



October 2023

Proposition HH Puts TABOR Refunds at Risk

Proposition HH is a complex ballot measure that impacts property taxes, TABOR refunds, local government revenue and education funding sources. The measure reforms property taxes by altering state assessment rates for different classes of property.

- **Proposition HH will impact voters in uncertain and different ways.** The average two-taxpayer household in Colorado faces a \$5,119 reduction in their TABOR refunds over the next decade. At the same time, the median priced home would see \$4,641 reduced from their future property tax bills.
- **Proposition HH would alter major provisions of TABOR, by both increasing the state’s annual spending limit, and by removing the need for voter approval to make it permanent.**

The state legislature will have the authority to extend the provisions of Prop HH beyond the 2032 cut-off in the measure. If proposition HH is extended through 2040, it could produce a net tax increase of \$21 billion as it lowers property taxes by \$21.5 billion while increasing state taxes by \$42.4 billion.

Prop HH Could Become a Tax Increase in the Long-Run

\$ Billions

Prop HH could amount to a \$20.9 billion tax increase if extended through 2040. Any property tax relief that comes from its passage could be offset by TABOR refund losses over the long-run.

- 10-Year Potential Reduction in Property Taxes
- 10-Year Potential Increase in State Taxes
- Potential Reduction in Property Taxes Through 2040
- Potential Increase in State Taxes Through 2040





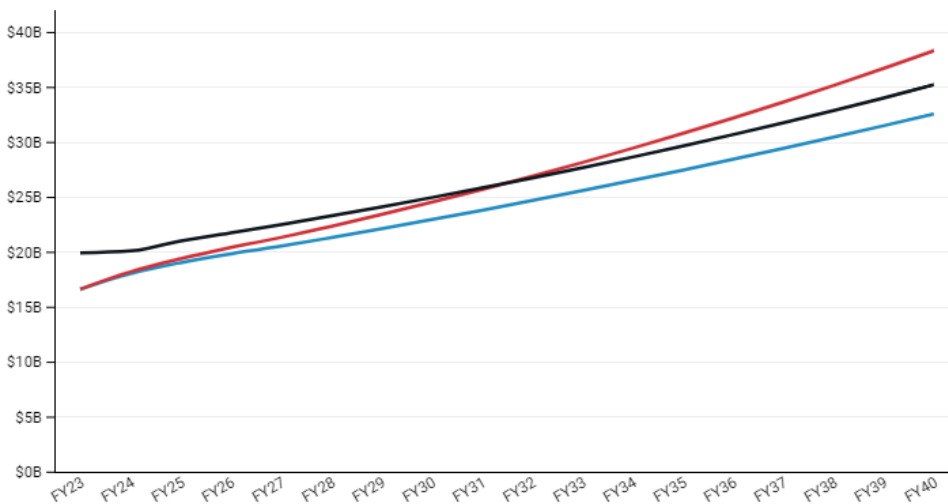
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- **There are numerous scenarios under which Proposition HH would eliminate TABOR refunds entirely.** While revenue projections under current conditions indicate a TABOR refund is likely to continue, even a moderate recession or slower economic growth due to slower net migration, would lead to a scenario where TABOR refunds are eliminated completely.

Revenue Scenario Under Which Prop HH Eliminates Future TABOR Refunds

Average annual revenue growth of 3.5%, (below the 20-year geometric mean annual growth rate of 4.24%) would mean TABOR refunds are eliminated by 2031. Economic downturns prior to that would cause the loss of TABOR refunds to occur sooner.

■ Current TABOR Spending Limit ■ Prop. HH Spending Limit ■ TABOR Revenue



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