



**POSITION STATEMENT: Opposition to Proposition 120,
Property Tax Assessment Rate Reduction**

Advocates for Public Education Policy opposes Proposition 120. This ballot proposal would reduce the residential property tax assessment rate from 7.15% to 6.5% and the non-residential property tax assessment rate from 29% to 26.4%. It would result in a decrease in state funding for public schools and cuts to other state programs and services.

Local governments would be forced to cut services.

- The measure decreases property tax revenue to local governments statewide by an estimated \$1.03 billion beginning in 2023.
- This reduction would lead to cuts in local government services which are funded from property taxes, such as schools, police departments, fire protection, libraries, etc.

The state would be forced to cut either school funding or other state programs and services.

- By lowering property tax assessment rates, the measure would decrease the local share of funding for school finance. Under the formula for financing K-12 public education, if local property tax revenue for school districts is reduced, the state must correspondingly increase its share to maintain the full funding for schools required by law.
- To make up for the lost property tax revenue to school districts, the measure would require an increase in state expenditures by at least \$257.7 million per year beginning in budget year 2022-23.
- This required increase in state funding would likely be from the General Fund, which in turn would reduce money available for general state services.

Points to ponder...

- Colorado has the 3rd lowest property tax rate in the nation. Only Hawaii and Alabama have lower rates. <https://wallethub.com/edu/states>
- In 2020, voters approved an income tax rate cut that reduced state revenue by over \$170 million, decreasing the state's ability to backfill lost local tax revenue.
- The state share of funding for school finance is already out of balance, with the state share being 66% and the local share only 34%. The original intent of the school finance formula was for a 50/50 split between state and local.
- Tax cuts are basically permanent, because the TABOR amendment in the state Constitution requires a vote of the people to raise taxes. Voters are quick to support tax cuts but slow to support tax increases.

Support our public schools. Vote NO on Proposition 120.