



OCTOBER 2023

Proposition HH Brief: Economic Impact of Taxes Increasing Above Historic Trend

Introduction

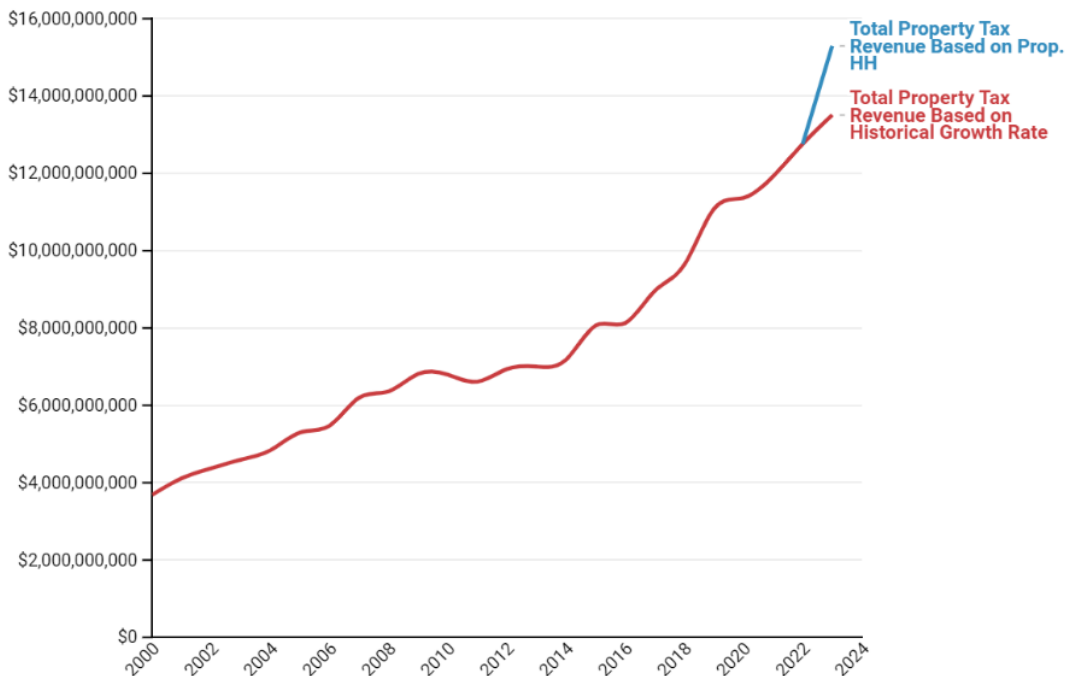
This November Coloradans will vote on ballot issue Proposition HH, a measure promoted by advocates as the best solution to the enormous increases in property taxes citizens face. Proposition HH is complex, and despite reducing tax rates, property taxes will still increase far above historic trends.

Prop HH would make several changes to state property taxes and to state revenue limits, including: reducing property tax rates, creating two new subclasses of residential property effective in 2025, providing funds to local governments to make up for decreased property tax revenues (referred to as backfilling), creating limits on local government property tax revenue, increasing the cap on state revenue (Prop HH Cap) allowing the state to retain revenue up to the newly created cap, that would otherwise be required to refund to residents under the Colorado Taxpayer Bill of Rights (TABOR).

Economic Impacts of the 2023 Increase in Tax Revenue Under HH

From 2000 to 2022, total state revenue from property taxes has increased from \$3.7B to \$12.8B, growing at approximately 5.9% per year. As shown in the following table, total state property tax revenue under Proposition HH is forecast to be \$15.3B next year under HH. If total state property tax revenue was allowed to increase at its long-run growth rate of 5.9% per year, total state property tax revenue would be \$13.5B, a difference of \$1.77B or \$742 per household.

Colorado Property Tax Revenue



State of Colorado, 2022, 52nd Annual Report to the Governor and the General Assembly

Total State Property Tax Revenue in 2024 from 2023 Property Taxes	
Under Prop. HH (No Change in Mills)	\$15,293,515,000
Under 2000-2022 Long Run Growth in Total Tax Revenue	\$13,522,640,790
Difference in Total Revenue from Property Taxes	\$1,770,873,710

Using REMI, a dynamic general equilibrium model of the Colorado economy, CSI estimates the impact of the \$1.77B increase in total state property taxes collected by the Colorado Department of Revenue on employment, GDP, and personal income per household. The results are shown in the following table. The passage of Proposition HH results in 14,469 lost jobs, a \$784 million reduction in GDP, and a \$425 decrease in personal income per household.

Economic Impact of Additional Property Taxes Under Prop. HH	
Employment Loss	-14,469 jobs
GDP Reduction	-\$784 Million
Personal Income Loss	-\$1.103 Billion
Personal Income Loss per Household	\$425

About Proposition HH:

Proposition HH impacts both property taxes and refunds that taxpayers may receive under Colorado's Taxpayer Bill of Rights (TABOR). If passed, it will reduce the assessed value for certain residential and commercial property classes, thus blunting but not eliminating recent and future property tax increases. It will also increase taxes by allowing the state to retain more taxpayer revenue under the provisions of TABOR. **Statewide, the potential aggregate property tax revenue reductions under Proposition HH amount to \$9.92 billion through 2032, while the potential reduction in TABOR refunds total \$9.9 billion. Should the legislature choose to extend Proposition HH through 2040, which it could do without taxpayer approval, there could be a net tax increase of \$20.1 billion through 2040.**

Check out CSI's calculator at
www.MyPropertyTaxCO.com to
understand how
Proposition HH impacts you.