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Colorado General Assembly

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MEMORANDUM

To: Suzanne Taheri and Michael Fields

From: Legislative Council Staff and Office of Legislative Legal Services

Date: September 24, 2025

Subject: Proposed initiative measures 2025-2026 #156 and #157, concerning the Income Tax Rate

Section 1-40-105 (1), Colorado Revised Statutes, requires the directors of the Colorado Legislative Council and the Office of Legislative Legal Services to "review and comment" on initiative petitions for proposed laws and amendments to the Colorado Constitution. We hereby submit our comments and questions to you regarding the appended proposed initiative.

The purpose of this statutory requirement of the directors of Legislative Council and the Office of Legislative Legal Services is to provide comments and questions intended to aid designated representatives, and the proponents they represent, in determining the language of their proposal and to avail the public of the contents of the proposal. Our first objective is to be sure we understand your intended purposes of the proposal. We hope that the comments and questions in this memorandum provide a basis for discussion and understanding of the proposal. Discussion between designated representatives or their legal representatives and employees of the Colorado Legislative Council and the Office of Legislative Legal Services is encouraged during review and comment meetings, but comments or discussion from anyone else is not permitted.

Proposed initiatives **2025-2026 #156** and **#157** were submitted by the same designated representatives as a series of proposed initiatives. The comments and questions raised in this memorandum address proposed initiatives **2025-2026 #156** and **#157**.

Earlier versions of these proposed initiatives, proposed initiatives **2025-2026 #20** and **#21**, proposed initiatives **2025-2026 #47** and **#48**, and proposed initiatives **2025-2026**

#64 and **#65**, submitted by the same designated representatives, were the subject of memoranda dated February 5, 2025, March 19, 2025, and April 4, 2025 and were discussed at public meetings on February 7, 2025, March 21, 2025, and April 4, 2025. The comments and questions raised in this memorandum do not include comments and questions that were addressed in earlier memoranda or at earlier meetings, except as necessary to fully understand the issues raised by the revised proposed initiatives. Prior comments and questions that are not restated in this memorandum continue to be relevant and are considered part of this memorandum.

Purposes

Purpose for Proposed Initiative 2025-2026 #156

The major purpose of the proposed amendments to the Colorado Revised Statutes appear to be:

1. To reduce both the individual and the corporate state income tax rates from 4.40% to 3.40% for the 2027 tax year and every tax year thereafter.

Purposes for Proposed Initiative 2025-2026 #157

The major purposes of the proposed amendments to the Colorado Revised Statutes appear to be:

1. To reduce both the individual and the corporate state income tax rates from 4.40% to 4.38% for the 2027 tax year and every tax year thereafter.
2. To require that any reduction in state revenue resulting from the income tax rate reductions reduce funding for only the department of revenue.

Substantive Comments and Questions

The substance of the proposed initiative raises the following comments and questions:

1. Article V, section 1 (5.5) of the Colorado Constitution requires all proposed initiatives to have a single subject. What is the single subject of each of the proposed initiatives?
2. The amending clause for section 1 of proposed initiative #156 states that it “add(s) (1.7)(d) and (1.7)(e)” to section 39-22-104 of the Colorado Revised Statutes. The

proposed initiative does not contain a subsection (1.7)(e). Is it the proponents' intent that substantive language in a subsection (1.7)(e) appear in the proposed initiative? If so, would the proponents consider inserting the language for proposed subsection (1.7)(e)? If it is not the proponents' intent to add a subsection (1.7)(e), would the proponents consider removing the reference from the amending clause?

3. The following comments and questions apply to proposed initiative 2025-2026 #157:

- a. Proposed sections 39-22-104 (1.7)(d) and 39-22-301 (1)(d)(I)(L), C.R.S., of proposed initiative #157 state that any reduction in state revenue attributable to the income tax decrease proposed in the initiative “will not reduce funding for any state department except the department of revenue as created in section 24-1-117.”
 - i. Have the proponents considered that it is possible that the General Assembly could abolish the “department of revenue as created in section 24-1-117” and create a new agency in a new section of the Colorado Revised Statutes to collect state income taxes, and the new department might then be exempt from the funding limitations on the “department of revenue” in the proposed initiative?
 - ii. How will it be determined whether a reduction to an agency's funding is attributable to the income tax reduction proposed in the initiative? May the General Assembly reduce funding for any department other than the department of revenue after the proposed initiative passes?
- b. Proposed sections 39-22-104 (1.7)(d) and 39-22-301 (1)(d)(I)(L), C.R.S., of proposed initiative #157 state that the “new” income tax rate reduction “enacted in this section” will only reduce funding for the department of revenue and not other state departments. The tax rate changes in the proposed initiative appear in proposed *subsections* 39-22-104 (1.7)(d), C.R.S., and 39-22-301 (1)(d)(I)(L), C.R.S. “Section” in this instance refers to sections “39-22-104” and “39-22-301”, C.R.S. Would the proponents consider using the term “subsection” instead of “section” for more clarity?

Technical Comments

The following comments address technical issues raised by the form of the proposed initiatives. These comments will be read aloud at the public hearing only if the designated representatives so request. You will have the opportunity to ask questions about these comments at the review and comment hearing. Please consider revising the proposed initiative as follows:

1. When numbers are used in the Colorado Revised Statutes, they are generally written out as words and not followed by a reference to the corresponding numerals. For example, the use of “(3.4%)” following “three and four-tenths percent” in proposed initiative #156 is not the correct formatting for the Colorado Revised Statutes. Instead it should read, “three and four-tenths percent”. Please consider removing from the proposed initiative the numerals following numbers written out as words.