

THE LONG SHADOW OF THE TAXPAYER’S BILL OF RIGHTS: COLORADO’S 2024–2025 BUDGET AND ECONOMY

Michael J. Berry
University of Colorado Denver
Department of Political Science
Michael.Berry@ucdenver.edu

Abstract

In one of the most polarized legislatures in the United States, partisan and ideological divisions among Colorado lawmakers often overlap with differences in identity and experience. Although the chasm between Democrats and Republicans on salient social and economic issues is wide, bipartisan policymaking still occurs. Democratic successes in 2022 extended their streak to four consecutive election cycles of remaining even or gaining seats in both the Colorado House and Senate. Unified government with expanded majorities has allowed Democrats to advance their agenda through the state budget with relative ease, and seldom used parliamentary tactics helped bring about liberal policy change in contentious issue areas including gun control. In budgetary politics, the fiscal constraints of the Taxpayer’s Bill of Rights (TABOR) currently do more to impede the progressive agenda than dwindling opposition votes from minority party Republicans. Statewide ballot measures have also driven policy change, at times in conservative directions, on consequential tax and fiscal policy issues. Coloradans have demonstrated an openness to government reform in some areas, but less so when it comes to ballot measures affecting TABOR.

The Long Shadow of the Taxpayer's Bill of Rights

A sea change in Colorado politics has vaulted the Democratic Party to unprecedented majorities in the state legislature and a stranglehold on statewide elected office. Democratic dominance to this degree appeared unlikely at the turn of the century when Republicans held majorities in both chambers of the General Assembly, a 4-2 advantage in the state's U.S. House delegation, both U.S. Senate seats, and the governorship. In the razor-thin 2000 presidential election, Colorado cast its eight electoral votes for Texas Governor George W. Bush who comfortably carried the state by eight percentage points. Republican preeminence in state and federal electoral politics disappeared in less than a generation as Colorado became a solidly blue state with an adrift Republican party unable to wage competitive statewide campaigns.

Near supermajority status in the General Assembly and firm control over all statewide executive offices has positioned Colorado Democrats with exceptional political power. While the negative economic effects of the COVID-19 pandemic continue to linger, the Colorado economy has generally rebounded from the great upheaval more rapidly than most other states (see Berry 2022). Economic growth has propelled increases in revenue; however, the Taxpayer's Bill of Rights (TABOR) imposes substantial constraints on the total amount of funds available for policymakers to distribute. Spending commitments, such as mandatory increases in K-12 education funding as required by Amendment 23, further cut into the total amount available to appropriate, which creates difficult choices for members of the Joint Budget Committee.

Ratified into Article X, Section 20 of the state constitution by voters in 1992, TABOR imposes restrictions on both revenue and spending. Because TABOR limits revenue collections to the prior year's amount plus population growth and inflation, Colorado taxpayers have received \$8.2 billion in TABOR refunds since its enactment including \$525.5 million in 2021 and a record \$3.7 billion in tax refunds in 2022 (Ramey 2022). Although it is difficult to amend the state constitution, Colorado voters have considered ballot measures proposing TABOR reform in nearly every election cycle since its adoption. Few have succeeded. The approval of just 11 of the 36 ballot measures to amend TABOR corresponds to a failure rate of nearly 70% (Mitchell 2023). As a result of this unsuccessful track record to modify or repeal TABOR, its shadow continues to loom large over budgetary politics in the Centennial state.

An exception to the general inability of reformers to modify TABOR occurred in 2005 when voters narrowly approved referendum C with 52% voting yes. This notable exemption to TABOR permitted the state to spend all revenue collected across the next five fiscal years, which resulted in nearly \$3.6 billion in spending that would have otherwise returned to taxpayers during this timeframe (Legislative Council Staff 2023). Beginning in fiscal year 2010, referendum C permits the General Assembly to retain and spend all funds collected up to the "Referendum C cap." The passage of referendum C provided greater opportunities for financial investment in areas such as health care, education, and transportation, as well as greater support for police, fire fighters, and other first responders.

In retrospect, the successful passage of this reform in an off-year election was anomalistic as voters have since rejected several ballot measures to modify TABOR spending limits (Proposition HH [2023], Amendment 78 [2021], and Proposition CC [2019]). Voters have also

opposed an array of tax increases on a dozen occasions including proposals to fund public schools (Amendment 73 [2018], Amendment 26 [2013], and Proposition 103 [2011]) and transportation (Proposition 110 [2018]). Sensing an opportunity to capitalize on the public's desire for property tax relief, Democrats unsuccessfully sought to connect a reduction in the property tax rate with further erosion of TABOR in 2023.

Despite slowing population growth, property values across Colorado continue to soar. Denver frequently ranks among the most expensive housing markets in the United States, and a recent market analysis concluded that nine of the state's largest cities witnessed median home prices double in less than a decade (Hansen 2024). While this has provided homeowners with greater equity, it has also made property taxes and housing affordability a pressing issue for Colorado voters and politicians alike. Despite the public's desire for property tax relief, Colorado voters decisively rejected Proposition HH, which sought to cut property tax rates and curtail the fiscal constraints imposed by TABOR.

Democrats in the General Assembly referred the measure to the ballot over considerable Republican opposition in May 2023. Republican lawmakers walked out of the House chamber in protest as lawmakers proceeded to a vote on final passage. This first legislative walkout in more than 20 years resulted in a House vote of 44-2 vote in favor with 19 absent Republicans marked "excused with protest." Speaking in objection, the House Minority Leader highlighted the ideological and urban-rural divides in the state by claiming that the walkout's intentions to send a message to Democratic lawmakers "who are mostly metro area Democrats, that our state includes much more than the concrete and steel parts of Colorado" (Lynch 2023). After a successful party line vote in the Senate and an unsuccessful legal challenge that the measure violated the state's one-subject rule, the measure was cleared for the ballot allowing voters to decide its fate.

