Proposition MM: Increase State Taxes for the Healthy School Meals for All Program

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

Proposition MM, if approved, would:

- increase state income taxes paid by households earning $300,000 or more annually; and
- use the new tax revenue to increase funding for the Healthy School Meals for All Program in order to continue offering free meals to all K-12 public school students in Colorado, rather than restricting eligibility to only low-income students and schools.

What Your Vote Means

YES

A "yes" vote on Proposition MM increases state income taxes for households earning $300,000 or more annually. The increased tax revenue will be used to offer free meals to all public school students and to fund grant programs previously approved by voters that have not yet been implemented.

NO

A "no" vote on Proposition MM keeps state income taxes for households earning $300,000 or more annually unchanged, and limits free meals to only low income students and schools.

Summary and Analysis of Proposition MM

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 MM on the ballot?

The state legislature referred Proposition MM to voters through House Bill 25-1274. In the first two years of implementing the Healthy School Meals for All Program, the revenue generated has gone towards school meal reimbursements but has not been enough to fully cover the cost of meals served. Costs exceeded original estimates primarily because more students participated in the free meal program than projected. The state also experienced higher inflation than expected over the past several years.

The legislature has filled in the gap between revenue and program costs with other funding sources and has delayed implementation of some program components, including funding for school meal worker wages and stipends, and grants for purchasing local foods and related technical assistance. The additional tax revenue sought through Proposition MM will be used to fill the program's funding gap and fully implement the program's components.

What does Proposition MM do?

Proposition MM raises up to an additional $95 million for the Healthy School Meals for All Program by increasing income taxes on households earning $300,000 or more annually, beginning in tax year 2026. The additional tax revenue raised under Proposition MM will fund reimbursements to school meal providers to continue offering free school meals to all students. It will also fund increases in wages and stipends for school meal workers, and grants for local food purchasing and related technical assistance. The measure specifies how much money goes to the grant and wage programs, based on the funding available after the program provides meal reimbursements and covers administrative costs.

How does Proposition MM raise income taxes?

As a result of the initial Healthy School Meals for All measure (Proposition FF) passed in 2022, households that make $300,000 or more annually in federal adjusted gross income are required to add back a portion of their federal standard or itemized deduction when calculating their Colorado taxable income. The deductions are limited to $12,000 for single filers and $16,000 for joint filers and will increase under current law in 2026. Any federal deductions a household takes above those amounts must be added back to their Colorado taxable income. Proposition MM lowers the deduction limits to $1,000 for single filers and $2,000 for joint filers, increasing the amount of taxes they will owe.

For example, if a married couple filing jointly earns $300,000 or more annually and claims the standard deduction of $31,500 on their federal income taxes, the 2025 deduction limit of $16,000 requires that they add back $15,500 to their state taxable income, which increases their state income taxes owed by $682. Under Proposition MM, the new $2,000 deduction limit would require this household to add back an additional $14,000, and they would pay an additional $616 in state income taxes, resulting in a total of $1,298 in tax revenue going to the Healthy School Meals for All Program. Deduction limits are scheduled to increase under current law in 2026 if neither this measure nor Proposition LL pass.

Table 1 below illustrates the change in deduction limit and taxes owed under the measure.

Table 1
Deduction Limits under Proposition MM

Household Income	Deduction Limit in 2025	Deduction Limit Under Prop. MM	Change in Average Income Tax Owed*
$299,999 or less	none	none	$0
$300,000 or more Single Filer	$12,000	$1,000	$297
$300,000 or more Joint Filer	$16,000	$2,000	$404

*Preliminary LCS estimates.

What happens if Proposition MM fails?

Under a bill passed by the state legislature (Senate Bill 25-214), the Healthy School Meals for All Program will be limited to operating within its existing revenue if Proposition MM fails. Beginning in January 2026, free school meals would only be provided to students who qualify under the National School Lunch Program, and for all students at schools with a high percentage of low-income students. The bill also specifies that, even if voters pass Proposition MM, school meal reimbursements may still decrease if there is not enough funding for the program.

How does Proposition MM interact with Proposition LL?

Table 2 and Table 3 show the impacts of Proposition MM depending on the outcome of Proposition LL.

Table 2
Impact of Proposition MM Passing

Provision	Prop. LL and Prop. MM Both Pass	Prop. LL Fails and Prop. MM Passes
Deduction limits for households earning $300,000 or more annually	Single filer deduction limit reduced to $1,000 and joint filer deduction limit reduced to $2,000.	Single filer deduction limit reduced to $1,000 and joint filer deduction limit reduced to $2,000.
Revenue impact	The state will keep and spend $12.4 million in revenue already collected. Up to $95 million in new tax revenue per year, paid by households earning $300,000 or more annually, will be available for the program.	The state will refund $12.4 million in revenue already collected to households earning $300,000 or more annually. Up to $95 million in new tax revenue per year, paid by households earning $300,000 or more annually, will be available for the program.
Use of funds	Free school meals will continue to be offered to all public school students. Grant programs for school meal providers will be funded.	Free school meals will continue to be offered to all public school students. Grant programs for school meal providers will be funded.

