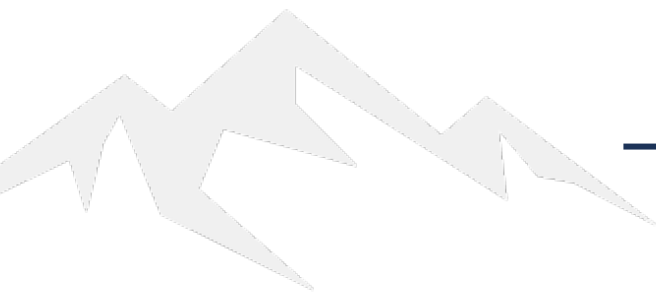




LOCAL PROPERTY TAX RELIEF:

How Colorado's Senate Bill 23-108
Empowers Local Officials and
Taxpayers

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Executive Summary

Over the last four years, Coloradans faced a property tax crisis. With the repeal of the Gallagher Amendment in 2020, which was the mechanism that capped property tax growth for close to 40 years, progressives in the General Assembly attempted to use the increase in property taxes to take TABOR refunds away with Proposition HH.

Colorado voters overwhelmingly rejected Proposition HH during the 2023 midterm elections, which failed by 19 percentage points at the ballot box. ‘

While the bait and switch for Colorado’s TABOR refunds failed, our lawmakers continued leaving Coloradans without a long-term solution for the increases in property taxes.

Eventually, Coloradans, after facing significant sticker shock, rallied and petitioned to have a cut and cap of property taxes with Initiative 50 and Initiative 108.

With the pressure of two years of grassroots advocacy led by Advance Colorado and 400,000 Colorado signatures, Governor Polis called a special session last year to finally pass permanent relief from skyrocketing property taxes.

The 2024 special session passed legislation that gave Coloradans a significant property tax cut and enforceable cap to prevent future tax hikes, delivering \$1.6 billion in annual savings – approximately \$500 per household.

Amid the property tax crisis, one significant piece of legislation passed without receiving much attention. Senate Bill 23-108, crafted by and for local government officials, is the key to further property tax relief for Coloradans.

This report details the significance of Senate Bill 23-108 and how it can empower locally elected officials and taxpayers to provide property tax relief for their residents. Please use this report as a tool for your local governments, including special districts, to seek further property tax relief.

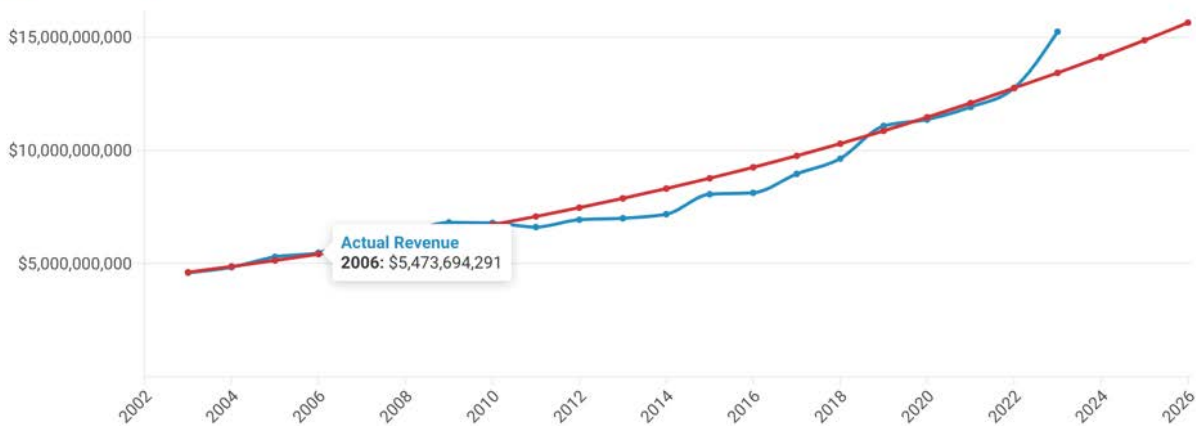
Senate Bill 23-108: How It Works

According to a 2024 report from the Common Sense Institute, Colorado taxpayers have “experienced a \$2.4 billion or 19% statewide increase in their total property tax burden last year, increasing 4 times faster than population plus inflation.” (1)

Historic Property Tax Revenue Increase

Property tax revenue grew over 19% in 2023, far exceeding the average annual growth rate of the prior 20 years of 5.24%. The higher 2024 growth rate translates to \$1.82 billion above trend.

