

Proposed Initiative 2026–ZZ: Colorado Prosperity and Tax Reform Act

Be it Enacted by the People of the State of Colorado:

SECTION 1. Legislative declaration.

(1) The people of Colorado find and declare that:

- (a) Property taxes burden individuals, farmers, and small businesses, harming housing affordability and economic freedom.
- (b) Colorado’s economy supports ending property taxes while securing funding for education, local services, and public safety through voluntary, self-sustaining enterprises.
- (c) Revenue can grow without taxes via user-driven public enterprises offering voluntary fees, premiums, and services that respect individual choice.
- (d) Enterprise earnings should fund essential services first, then return surplus directly to residents as a Colorado Dividend, empowering personal liberty.
- (e) This act promotes fiscal responsibility, voluntary participation, limited government intervention, and compliance with TABOR (article X, section 20) and Amendment 23 (article IX, section 17), aligning with principles of individual freedom and prosperity.

SECTION 2. In Colorado Revised Statutes, add part 9 to article 75 of title 24 as follows:

PART 9 – COLORADO PUBLIC ENTERPRISE AUTHORITY; PROSPERITY DIVIDEND FUND

24-75-901. Definitions.

As used in this part 9, unless the context otherwise requires:

- (1) “Authority” means the Colorado public enterprise authority created in section 24-75-902.
- (2) “Enterprise” has the meaning given in article X, section 20 (2)(d) of the Colorado constitution.
- (3) “Net earnings” means total operating revenues minus expenses, debt service, reserves required by law or bond terms, and prudent reserves set by the board.
- (4) “Resident” means a person physically present in Colorado for at least twelve consecutive months before the annual qualification date, including those without a fixed address who intend to stay.

(5) "Minor" means a resident under eighteen years old.

(6) "Minor's dividend savings account" means a restricted, interest-bearing account for a minor, accessible at age eighteen (or earlier for hardships under section 24-75-905), open to voluntary contributions from guardians.

(7) "Community-based verification" means identity or residency confirmation by qualified groups like shelters, nonprofits, schools, or clinics, per board rules.

(8) "Biometric account center" means a site for voluntary biometric use, such as fingerprints, to access dividend accounts.

24-75-902. Colorado public enterprise authority—creation—enterprise status—governance.

(1) The Colorado public enterprise authority is created as a TABOR enterprise within the department of the treasury for administrative purposes only. It may receive no more than ten percent of revenues from state or local grants.

(2) A seven-member board governs the authority, with appointments as follows: three by the governor with senate consent; two by the speaker of the house of representatives; and two by the president of the senate. At least one member must have expertise in rural development or reside in a county with a population under fifty thousand. Members shall have expertise in finance, insurance, healthcare, transportation, energy, or public administration. No board member may hold financial interests in competing private businesses.

(3) The authority may contract, issue revenue bonds payable solely from its earnings, acquire or manage property, and set rules to operate. Participation in all authority activities shall be voluntary.

(4) The authority shall coordinate with existing public entities, including but not limited to the Colorado Housing and Finance Authority for housing and development, the Colorado Department of Transportation and High-Performance Transportation Enterprise for transportation, the Colorado Energy Office and Public Utilities Commission for energy and broadband, the Colorado Water Conservation Board for water infrastructure, and the Department of Natural Resources and Colorado Parks and Wildlife for public lands concessions.

24-75-903. Lines of business—fees—no taxes—coordination.

(1) The authority may plan, finance, acquire, operate, and manage voluntary revenue-generating lines of business, including:

(a) Transportation, including tolls, express lanes, parking, and concessions, coordinated with CDOT and HPTE.

(b) Public insurance, including medical supplement and wildfire coverage enterprises, funded solely by premiums, co-payments, and investment income, coordinated with federal programs and the Colorado Division of Insurance.

(c) Public banking, including voluntary deposits, loans, lines of credit, and guarantees for infrastructure, energy, housing, and small businesses; revenues from fees, interest, and investment returns; partnerships with community banks and credit unions; coordinated with CHFA for affordable housing and community development financing.

(d) A state infrastructure bank providing loans to local governments for eligible projects, coordinated with CHFA for housing infrastructure and the Colorado Water Conservation Board for water systems.

(e) Energy, broadband, water, and public lands concessions and leases, including renewable generation, transmission corridors, broadband middle-mile, and recreational concessions, coordinated with the Colorado Energy Office, PUC, and Department of Natural Resources.

(f) Other voluntary fee-based activities authorized by statute.

(g) At least twenty percent of investments shall prioritize rural areas, with mobile services and subsidies for low-income residents under two hundred percent of the poverty level.

(2) All charges are voluntary user fees, not taxes. No mandatory participation is permitted. Subsidies may be provided to ensure affordability.

(3) Pilot programs for new lines of business shall precede full rollout. The authority may enter public-private partnerships to minimize costs.

24-75-904. Colorado prosperity dividend fund—uses of net earnings—transparency.

(1) The prosperity dividend fund is created in the state treasury, consisting of enterprise revenues, investment income, gifts, and other lawful receipts of the authority. The fund is continuously appropriated and is not state fiscal year spending for TABOR purposes.

(2) Net earnings shall be allocated annually as follows:

(a) Fifty percent to per-capita Colorado dividends for eligible residents.

