Proposition LL: Retain and Spend State Revenue Exceeding the Estimate for Proposition FF

Placed on the ballot by the legislature • Passes with a majority vote

Proposition LL, if approved, would:

- allow the state to keep and spend $12.4 million in tax revenue, including interest, that has already been collected under Proposition FF for the Healthy School Meals for All Program, rather than refunding it to households earning $300,000 or more annually; and
- maintain current tax deduction limits for households earning $300,000 or more annually, which would otherwise be modified for 2026 to lower the taxes paid by these households.

What Your Vote Means

YES

A "yes" vote on Proposition LL allows the state to keep and spend $12.4 million in tax revenue, including interest, which has already been collected for the Healthy School Meals for All Program from households earning $300,000 or more annually, and it maintains the current deduction limits for these households, which would otherwise be modified to reduce their taxes.

NO

A "no" vote on Proposition LL means the state will refund $12.4 million to households earning $300,000 or more annually, and will change deduction limits in 2026 to reduce the taxes paid by these households.

Summary and Analysis of Proposition LL

What is the Healthy School Meals for All Program?

In November 2022, voters passed Proposition FF, which created the Healthy School Meals for All Program in the Colorado Department of Education. The program reimburses participating school meal providers for offering free school breakfasts and lunches to all K-12 public school students, regardless of family income.

The Healthy School Meals for All Program also included three additional funding components for school meal providers; however, these have not been implemented due to program costs exceeding available funds. These include:

- purchasing products grown, raised, and processed in Colorado to include in school meals;
- increasing wages or providing stipends for employees who prepare and serve school meals; and
- offering training, equipment, and technical assistance to help prepare healthy school meals using basic, nutritious ingredients, and to support collaboration between schools, communities, and local food growers.

To date, the tax revenue generated has not been sufficient to cover the cost of the program. As a result, program funding has only gone towards reimbursement for free school meals and administrative costs.

How is the Healthy School Meals for All Program funded?

The program is funded through state income taxes paid by households with adjusted gross incomes of $300,000 or more by limiting the amount of money they can deduct from their Colorado taxable income. Deductions are limited to $12,000 for single filers and $16,000 for joint filers through 2025, and will increase in 2026 under current law. Any federal deductions taken above those amounts are added back to a household's Colorado taxable income. This affects an estimated 200,000 households, or about 6 percent of households filing tax returns in Colorado. The program also receives federal funds.

There are two measures on the 2025 ballot that impact funding for the Healthy School Meals for All Program. Proposition LL concerns keeping and spending tax revenue that has already been collected under Proposition FF, and Proposition MM concerns increasing taxes to raise additional revenue for the program.

Why is Proposition LL on the ballot?

The Taxpayer's Bill of Rights (TABOR) in the Colorado Constitution requires the state to provide voters an estimate of revenue that the state will collect from any new or increased taxes, and to refund any revenue collected above the estimate. It also requires the state to reduce the tax in order to prevent over collections in future years. The 2022 Blue Book estimated that Proposition FF would increase tax revenue by $100.7 million in state budget year 2023-24. The actual amount collected was $112.0 million, or $11.3 million more than estimated.

TABOR also allows the state legislature to refer a measure to the voters to ask permission to keep revenue that exceeds the estimate in the Blue Book and the current deduction limits. The state legislature, through House Bill 25-1274, referred Proposition LL to the voters to ask for this permission.

What happens if Proposition LL passes?

Proposition LL allows the state to keep and spend $12.4 million in tax revenue collected for the Healthy School Meals for All Program under Proposition FF, which includes $11.3 million in tax revenue plus $1.1 million in interest.

Proposition LL also allows the state to maintain the deduction limits voters approved in 2022 and to keep and spend any future revenue collected under those deduction limits. Currently, the deduction limits voters approved in 2022 will increase, meaning the taxes paid by these households will decrease.

Finally, Proposition LL requires the state to spend at least $1 million on the local food purchasing and technical assistance grant programs, if this money is not provided through the passage of Proposition MM.

What happens if Proposition LL fails?

If Proposition LL fails, the state will refund $11.3 million in tax revenue it has collected, plus $1.1 million in interest, to households with adjusted gross incomes of $300,000 or more. Additionally, the Department of Revenue will make changes to reduce the amount of taxes these households pay in the future, as current law requires under TABOR.

How does Proposition LL interact with Proposition MM?

For a detailed overview of the interaction between Proposition LL and Proposition MM, the other measure on the ballot, see Tables 2 and 3 of the Proposition MM analysis.

For information on those issue committees that support or oppose the measures on the ballot at the November 4, 2025, election, go to the Colorado Secretary of State's elections center web site hyperlink for ballot and initiative information:

https://coloradosos.gov/pubs/elections/Initiatives/InitiativesHome.html

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Argument For Proposition LL

1) Proposition LL allows the state to retain revenue that it has already collected to support free meals for K-12 public school students, rather than refunding it to high-income taxpayers. Access to free meals improves academic outcomes, eliminates stigma for low-income students, and addresses food insecurity. Using all of the tax revenue the state has already collected will help provide more free school meals to Colorado public school students.

Argument Against Proposition LL

1) Proposition LL is effectively a tax increase in challenging economic times. The state collected more revenue than it estimated, and it should refund the money to affected taxpayers rather than using it for a government program that gives free meals to all students, many of whom come from families who can afford to pay for them.

Fiscal Impact of Proposition LL

Note: The fiscal impact estimate is preliminary and will be revised to reflect additional analysis of the impacts of recently enacted federal tax policy.

Taxpayer impacts

If Proposition LL passes, the state will retain and spend rather than refund $12.4 million to households earning $300,000 or more annually. Additionally, current deduction limits for taxpayers earning $300,000 or more annually will be maintained at 2025 levels rather than increased to comply with the requirements of TABOR.

State revenue

Proposition LL increases state revenue by an estimated $6.8 million in state budget year 2025-26 (half-year impact) and $13.8 million in state budget year 2026-27. This revenue results from maintaining current taxes for households earning $300,000 or more annually.

State spending

Proposition LL increases state spending for the Healthy School Meals for All Program by an estimated $19.2 million in state budget year 2025 26, and $13.8 million in state budget year 2026-27. This spending includes the amount that would have been otherwise refunded ($12.4 million in state budget year 2025-26 only), plus the amount resulting from maintaining 2025 deduction levels for households earning $300,000 or more annually ($6.8 million in state budget year 2025-26 and $13.8 million in state budget year 2026-27 and ongoing).

School district revenue and spending

Proposition LL provides an estimated up to $19.2 million in state budget year 2025-26, and $13.8 million in state budget year 2026-27 to be distributed to districts and schools through the Healthy School Meals for All Program.