■ Actual Revenue ■ 20-yr Avg Growth Trend Line



Revenue Source Division of Taxation Annual Report, 2023

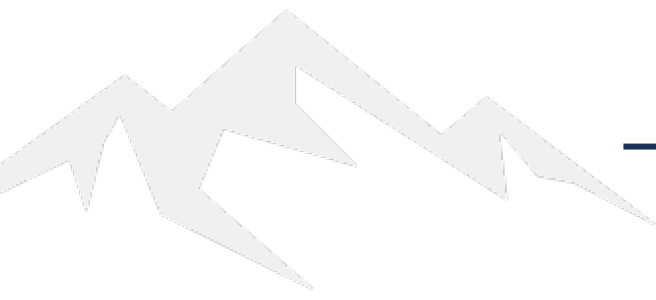


(1)

The increases in property taxes over the last four years prompted lawmakers and local government leaders to consider alternative ways to provide relief without relying on the General Assembly.

Considering this discussion, during the 2023 Legislative Session, Senate Bill 23-108 was passed with 64 yes votes and zero no votes. The bill received a rare unanimous vote at every step of the legislative process, including a Senate committee, two House committees, and a 35-0 vote on the third and final reading in the Senate — all unanimously in favor. (2)

The bill summary for Senate Bill 23-108, which is titled “Allowing Temporary Reductions In Property Tax Due,” reads as follows:



“The act allows a local government to provide temporary property tax relief through temporary property tax credits or mill levy reductions and later eliminate the credits or restore the mill levy. A temporary reduction in property taxes must be annually renewed by the local government. A school district may not temporarily reduce its mill levy below an existing statutory minimum mill levy amount.” (2)

Article X of the Colorado Constitution and Title 39 of the Colorado Revised Statutes authorize property taxes on residential, commercial, industrial, agricultural, and vacant properties. These taxes serve as a major source of revenue for most local governments. (1)

The Department of Local Affairs, in its annual report, conveys how this system is divvied up among taxing entities:

“The Colorado property tax system provides revenue exclusively for local government services. The largest share of property tax revenue for the year 2023 (50.67 percent) goes to support the state's public schools. County governments claim the next largest share (21.75 percent), followed by special districts (21.60 percent), municipal governments (4.73 percent), and local district colleges (1.25 percent). Total revenue for all taxing entities in Colorado for 2023 was certified as \$15,445,838,882.” (3)

In terms of revenue increases for this same year, these local government tax revenues increased by \$2.5 billion between 2022 and 2023, revealing there is plenty of room for property tax relief at the local level. (4)

Senate Bill 23-108 provides the “how” of lowering property taxes temporarily to provide relief for its residents.

In short, a local taxing authority can issue a temporary mill levy credit or reduction resulting in an effective net operating levy that would be used to calculate the final tax bill for the year.

The Department of Local Affairs released a simple and practical example of how Senate Bill 23-108 works. (5)



Example: A local government with a net assessed value of \$10,000,000 and a general operating mill levy of 10 mills wants to do a temporary mill levy reduction of 3 mills for an effective net operating mill levy of 7 mills.

Mill Levy Type	Mill Levy	Revenue
General Operating	10 mills	\$100,000
- Temporary Mill Levy Reduction/Temporary Property Tax Credit	-3 mills	-\$30,000
= Effective Net Operating Levy	7 mills	\$70,000

In this example, the local government offers temporary property tax relief by offering a temporary mill levy credit of 3 mills. This means that 7 mills is used to calculate the final tax bill. If future revenue limits allow, the local government could choose to either adjust the temporary mill levy credit or eliminate the temporary mill levy credit, which would return to the general operating levy to 10 mills.

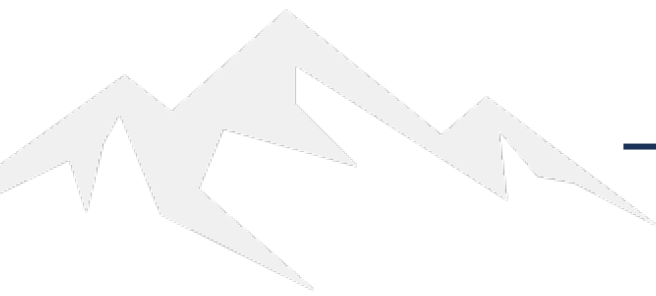
A sample resolution to set mill levies, an updated calendar for budget year 2024, and other resources are available on the Division of Local Government's [budget webpage](#).

Note: School districts should contact the [School Finance Office](#) at the Department of Education for more information.

For more information, please contact the Local Government Services team at 303.864.7720 or email cynthia.thayer@state.co.us. The team is standing by to help you.

(5)

By issuing temporary property tax credits or mill levy reductions, elected officials of local governments, including special districts, can provide relief to taxpayers.