Table 3
Impact of Proposition MM Failing

Provision	Prop. LL Passes and Prop. MM Fails	Both Prop. LL and Prop. MM Fail
Deduction limits for households earning $300,000 or more annually	No change from 2025 — single filer deduction limit at $12,000 and joint filer deduction limit at $16,000.	The Department of Revenue will raise deduction limits so that taxes paid decrease to align with the estimate initially approved by voters in 2022.
Revenue impact	The state will keep and spend $12.4 million in revenue already collected. Revenue collections will be about $13.8 million higher per year than they would have been otherwise.	The state will refund $12.4 million in revenue already collected to households earning $300,000 or more annually. No new revenue will be collected.
Use of funds	Free school meals will only be available to all students in low-income schools, and only to eligible low-income students at all other schools. The state must spend at least $1 million for local food purchasing and technical assistance for school meal providers.	Free school meals will only be available to all students in low-income schools, and only to eligible low-income students at all other schools. Grant programs for school meal providers will not be funded unless other state funding is available.

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

Arguments For Proposition MM

1) Proposition MM provides enough funding to ensure that free school meals are available for all Colorado students. It also fulfills the will of the voters by providing students with locally sourced, healthy food and boosting compensation for school meal workers in Colorado communities.

2) The Healthy School Meals for All Program has been more heavily utilized than anticipated, demonstrating the strong need for it and the importance of a truly universal free school meal program. Access to free school meals improves academic and health outcomes and helps families at a time when food costs are rising.

Arguments Against Proposition MM

1) Proposition MM gives more taxpayer money to a program that provides food to kids who do not need it or eat it, resulting in significant financial and food waste. If the existing program cannot fully fund its promises to voters when they adopted Proposition FF, the state should live within its means and target the free school meals program to students who need it most, not ask for millions more for the same program.
2) Proposition MM is a tax increase. For some households, this would more than double the amount they have to pay towards the program, a significant additional expense. The state should not be raising taxes on any households during a time of economic uncertainty.

Fiscal Impact of Proposition MM

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 impact

Proposition MM will increase the amount of income tax owed by taxpayers who earn $300,000 or more annually. State law requires Legislative Council Staff to estimate the potential tax burden on affected taxpayers within specified income categories. Table 4 shows the expected change in tax burden. The actual impact on any given taxpayer with income of $300,000 or more will depend on the deductions taken on their federal income tax returns. For taxpayers with incomes of $400,000 or more, the new limits on deductions will be applied in addition to the existing limits on deductions in state law.

Table 4
Estimated Impact on Taxpayers by Income
Tax Year 2026

Income Category	Estimated Number of Taxpayers	Total Change in Tax Burden	Average Change in Tax Burden
$14,999 or less	590,737	No change	No change
$15,000 to $29,999	511,336	No change	No change
$30,000 to $39,999	329,963	No change	No change
$40,000 to $49,999	280,477	No change	No change
$50,000 to $69,999	416,145	No change	No change
$70,000 to $99,999	397,496	No change	No change
$100,000 to $149,999	360,320	No change	No change
$150,000 to $199,999	165,554	No change	No change
$200,000 to $249,000	82,082	No change	No change
$250,000 to $499,999			
$250,000 to $299,999	45,267	No change	No change
$300,000 - $499,999	118,080	+$22.3 million	+$189
$500,000 to $999,999	51,278	+$17.7 million	+$346
$1,000,000 or more	24,861	+$38.4 million	+$1,543
Total	**3,373,594**	**+$64.8 million**	
Income under $300,000	3,179,375	*$0*	*$0*
Income over $300,000	194,218	*+$78.4 million*	*+$404*

The estimated number of taxpayers counts joint filers as one taxpayer. Estimates are based on Colorado Department of Revenue data for full-year residents for tax year 2020, adjusted for 2023 tax year data for Proposition FF and LCS estimates.

State revenue

By reducing state income tax deductions for households earning $300,000 or more annually, the measure is expected to increase state revenue by an estimated $39.2 million in state budget year 2025-26 (half-year impact), and by $79.7 million in state budget year 2026-27. The revenue generated is not subject to the state constitutional revenue limit.

State spending

Proposition MM will increase state spending by $39.2 million in state budget year 2025-26 and by $79.7 million in state budget year 2026-27. The spending will be used for the Healthy School

Meals for All Program, except that in state budget year 2026-27, the Department of Revenue will have costs of $20,000 to administer the tax changes.

School district revenue and spending

If Proposition MM passes, the state will continue to fully reimburse all school districts for all meals served to all students, rather than restricting meal reimbursements to low-income students and schools. However, actual reimbursement rates may be reduced if projected program costs exceed projected revenues. School districts will also receive additional funding for employee wages and local food purchasing grants.