



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Memorandum

January 15, 2026

TO: State Board of Equalization

FROM: David Hansen, Principal Economist, 303-866-2633

SUBJECT: School District Property Tax Limit Balancing and Correction Percentages

Summary

House Bill 24B-1001 created a property tax limit for school districts beginning with the 2025 property tax year. The bill's provisions limit statewide qualified local share property tax revenue, or local share total program revenue excluding certain sources or uses, by adjusting the residential assessment rate applied to school district mill levies temporarily downward if needed.

Section 29-1-1702.5 (4)(c) C.R.S. requires Legislative Council Staff (LCS) to provide the Colorado State Board of Equalization the information necessary to calculate the balancing and correction percentages at the beginning of each property tax year. The balancing percentage is a temporarily lower residential assessment rate for school district mills that will lower assessed valuation to a level where projected qualified local share property tax revenue for an upcoming property tax year does not exceed the limit. Additionally, LCS is required to provide the information necessary to calculate a correction percentage for the prior year once actual data for a property tax year are available. A correction percentage, like the balancing percentage, is applied to temporarily reduce the residential assessment rate for an upcoming property tax year if qualified local share property tax revenue exceeded the limit in the prior year.

For property tax year 2026, qualified local share property tax revenue is not projected to exceed the limit. Therefore, a balancing percentage below the permanent 7.05 percent residential assessment rate for school district mill levies is not required. Further, for property tax year 2025, qualified local share property tax revenue did not exceed the property tax limit. Therefore, a correction percentage that would lower the residential assessment rate from 7.05 percent is not required. The following tables detail the amount of qualified local share property tax revenue for property tax years (PTY) 2025 and 2026, applicable exclusions, and limits.

School District Property Tax Limit

The school district property tax limit is equal to the highest total local share property tax revenue from any previous reassessment cycle, increased by a growth rate percentage, and if



applicable, a carryover amount. The growth rate percentage is the greater of 6 percent multiplied by the number of years in a current reassessment cycle (2 years), or the percentage increase in the statewide base per pupil funding set by the General Assembly for the next fiscal year plus the percentage increase in funded pupil count (school factor). The analysis assumes the school factor will not exceed 12 percent for FY 2026-27.

In future years, the school district limit may be increased by a carryover amount, if and when qualified local share property tax revenue falls below the school district property tax limit in the previous reassessment cycle. In such a case, the amount of the smallest yearly shortfall will add to the limit for the next reassessment cycle.

The report estimates the property tax limit is equal to \$4,417,419,719 for the 2025 reassessment cycle, or total local share property tax revenue for PTY 2023 increased by 12 percent.

Qualified Local Share Property Tax Revenue

Beginning with the 2025 PTY, qualified local share property tax revenue is limited by the school district property tax limit. Qualified local share property tax revenue is the total estimated amount of property tax revenue retained by all school districts for the local share of total program funding for a property tax year, excluding various sources and uses of revenue. Tables 1 and 2 detail exclusions from qualified local share property tax revenue for PTY 2025 and 2026.

Since data on exclusions for PTY 2026 are not available yet, some exclusions for PTY 2025 are assumed to represent exclusions applicable for PTY 2026, consistent with statute. Data in Table 1 rows 1 to 5, and Table 2, rows 2 and 3 were reported to LCS by assessors via the Division of Property Taxation. For exclusions of assessed value in Table 1, the local share property tax revenue impact associated with changes in assessed value as reported by DPT was estimated from the LCS school finance model. Exclusions from mill levy equalization tax credits were also estimated by LCS. In addition to the items in Table 1, statute specifies that qualified local share property tax revenue excludes revenue from voter-approved increases in mill levies for total program funding at the district level,¹ revenue from all other school district mill levies except total program levies,² and specific ownership tax revenue.³

For the 2025 PTY, qualified local share property tax revenue was \$4,360,696,367, or \$305,690,095 below the school district property tax limit. For the 2026 PTY, qualified local share property tax

¹ Section 29-1-1701 (2.5)(a)(VIII), C.R.S.