Further property tax relief would help all Coloradans facing an inflation-driven high cost of living, especially for low-income taxpayers.

According to Senator Mark Baisley, one of the bill's prime sponsors, Senate Bill 23-108 was drafted by and for local government officials to allow for opportunities to provide property tax relief to their residents.

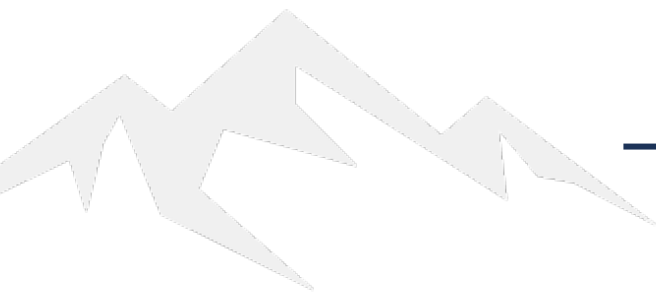
Here's what Senator Baisley had to say about the bill:

“The legislators who worked to dismiss Gallagher in 2020 openly acknowledged that they would need to replace the feature that governed residential property tax percentages. They knew that leaving that vulnerability in place would eventually cause property taxes to increase swiftly. They did not anticipate that it would happen just two years later with the rapid rise in property values. SB23-108 was a preemptive action that gave taxing authorities a strongly recommended process for shielding their residents from the shock of skyrocketing tax bills.”

After the colossal failure of Proposition HH, Governor Jared Polis went campaigning to get local governments “to lower property taxes in their communities, saying ‘the opportunity to provide meaningful tax relief... lies with you.’” (6)

Politics aside, local governments, including special districts, have an opportunity to give their residents property tax relief.

Here are several examples of local governments providing relief via Senate Bill 23-108.



Successful Examples of Local Property Tax Relief

The Colorado Mountain College Board of Trustees, because of Senate Bill 23-108's relief mechanism, certified a temporary mill levy reduction of 1.264 for a net mill levy of 2.977, allowing \$25 million in relief for the upcoming year. The new mill levy limited overall revenue growth to inflation, following the principle that government should not grow faster than taxpayers' wages. (7)

For the same tax year, Larimer County and Summit County attempted, in a similar fashion, to lower the mill levy to provide relief according to Senate Bill 23-108.

Larimer County succeeded by authorizing a \$5.5 million temporary mill levy credit. County Commissioner John Kefalas remarked, "The approval of this mill levy credit is a result of careful financial planning and a deep understanding of our community's needs. We offer this \$5.5M property tax relief to our residents to help with their tax bills and as an expression of our dedication to responsible and responsive governance." (8)

The Summit County Board of County Commissioners held a vote that, if approved, would have reduced the mill levy and provided a slight relief in property taxes. The vote lost 2-1. Tamara Pogue, the lone "Yes" vote on the board, said her support for the slight mill reduction would have primarily helped low-income homeowners in an already unaffordable county to live. (9)

The difference Senate Bill 23-108 makes in a post-special session Colorado is that it allows for local governments to make decisions that directly affect their residents' tax bill.

This difference gives citizens a significant opportunity to petition their local leaders to pass mill levy credits or reductions, especially in years with extreme increases in property values.

Special Districts Also Tax You

This real sample of a property tax statement from a resident in Larimer County reveals that the city and the county are not the only taxing authorities that show up in the statement. (10)

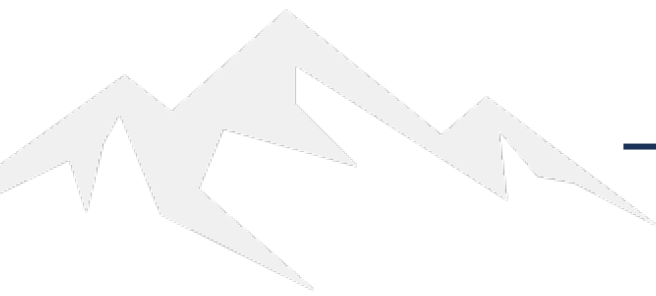
Example based on the following real tax statement from 2022:

