



Proposition 121: State Income Tax Rate Reduction Student Voter Information Guide

Proposition 121 is a proposed to a Colorado statute regarding an issue of taxation on Colorado residents and businesses. The current tax rate is 4.55%, a low in the last 24 years. With the current trend following amendments to Colorado statutes C.R.S. 39-22-104 (1.7) and C.R.S. 39-22-301 (1)(d)(I), it is possible to further lower the tax rate permanently to 4.40%. Historically speaking, the income tax rate has been following a downward trend since 1987. The income tax rate was lowered from 5.00% to 4.5% through amendments in 2020. This trend could continue or remain at 4.55%.

YES?

A yes vote for this amendment would mean that the people and businesses in Colorado would have more money to spend for day-to-day life, as opposed to getting money returned during tax season. The state often collects more taxes than it's allowed to spend under the Taxpayer's Bill of Rights (TABOR). With the current rise in the cost of living and lack of wage increases, this amendment could have a positive impact on lower income people and businesses. A tax cut would allow some of the money that would go to fees, to be returned to the people by reducing the money given to the state via income taxes.

Guide by Amanda Scantland and Shandiin Nez

Thank you to student researchers in Introduction to Political Science and volunteers from the League of Women Voters of La Plata County for producing this guide.



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NO?

Voting NO on this proposition would mean the status quo would stay with an income tax rate of 4.55%. With this, there would be nothing to adjust since the tax rate has been at 4.55% since 2020. If there is a cut to tax rates, that means there would be fewer reserves for important programs like health care, public safety, education, and wildfire mitigation in the General Fund. If a recession were to occur, there is a potential for economic challenges and state budget shortfalls. With the blanket cut, wealthy individuals would ultimately save more money. If there was an effect on tax brackets, that may be more equitable, but in this case, there will be a blanket cut.

CONCLUSION:

Overall, the income tax rate had been trending downward over recent years and this could continue the trend. A vote for, or against, has implications related to spending for public interests, such as wildfire mitigation, healthcare, education, and public safety, and general money available on a year-round basis to individuals and businesses.

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