

# Lawmakers pass bill with modest cuts

Legislators split on whether law will end tax battles at Capitol

BY NICK COLTRAIN AND SETH KLAMANN

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The legislature delivered modest cuts to property taxes Thursday, wrapping up a four-day special session and bringing an end — for now — to the political battles that have dominated the Capitol and threatened to spill over to the ballot box.

If all goes as planned, the deal will calm the state's multiyear tempest around property tax policy. The turbulence has included the repeal of a decades-old constitutional amendment that governed tax rates, the economic rollercoaster after the COVID-19 emergency and skyrocketing home values across metro Denver and much of the state.

“Fundamentally, the people of Colorado have had their concerns addressed: long-term relief, a reasonable cap (on tax growth) and over 4,000 entities funded by property taxes, including every school district, (will) have the stability that they need to plan and budget,” Gov. Jared Polis told The Denver Post in an interview Thursday.

“With all the sort of chaos of the last few years, it's been very hard on our fire districts, schools, library districts.”

House Bill 1001, which won final approval from the Senate shortly before he spoke, builds off a tax package signed in May that lowered assessment rates and capped how much property tax revenue collected by local governments and districts could grow. The new measure adds about \$254 million in cuts to the \$1.3 billion in reductions passed in the spring.

It's expected to trim \$60 to \$80 from the typical homeowner's property tax bill in the 2025 tax year and about \$179 the following year. Those are on top of the average \$400 or so in savings this year from the prior package.

More importantly to local governments and legislative leaders, the deal passed Thursday will lead the conservative and business groups backing a pair of ballot measures that would've instituted stricter growth limits and deeper cuts — initiatives 50 and 108 — to withdraw them from the state's November ballot.

Although the particular changes proposed by Initiative 108 would have saved the average homeowner more than \$500 a year eventually, officials feared the financial toll on state and local government budgets.

Polis said he expects to sign the bill into law next week. Before that, here is a look at several dynamics on display this week.

## **The power of power politics**

Sen. Chris Hansen, a Denver Democrat and the property tax bill's primary sponsor, opened the final debate Thursday by defending the process that sparked the special session. He sought to rebut recurring charges — including from his own colleagues — that the bill he was sponsoring was the result of a “backroom deal.”

“I think a dispassionate observer would come to the conclusion this was a public process,” he said, ticking off the public meetings at which the details of the plan were laid out. And he noted that legislative committees in recent days took public testimony.

The deal was negotiated outside public view by Hansen, other legislative leadership, the governor's office and the supporters of the initiatives.

Although it's true that its contours were publicly revealed this month to the state's Commission on Property Tax, those details had been agreed upon already.

Although support for the plan was bipartisan, lawmakers from both parties chafed at being called back to the Capitol essentially to ratify a deal they had no hand in crafting — and were largely unable to change. Some Republicans criticized the deal for not cutting taxes enough, while progressive Democrats said it exacerbated inequalities in the state and didn't do enough to help lower-income property owners or renters.

Rep. Jennifer Bacon, a Denver Democrat, spoke at length Wednesday about the need to defend the legislature's role in governance and said that “no” votes would send a signal that “if you want to tell us what to do, you need to understand that not everybody's down for that.” Most lawmakers in the chamber stood in support as she spoke.

But ultimately the bill passed. Comfortably. A total of just 22 lawmakers (out of 100), including Bacon, voted against the bill during its journey through the Capitol.

## **Outside interests had real leverage**

Several lawmakers this week derisively referred to Michael Fields, the president of the Advance Colorado Institute and the ballot initiatives' chief proponent, as “governor.”

Those criticisms only grew when no one from Advance Colorado or its ally, Colorado Concern, a business-oriented advocacy group, testified in support of the bill in committees.

Polis, asked about the moniker, pointed to the almost 200,000 Coloradans who signed petitions placing the initiatives on the ballot, adding: “I think the legislature found a better way to address (property taxes) than risky and divisive ballot initiatives.”

Separately, Rep. Matt Soper, a Delta Republican, noted lawmakers' aversion to feeling like a rubber stamp.

"We reasoned through that," he said, "because we also have to be leaders, and we also have to stand up and say, 'Personally, this is not what I would have wanted.' ... I feel comfortable in what we did because it was a true compromise."

In a statement, Fields called the bill's passage "a huge win for Colorado taxpayers," who have faced property tax increases of 30% or more.

### **An end to the property tax wars?**

Advance Colorado, as part of the deal, has promised not to run any other ballot initiatives around property taxes for at least six years — a period that stretches beyond Polis' and many lawmakers' remaining time in office — if the agreed-upon terms are met.

That deal was made in writing, although it has no statutory condition locking it in place more rigidly.

"We get permanency. We get stability here," Sen. Barbara Kirkmeyer, a Brighton Republican involved in the negotiations, said Thursday. "So hopefully it does end the property tax wars, because we are getting to a permanent fix. In the past, we didn't get the job done. It doesn't mean that we failed; we just didn't get it all the way done."

Others weren't so sure.

Rep. Judy Amabile, a Boulder Democrat who voted for the deal and said it was the right thing to do, said its passage would give legislators "a reprieve." Rep. Emily Sirota, a Denver Democrat who voted against it, said she would "be shocked" if this latest bill actually brought an end to property tax battles at the legislature.

"We'll be back here doing the same thing again," she predicted.

### **Debates to come**

Some Democratic lawmakers introduced policy proposals to limit property tax relief or change how taxes are calculated — ideas that, although swiftly killed this week, may come back in January and open a new front in the fight.

Fire chiefs from across the state also went to the Capitol to testify against expected cuts to their budgets resulting from the bill. They pulled back their full-scale lobbying only when they won promises from elected officials that they would prioritize finding more stable ways to fund fire districts in upcoming sessions.

"It's concerning to me that there's a need with our local governments," said Sen. Chris Kolker, a Centennial Democrat. "How do we balance that need?"

