



To: Mayor and Council
From: Jay Brunvand
Date: August 16, 2023
Agenda Item: Prop HH

REQUEST:

This memo is an update on the November 7 state wide election.

INTRODUCTION:

Yesterday, November 7, 2023 the State of Colorado held a general election. One question on the ballot, Proposition HH, as we have discussed, will affect Minturn. However, it is unclear at this juncture how or even how significantly we will be affected.

ANALYSIS:

Prop HH was a ballot question that purported among other things to reduce the assessed value on your home, stabilize the TABOR refunds from the state, and assist seniors by further reducing their tax liability. In it's truest form, Prop HH was a De-Brucing of the state funds although never stated that way, nor was it explained efficiently what the state would do with the extra funds they would receive or even how much and for how long they would receive these funds for. This measure failed at the polls. The new concern is "what's next", a question that is much easier to ask than to answer. The state recognizes that property taxes have increased since the end of COVID. In Minturn, our assessed value increased approximately 47% over the 2022 Fiscal Year.

Because the state was confident this would pass, they really had not come up with a "Plan B" on what to do in this exact scenario. Many of the organizations opposed to the measure had encouraged the Governor and the Democrats to have a standby option to no avail. Today, the Governor did in fact call a Special Session specifically to address the concerns of homeowners facing skyrocketing values and the associated property tax values that go with those increases.

This session will begin on Friday November 17 in an attempt to find relief targeting ONLY the 2023 assessment property owners will pay in 2024. The implied message is they will call to order on Friday and be done by Wednesday for the Thanksgiving Holiday. There is a pot of \$200m in the state General Fund that can be allocated to the effort although it is not clear how that would be used or even if. The governor was clear this Special Session is only to resolve the property tax relief for the current year. Any future relief would be taken up in the normal course of events during the Regular Session.

I will be clear, there is little we know about the Special Session and what might be approved. It is possible this will affect Minturn and our 2024 budget. I feel pretty confident this Special Session will include a reduced property assessment structure for both residential and Commercial properties, most likely a revised senior credit to further reduce the burden on those over 65, and probable in some form address the low-income school lunch program. I also am optimistic that this will be accomplished by the following Wednesday, November 22. After that, it will be a race to the finish to get the values from the County Assessor, then approved on December 6, and sent back to the County all by the statutory deadline of December 15. I do not think the legislature will extend any approval deadlines so I will be prepared for 12/15. As things move forward, I will keep this on the front burner and update Council at the Wednesday meeting if necessary.

Until then, Minturn De-Bruced by passing a ballot measure of our own in 1998 which set our mil levy at 17.934mils. To calculate our property tax revenue, we take the assessed value from the County Assessor against our mil levy and that is our revenue. As of now, the numbers that we have been using in our draft budget will stand until otherwise changed based on the Special Session.

COMMUNITY INPUT:

N/A

BUDGET / STAFF IMPACT:

As stated, this could have major implications for the town in the days, months and even years to come.

STRATEGIC PLAN ALIGNMENT:

In accordance with Strategy #1 to practice fair, transparent, and communicative local government.

RECOMMENDED ACTION OR PROPOSED MOTION:

This is informational only and no direction is requested.

ATTACHMENTS: