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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: March 19, 2025

Subject: Proposed initiative measures 2025 2026 #47 and #48, 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 #47 and #48 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 #47 and #48.

Earlier versions of these proposed initiatives, proposed initiatives 2025-2026 #20 and #21, submitted by the same designated representatives, were the subject of a memorandum dated February 5, 2025 and were discussed at a public meeting on

February 7, 2025. The comments and questions raised in this memorandum do not include comments and questions that were addressed in the earlier memorandum or at the earlier meeting, 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

Purposes for Proposed Initiative 2025-2026 #47

The major purpose of the proposed amendment to the Colorado Revised Statutes appears to be to reduce both the individual and the corporate state income tax rates from 4.40% to 4.39% for the 2027 tax year.

Purposes for Proposed Initiative 2025-2026 #48

The major purpose of the proposed amendment to the Colorado Revised Statutes appears to be to reduce both the individual and the corporate state income tax rates from 4.40% to either 3.04% or 3.4% for the 2027 tax year.

Substantive Comments and Questions

The substance of the proposed initiatives 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. Section 39-22-104 (1.7)(d), C.R.S., of the proposed initiatives changes the income tax rate for "the income tax year commencing on January 1, 2027", while section 39-22-301 (1)(d)(I)(L), C.R.S., of the proposed initiatives changes the income tax rate for "the income tax year commencing on or after January 1, 2027".
 - a. Do the proponents mean for these two sections to apply differently?
 - b. Do the proponents intend to leave the income tax rate for taxable years commencing after January 1, 2027, as an open question to be determined at a later time by the General Assembly or by initiative?

- c. To reflect the fact that not all tax years begin on January 1, and avoid potential ambiguity with respect to which rates apply to which tax years, would the proponents consider amending sections 39-22-104 (1.7)(d) and 39-22-301 (1)(d)(I)(L), C.R.S., to instead state "for income tax years commencing on or after January 1, 2027, but before January 1, 2028"?
3. Proposed initiatives 2025-2026 #47 and 48 seem to have a substantially similar purpose of reducing the state individual and corporate income tax rates for the 2027 tax year. Do the proponents intend for both proposed initiatives to appear on the 2026 general election ballot?
4. Proposed initiative #48 is ambiguous as to what the new income tax rate is to be because it states that the rate is "three and four-hundredths percent (3.4%)." However, "three and four-hundredths percent" is actually correctly expressed in digits as "3.04%", and "3.4%" is actually correctly expressed in words as "three and four-tenths percent". What do proponents intend the new rate to be?

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. The amending clause in section 2 of both proposed initiatives includes "(1)(d)(I)(M)" in the list of sub-subparagraphs being added to section 39-22-301, C.R.S., however, the proposed initiatives do not add (1)(d)(I)(M). Would the proponents consider removing "and (1)(d)(I)(M)" from the amending clause for section 2 of both initiatives?