(b) Fifty percent to essential services stabilization grants for education, public safety, and rural health, with thirty percent reserved for rural jurisdictions.

(3) The authority shall publish annual audited financial statements and plain-language reports.

(4) Ten percent of net earnings from energy and broadband enterprises shall be credited to a rural sub-account to support rural broadband and renewable energy.

24-75-905. Dividend eligibility—delivery—protections.

- (1) To receive a dividend, a resident must timely apply and provide proof of twelve months of residency. Rules shall ensure access, including:
 - (a) Accepting flexible identification such as government-issued cards, pay stubs, or community-based verification.
 - (b) Accepting flexible residency proof such as bills, registrations, or community-based attestations.
 - (c) Allowing voluntary biometric verification at biometric account centers with privacy safeguards including data minimization, encryption, and deletion within thirty days.
 - (d) Providing multiple application methods, including online, paper, in-person, and mobile units prioritizing rural areas.
 - (e) Requiring the authority to adopt a privacy policy granting applicants rights to access, correct, or delete personal data.
- (2) For minors, dividends shall be deposited into secure, interest-bearing accounts with no fees, flexible guardianship verification, and voluntary contributions. Accounts shall be accessible upon the minor reaching eighteen years of age.
- (3) Parents or guardians may request early hardship withdrawals by submitting a one-page self-attestation form, available online, in paper, and in multiple languages. Hardship withdrawals must be disbursed within seven business days.
- (4) Dividends are exempt from state income taxation, not assignable, and subject only to garnishment required by federal law.
- (5) The authority shall provide annual statements to all residents and guardians of minors.
- (6) Administrative costs of the dividend program shall not exceed five percent of total disbursements.

24-75-906. Bonds—no recourse to general fund—state credit not pledged.

Revenue bonds are payable solely from authority revenues. Bonds are not debts of the state or pledges of its credit or taxing power. Each bond shall state this limitation on its face.

24-75-907. Rulemaking—audits—open meetings—open records.

- (1) The authority may adopt rules under the Administrative Procedure Act.

- (2) The authority shall be subject to annual financial and privacy audits.
- (3) All board meetings and records shall be open to the public.
- (4) The authority shall conduct a rural impact study in 2028 to guide adjustments.
- (5) From 2027 through 2035, the authority shall hold quarterly public forums.
- (6) An independent oversight committee including local governments, schools, and community representatives shall review operations annually.

SECTION 3. In Colorado Revised Statutes, add 39-3-101.5 as follows:

39-3-101.5. Property tax—phase-out—sunset—funding continuity—definitions.

(1) As used in this section:

(a) "Property tax" means ad valorem taxes levied by the state or any political subdivision on real or personal property.

(b) "Political subdivision" means counties, municipalities, school districts, and special districts authorized to levy property taxes.

(2) Phase-out schedule.

(a) Beginning with property tax year 2027, all mill levies shall be reduced annually by ten percent of the prior year's rate as certified under CRS 39-5-121.

(b) For property tax year 2036 and thereafter, no ad valorem property tax shall be levied in Colorado.

(c) During the phase-out period, the General Assembly shall ensure mill levy reductions comply with CRS 39-1-104.2 and CRS 39-5-121.

(3) Funding continuity.

(a) By July 1, 2026, the General Assembly shall enact legislation establishing replacement funding mechanisms, including the use of enterprise earnings, essential services stabilization grants, or voter-approved alternatives such as a statewide sales tax of up to 0.5 percent.

(b) By January 1, 2027, the General Assembly shall publish a detailed funding transition plan developed with input from local governments, schools, and special districts.

(c) If permanent mechanisms are not in place by January 1, 2028, the General Assembly shall implement temporary measures including reallocations or issuance of authority bonds.

(d) From 2027 through 2035, sixty percent of net earnings from the authority shall be credited to the essential services stabilization account.

(e) Mill levy reductions may be paused if replacement funding falls below seventy-five percent of projected needs.

(f) Funding shall comply with CRS 29-1-301 and TABOR. If revenues exceed caps, the General Assembly shall adjust distributions to avoid mandatory refunds that disrupt essential services.

(4) Sunset.

(a) Upon full repeal of property taxes in 2036, this section shall be repealed.

(b) Prior to repeal, the General Assembly shall codify permanent funding in CRS 22-54-101 et seq. (Public School Finance Act), CRS 29-1-101 et seq. (local governments), and CRS 32-1-101 et seq. (special districts).

SECTION 4. Conforming amendments.

The General Assembly shall adopt conforming amendments by January 1, 2027, to align the Public School Finance Act, local government budget laws, and property tax statutes with this act.

SECTION 5. Effective date.

This act takes effect upon the official declaration of the vote and the proclamation of the governor.

SECTION 6. Severability.

If any provision of this act is held invalid, the remaining provisions shall remain in effect.

SECTION 7. Additional provisions.

(1) The authority shall fund a public education campaign explaining changes to residents in multiple languages.

(2) The authority shall create an online portal by January 1, 2027, for dividend applications, tracking, and reporting.

(3) The authority shall conduct economic studies by 2028 to evaluate the impacts of the act on households, businesses, and local governments.

(4) Residents may voluntarily elect to reduce their per-capita dividend, with redirected amounts credited to essential services programs such as affordable housing.