITION HH, AN UNDUE LIMITATION ON MUNICIPAL BUDGETS AND LOCAL CONTROL OF PROPERTY TAX RELIEF

WHEREAS, the City of Dacono (“City”) is aware of the financial burden that increased property tax valuations may create and may consider providing locally-appropriate relief without negatively impacting its ability to provide needed services and programs; and

WHEREAS, the City relies on property tax revenue to provide police, parks, water, street maintenance, and general government services and to reduce debt used to fund infrastructure; and

WHEREAS, the City annually prepares a budget and certifies a property tax mill levy through an open and public process under existing law;

WHEREAS, by Senate Bill 23-303, the Colorado General Assembly referred to voters Proposition “HH” that, among other things, would:

- lower property taxes compared to what would be owed under current law by temporarily lowering the assessment rates for residential and certain types of non-residential property, applying value reductions for certain types of residential properties, and by creating new property tax exemptions;
- impose a limit on the growth of property tax revenue for certain local governments (excluding school districts and home rule local governments) unless the governing body votes to exceed the limit after a public hearing and does not provide any opportunity for reimbursement of revenues lost due to the limit;
- permit the State to retain money that would be otherwise refunded to taxpayers under the Taxpayer’s Bill of Rights to be used for education, partial reimbursements to local governments for reduced property tax revenue, and rental assistance programs; and

WHEREAS, after factoring in partial reimbursements of lost revenue, Proposition HH is estimated to decrease revenue to local governments statewide, on net, by at least \$100 million in 2024, \$350 million in 2025, and \$550 million in 2026, and is estimated to reduce the property tax revenue of the City by \$132,145 in 2024; and

WHEREAS, Proposition HH would constrain the ability of the City Council to control its budget and to provide locally-appropriate property tax relief; and

WHEREAS, the long-term fiscal impact of Proposition HH on the City and other local governments that serve our community is unclear and will cause uncertainty in our budgeting process; and

WHEREAS, the complexity of Proposition HH will impose unnecessary administrative burdens on the City; and

WHEREAS, the Colorado Municipal League Executive Board approved a position of

opposition on Proposition HH, stating, “CML opposes Proposition HH because of the unnecessary constraints on municipal authority to provide appropriate localized property tax relief, and the restriction of municipal tax revenue;” and

WHEREAS, state law allows the City of Dacono to adopt this resolution as a statement of opposition to Proposition HH; and

NOW, THEREFORE, BE IT RESOLVED, the City Council of the City of Dacono opposes Proposition HH and strongly urges a vote of NO this November.

INTRODUCED, READ, and ADOPTED this _____ day of _____, 2023.

CITY OF DACONO, COLORADO

Adam Morehead, Mayor

ATTEST:

Valerie Taylor, City Clerk