² Section 29-1-1701 (2.5)(a)(IX), C.R.S.

³ Section 29-1-1701 (2.5)(a)(X), C.R.S.



revenue is projected to total \$4,330,586,548, or \$307,616,297 below the school district property tax limit.

Table 1
Assessed Value Changes Excluded from
Qualified Local Share Property Tax Revenue, PTY 2025

Row	Exclusion	Assessed Value
1	New construction (Section 29-1-1701 (2.5)(a)(I), C.R.S.)	\$2,152,842,857
2	Annexations and change in law for classifications (Section 29-1-1701 (2.5)(a)(II), C.R.S.)	\$351,048,773
3	Omissions from the assessment roll (Section 29-1-1701 (2.5)(a)(IV), C.R.S.)	\$45,936,665
4	Previously legally exempt property (Section 29-1-1701 (2.5)(a)(VI), C.R.S.)	\$111,215,559
5	Increases from producing mines and oil and gas (Section 29-1-1701 (2.5)(a)(VII), C.R.S.)	\$1,460,382,915
6	Total Assessed Value Excluded	\$4,121,426,769

Source: Colorado Division of Property Taxation.

Table 2
Qualified Local Share Property Tax Revenue Exclusions

Row	Exclusion	Estimated Revenue PTY 2025	Projected Revenue PTY 2026
1	Property tax impact of assessed value exclusions (estimated using Table 1, Row 6 and school district total program mills)	\$89,229,137	\$90,336,001
2	Expiration of incremental tax revenues for TIF (Section 29-1-1701 (2.5)(a)(III), C.R.S.)	\$29,390,797	\$13,728
3	Abatements or refunds (Section 29-1-1701 (2.5)(a)(V), C.R.S.)	\$110,427,059	\$110,427,059
4	Changes in equalization tax credits (Section 29-1-1701 (2.5)(a)(XI), C.R.S.)	\$19,919,749	\$20,006,338
5	Total Revenue Exclusions	\$248,966,742	\$220,783,126

Source: Colorado Division of Property Taxation, Legislative Council Staff.

Row 2 includes the estimated amount due to the expiration of the Stapleton Urban Redevelopment Plan tax increment financing diversions for PTY 2025. Section 31-25-107 (9)(a), C.R.S., specifies revenues must be divided for a period not to exceed 25 years. Reference City and County of Denver, Ordinance No. 543, Council Bill No. 495, Series of 2000, for an Ordinance Approving the Stapleton Urban Redevelopment Plan and Creating the Stapleton Urban Redevelopment Area. <https://library.municode.com/co/denver/munidocs/munidocs?nodeId=4a72c4288276d>

Row 3 reflects the most recently reported value of abatements and refunds from August 1 of the previous year through July 31 of the current year.



Table 3
Estimated Qualified Local Share Property Tax Revenue

Row	Item	PTY 2025	Projected PTY 2026
1	Local Share Property Tax Revenue	\$4,360,696,367	\$4,330,586,548
2	Less Exclusions (Table 2, Row 5)	\$248,966,742	\$220,783,126
3	Total Qualified Local Share Property Tax Revenue	\$4,111,729,624	\$4,109,803,422

Source: Legislative Council Staff.

Table 4
School District Property Tax Limit

Row	Item	PTY 2025	Projected PTY 2026
1	Highest Local Share Property Tax Revenue from 2023 Reassessment Cycle, PTY 2023 (Section 29-1-1703 (4)(d), C.R.S)	\$3,944,124,749	\$3,944,124,749
2	Growth Rate Percentage (Section 29-1-1703 (3), C.R.S.)	12.0%	12.0%
3	School District Property Tax Revenue Limit	\$4,417,419,719	\$4,417,419,719
4	Qualified Revenue (Table 3, Row 3)	\$4,111,729,624	\$4,109,803,422
5	Qualified Revenue Relative to the Limit (Row 4 Less Row	-\$305,690,095	-\$307,616,297

Source: Legislative Council Staff.