SCHEDULE NUMBER:		TAX DISTRICT:	PROPERTY TYPE: Residential	PARCEL NUMBER:		
TAX AUTHORITY		MILL LEVY	LEVIED TAX	VALUATION	ACTUAL	ASSESSED
FT COLLINS-LOV WATER		1.50000	\$48.13		\$461,700.00	\$32,088.00
HEALTH DIST OF NO LARIMER CTY		2.16700	\$69.53			
LARIMER CO PEST CTRL DST		0.14200	\$4.56			
LARIMER COUNTY		22.43600	\$719.93			
N COLO WATER CONS DIST		1.00000	\$32.09			
POUDRE R-1 BOND PAYMENT		12.64600	\$405.78			
POUDRE R-1 GENERAL FUND		43.21900	\$1,386.81			
POUDRE RIVER PUBLIC LIBRARY DIST		3.01800	\$96.84			
POUDRE VALLEY FIRE DIST		10.82400	\$347.32			
S FT COLLINS SAN DIST		0.49300	\$15.82			
TIMNATH		6.68800	\$214.60			
TIMNATH RANCH METRO DIST #1		50.35400	\$1,615.76			
TIMNATH URA		0.00000	\$0.00			
		154.48700	\$4,957.17			
PROPERTY LOCATION						
LEGAL DESCRIPTION OF PROPERTY						
ADDITIONAL PROPERTY INFORMATION						
				LEVIED TAXES		\$4,957.17
				NON-LEVIED TAXES		\$0.00
				ADMINISTRATION FEE		\$0.00
				INTEREST ACCRUED		\$0.00
				FEE(S)		\$0.00
				ASSESSMENT LIEN		\$0.00
				TAX AMOUNT		\$4,957.17
				PAYMENT(S)		(\$2,478.59)
				BALANCE		\$2,478.58
				Amount Due		\$2,478.58
				PAYMENT	DUE DATE	AMOUNT DUE
				FIRST HALF	February 28	\$0.00
				SECOND HALF	June 15	\$2,478.58
				FULL PAYMENT	May 7	\$2,478.58

(10)

Special districts, which are local government entities that are both a “quasi-municipal corporation and political subdivision of the State of Colorado,” are often overlooked. (11)

These special districts, created by Title 32 of the Colorado Revised Statutes, include ambulance, fire protection, health services, metropolitan, parks and recreation, and water and sanitation districts. (12)



With Senate Bill 23-108, special districts also can issue a temporary property tax reduction or mill levy credit.

According to Teller County Commissioner Erik Stone, who contributed greatly to the formation of this bill, Senate Bill 23-108 empowers local government and local voters to address the property tax crisis more easily. He provided this quote for the report:

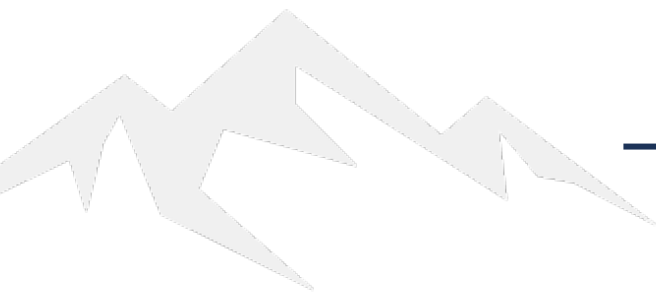
"I believe it is in the true spirit of TABOR that unintended property tax increases due to extreme market fluctuations in property valuations can be addressed by local government via SB23-108 and local voters. The government closest to the people is the easiest for residents to appeal for property tax relief."

Senate Bill 23-108 provides a unique way out of the problem of rising property taxes that don't include the General Assembly or its special sessions. However, to hold local governments accountable for this opportunity, citizens must begin to put pressure on their local governments, including special districts, and demand property tax relief.



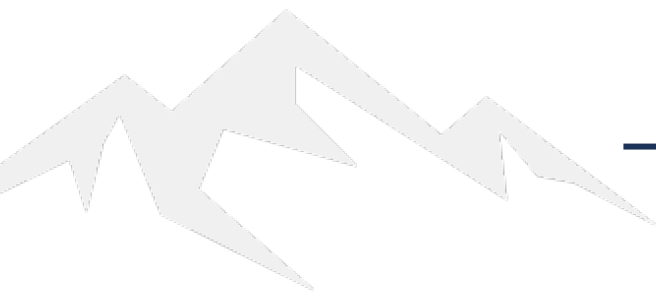
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About the Author

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Michael Tsogt is a Policy Analyst at the Advance Colorado Institute. His areas of policy and research include education, budget/fiscal matters, and public safety. He has testified on a wide range of bills before the Colorado legislature, including a bill proposing education savings accounts for special needs and foster care kids in Colorado. During his undergraduate years, Michael was elected as an Academic Senator for student government, covered sports & entertainment for the student newspaper, and participated in several political fellowships and opportunities, including the Center for the Study of Government and the Individual as a Bastiat Fellow. Before COVID interrupted plans, Michael was accepted into a study abroad program at Oxford University where he had intended to study Aristotle and political philosophy for a semester. Michael graduated from the University of Colorado with a degree in political science. He and his wife live in Colorado Springs.



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