



# The Bell Supports Proposition HH: Property Tax Relief That Helps Schools

The Bell Policy Center supports Proposition HH, which provides property tax relief while maintaining support for critical local services that derive most of their funding from property taxes, particularly K-12 education. The legislature incorporated these demands and more with a far-reaching bill, [SB23-303 - Reduce Property Taxes And Voter-approved Revenue Change](#). It's dependent on Colorado voters passing its contents in Proposition HH this November. If enacted, relief would begin this year and remain in place until 2032. In 2032, property taxes would return to current rates unless legislators choose to extend the changes in Proposition HH. The average household will pay \$600 less in property taxes than they would have without Prop HH. The net property tax revenue impact would [reduce local government revenue by \\$788 million in 2024, and \\$980 million in 2025](#). This figure would increase in subsequent years.

## Property Tax Reductions & New Categories for Homeowners

All Colorado property owners will receive property tax relief under this measure. Low- and middle income households will benefit the most. Property tax bills would be lowered in two ways. First, it would reduce the rate at which home's assessed values are taxed. Second, it would decrease the amount of taxable property value through value reductions, a progressive mechanism that benefits lower-value homes more than higher-value homes.

### Property Tax Bill Formula:

$$((\text{Home Value} - \text{Value Subtraction}) * \text{Assessment Rate}) * (\text{Mill Rate}) = \text{Total Property Tax Bill}$$

The last property tax assessment was taken in June 2022 – the peak of the housing market – which means property values were measured at an all-time high. Each household's property tax bill will still rise this year, however, the increase will be far less than it would have been without action from the legislature. An additional property type – primary residences – is also created. Primary residences, along with properties owned by older Coloradans receiving the homestead exemption, would receive additional tax relief.

### Proposition HH: Residential Property Tax Rate Reductions & Value Subtractions

Property Type	2023	2024	2025-2032	2033 later
Primary Residence	6.7% after \$50,000 reduction	6.7% after \$40,000 reduction	6.7% after \$40,000 reduction	7.15%
Qualified Older Adult Owned Residence	6.7% after \$50,000 reduction	6.7% after \$40,000 reduction	6.7% after \$140,000 reduction	7.15%

### Proposition HH: Savings by House Value

House Value	Previous Property Tax Bill	Property Tax without Prop HH	Property Tax with Prop HH	Prop HH Savings	% Savings of Expected Increase
\$400,000	\$1,665	\$2,378	\$1,950	\$428	60%
\$650,000	\$2,705	\$3,864	\$3,343	\$522	45%
\$800,000	\$3,329	\$4,756	\$4,178	\$578	41%
\$1,200,000	\$4,994	\$7,134	\$6,407	\$728	34%
\$1,600,000	\$6,659	\$9,512	\$8,635	\$877	31%
\$2,000,000	\$8,323	\$11,890	\$10,864	\$1,027	29%

*\*This forecast assumes a 30 percent value increase for all homes and 83 mills, the statewide average.*

### Property Tax Changes & Reductions for Businesses

After repealing the [Gallagher Amendment in 2020](#), the state was left with traditionally high nonresidential property tax rates and low residential rates. From a status quo assessment rate of 29 percent for most businesses, all will see an incremental reduction over the next ten years so as to not dramatically reduce property tax revenue in one year. Each two-year assessment period will see further reductions.

### Proposition HH: Non-Residential Property Tax Rate Reductions & Value Subtractions

Property Type	2023	2024-2026	2027-2028	2029-2030	2031-2032
Lodging	27.85% after \$30,000 reduction	27.85%	27.65%	26.90%	26.9% or 25.9%
Commercial	27.85%	27.85%	27.65%	26.90%	26.9% or 25.9%
Renewable Energy	26.40%	21.90%	21.90%	21.90%	21.90%

## Revenue Caps

A property tax limit would also be imposed for local districts, limiting annual property tax revenue growth to the rate of inflation. This cap does not apply to school districts or other voter-approved taxes. Local governments can exceed this soft cap by conducting a public hearing and gaining approval from the elected board governing the entity or by utilizing temporary mill levy credits to lower mills in years of high assessment values.

## Revenue Retention

To ensure this property tax relief does not come at a cost to local services, an additional 1 percent of state income tax revenue will be retained and spent above the existing [Ref C Cap](#). Initially, newly retained revenue from the TABOR surplus will backfill local districts for property tax reductions. After this, up to \$20 million will be appropriated for rental assistance. Following the first two years, property tax backfill needs will subside and funding will be directed to the State Education Fund. By FY 2031-2032, as much as \$2.2 Billion is expected to flow into the State Education Fund. This amount reflects the massive needs of our schools, which are still grappling with nearly \$10 billion of cumulative underfunding over the past decade, though it's important to recall that first, Colorado needs to [dig itself out of a \\$10 billion hole](#). This additional funding would ensure that schools don't incur additional financial setbacks.

## TABOR Rebates

Proposition HH is connected to another bill that addresses the state's budget and fiscal health. [HB23-1311 - Identical Temporary TABOR Refund](#) would alter the 2023 TABOR refund mechanism if Prop HH passes. This refund mechanism adds to the progressive value subtraction measure in SB23-303, where lower-value homes will have larger proportional savings than high-value homes. Likewise, this one-year refund mechanism will return TABOR surplus dollars at a flat rate to all taxpayers. Single filers will receive \$650, and joint filers will receive \$1,300. The combined progressivity of property tax relief through value subtractions and identical TABOR refunds is significant.

 **Stay tuned for updated data & analysis in the coming months**

