

Homelessness Issues on the Denver Ballot

Denver voters face two measures related to homelessness including Ordinance 303: "Let's Do Better" and Referred Question 2B: Denver Housing and Sheltering System Bonds included in Denver Mayor Hancock's GO RISE bond package.

- Total expenditures on homelessness in the City of Denver would **total more than \$511.4 million by 2022**, an **18% increase** relative to the \$434 million total expenditure in 2019 as estimated in the Common Sense Institute Report "[The Economic Footprint of Homelessness in Metro Denver.](#)" Neither of the proposed measures require new revenue streams, yet both direct and demand additional expenditures.
- **Initiated Ordinance 303: Let's Do Better:** Proposes to require Denver authorities to enforce the city's camping ban, & allows the city to establish up to four publicly funded homeless encampments with basic services. Proponents claim expenses related to measure can be covered with funds from the 2020 voter approved \$40 million sales tax increase to fund the Homeless Resolution Program.
- **Referred Question 2B:** Denver Housing and Sheltering System Bonds: \$37.4 million of the Mayor's proposed \$450 million bond package, is proposed to secure and improve facilities that serve people experiencing homelessness.

Full Report: <https://commonsenseinstitute.org/ordinance-303-and-2b/>

Ordinance 304: Enough Taxes Already Denver

Ordinance 304 asks voters if they want to reduce the sales and use tax rate in Denver from 4.81% to 4.50% and impose a cap at this rate. If in the future, voters approve another sales tax rate increase, Denver city council would be required to reduce the other sales tax rates to remain under the overall cap.

- **Between 2019 & 2021 the city sales tax increased from 3.65% to 4.81% as a result of six new voter-approved sales tax measures.**
- Under a baseline scenario, if the sales and use tax rate were **lowered from 4.81% to 4.50% in 2022**, total collections would be **cut \$69.2 million or 6.4%**. However, **revenue would decline only 0.5% from 2021 to 2022 and still be 12.1% above the 2019 level.**
- Assuming Colorado households pay 58% of all sales taxes, **Denver households would save approximately \$120 annually, on average.** Actual household savings will vary but for every \$10,000 in taxable sales, a household would save \$31 under the lower 4.50% capped rate relative to current 4.81% rate.

Full Report: <https://commonsenseinstitute.org/ordinance-304-enough-taxes-already/>

2021
BALLOT GUIDE

STATEWIDE MEASURE

Proposition 119: Learning Enrichment and Academic Progress (LEAP)

Proposes to establish the Learning Enrichment and Academic Progress Program (LEAP) funded by a 5% tax on recreational marijuana. It would be administered by a new state agency responsible for allocating funds directly on behalf of students, rather than the existing school system, to obtain out of school learning, counseling, and other enrichment opportunities. The program is intended to prioritize low-income students first.

- At full implementation of the **5% recreational marijuana tax increase to fund LEAP, 94,600 students could use the full benefit for tutoring, which is more than 100% of K-12 students under 150% of the federal poverty line.**
- The latest statewide education assessment results show 73% of students tested between grades 3 through 8 did not meet expectations in math, an increase of 6.0 percentage points from pre-COVID levels. That is more than 145,000 students in just those grades.
- **A single student could receive approx. 2.5 hours of tutoring every week** during the school year with the full use of LEAP funds.
- The increased tax to fund LEAP would be the second highest base tax rate on recreational marijuana in the country when fully phased in by year 2024-25 and is estimated to provide **LEAP \$137.7 million in funding for Colorado K-12 students to obtain up to \$1,500 in out-of-school learning and support opportunities annually.**
- The 20% state sales tax on recreational marijuana would be less than 1/3 of the fully phased in 2027 state tax rate on tobacco & nicotine products of 62%. Cigarettes will have an effective tax rate of 36% by 2027.
- Under the LEAP ballot measure, fewer state land dollars will be transferred to the State Land Trust. As a result, the State Land Trust's principal will not grow as quickly as it otherwise would, and the State Land Trust will produce less interest that could be used to support the K-12 education system.

Full Report: <https://commonsenseinstituteco.org/proposition-119-leap/>

STATEWIDE MEASURE

Proposition 120: Property Tax Assessment Rate Reduction

Proposes to permanently reduce the statewide property tax assessment rate for several classes of property. The ultimate impact of the measure hinges on whether 2021 legislation, passed by the state legislature after the ballot initiative was submitted, will remain law. The differing outcomes are more than \$972M apart in the long run, or the difference between a potential \$1.1B revenue cut to a potential \$151M revenue cut in 2024.

What is SB21-293?

Passed during the 2021 state legislative session SB21-293 changed two primary things. One, reduced assessment rates for commercial and residential property classes for the next two years. Two, it altered the legal classifications of specific types of property, with direct intention to limit the types of property that Proposition 120 would impact if passed.

- **If 2021 state legislation SB21-293 remains**, then under Proposition 120 **only residential property owners classified as multi-family** will see a permanent drop in their assessment rate from 7.15% to 6.5%. Similarly, **only commercial property owners classified as lodging** will see a permanent drop in their commercial assessment rate from 29% to 26.4%.
- **If Proposition 120 is passed and the SB21-293 is ultimately overturned**, then the **lower rates would apply to all residential and commercial properties** respectively. As Proposition 120 only changes the statewide assessment rates, the final revenue impacts will vary based on how individual taxing districts adjust their mill levies.
- In 2022, the first year of implementation of the lower assessment rates, total property tax revenue would grow by an estimated \$302M, or 2.5% above 2021 levels if Proposition 120 passes and SB21-293 remains.
- If Proposition 120 passes and SB21-293 is struck down, local property tax revenue would decrease an estimated \$435.3M, or -3.7%, between 2021 and 2022 levels.
- Colorado local government entities that collect property tax revenue, including counties, municipalities and school districts, have been awarded more than \$4.5B in COVID relief aid from the federal government, surpassing any projected revenue declines in the short-term.

Full Report: <https://commonsenseinstituteco.org/proposition-120-property-tax/>