Supporters of Proposition HH enjoyed a financial advantage as the primary committee backing the measure raised nearly \$3 million, which exceeded the primary opposition committee by about \$1 million (Open Secrets 2024). Despite a considerable fundraising advantage and strong endorsement from the Democratic Party and many prominent Democrats across the state, including Governor Jared Polis, voters defeated the measure with 59.3% of ballots voting opposed. The *Denver Post* described the result as a "shellacking" that delivered a "double blow to Gov. Jared Polis and fellow Democrats," which resulted in Governor Polis calling a special legislative session to address the property tax issue since inaction would result in a property tax increase (Coltrain 2023).

Legislation enacted during the special session reduced the residential property tax rate to 6.7% from 6.765% while increasing each home value's tax exemption from \$15,000 to \$55,000. The General Assembly also passed an expansion of the Earned Income Tax Credit to provide economic relief for renters, appropriated funds to local governments to help offset taxation losses from the increase in the tax exemption value, and standardized equal TABOR refunds next year across all income tax brackets. To research additional policy reforms, the legislature further created a 19-member property tax task force to study and provide the governor with "recommendations for a permanent and sustainable property tax structure for the state" (HB23B-

1003). Although growing property tax burdens caused economic anxiety for many across the state, other aspects of the state economy provide causes for optimism.

Demographic and Economic Context

By most indicators Colorado's economy remains robust and trending upward. A recent economic forecast projected "continued moderate expansion" in 2024, albeit at a slower pace than the year prior. The state's economic analysis further posits that eases in inflation will allow the state to outperform national economic trends with "comparable employment growth in 2024, higher income growth, and lower inflation" (Legislative Council Staff 2024, 4). Data from the first quarter of 2024 place inflation year-over-year in the Denver metro area at less than 3%, which is slightly better than the national figure of 3.2%. The Bureau of Economic Analysis estimates a gross state product growth rate of 2.3% (2024). Median incomes in Denver (\$85,853) and Colorado (\$87,598) each surpass the national median income of \$75,149. Per capita income in both areas likewise exceed the national figure.

Economic indicators suggest that Coloradans are better off than their counterparts in other states, especially regarding labor force participation and income levels. In 2023, the rate of personal income growth in Colorado was estimated to be the same as the national percentage of 5.2. Estimates of civilian labor force participation in Colorado (67.7%) and Denver (73.8%) both exceed the United States overall (63%). The state's unemployment rate of 3.8% in June 2024 remained below the national figure of 4.1% (Bureau of Labor Statistics 2024). The state's economic forecast notes that while employers continue to add (nonfarm) jobs each month with some exceptions, the pace of job creation has slowed considerably over the past year. Monthly job creation averaged 4,800 in 2023, which represents a substantial decrease from the 6,900 jobs averaged in 2022 (Legislative Council Staff 2024).

Concerns about affordable housing and cost of living consistently appear among the most important issues for voters in the state (Mader and Sokhey 2024). Census data estimate the share of state residents living in poverty at 9.4%, which is less than the reported 11.5% living in poverty nationwide. Persons in poverty are slightly greater in Denver; however, both areas report fewer shares of individuals without health insurance (Census Bureau 2024).

Until recently, Colorado's population growth consistently ranked among the nation's largest. The state's 16.9% population growth from 2000 to 2010 placed it in the top quintile. Colorado's population growth of 14.8% from 2010 to 2020 was the sixth largest in the nation and exactly double the national average (Census Bureau 2020). As a result of its rapidly growing population of 5.8 million, Colorado received an additional seat in the U.S. House of Representatives following the decennial reapportionment process. This raised its House delegation size to eight, which in 2024 included five Democrats and three Republicans.¹

The past four years, however, have witnessed more sluggish population growth. According to the state demographer, population growth of less than 0.5% from 2021 to 2022 was the state's

¹ Cook Political Report rates Colorado's 1st district in urban Denver as the most Democratic with a Partisan Voting Index (PVI) of D+29. The 4th district on the eastern plains ranks as the most Republican with a PVI of R+13. The 8th district, created to be competitive by an independent redistricting commission, has a PVI of even.

lowest since 1989 (Colorado Demography Office 2024). Also abnormal was the out-migration of residents moving to other states surpassing the number of migrants moving into Colorado in 2022. The state reports in-migration and out-migration by year from 2005 to the present, and 2022 was the first year with a net population loss when comparing the two figures across nearly two decades. Twenty-five counties in the state decreased in population relative to 2022. Among the counties that grew, only Weld and Douglas counties exceeded 2% growth. Affordable housing, cost of living, and taxes are commonly cited as motivating factors for those leaving the state.

Most recent census data estimate that about half of the state's 5.8 million residents live in the Denver metropolitan statistical area. The city and county of Denver is the largest in the state with an estimated population of 716,577 (Census Bureau 2024). Though it has slowed, the state's population growth of nearly 2% since 2020 doubled the national population growth during this period. The number of residents in the city and county of Denver, however, has remained essentially constant since 2020 with a growth rate of just 0.1%. Both Denver and Colorado have proportionally fewer residents under 18 years of age and over 65 years of age relative to national averages. The percent of adult residents aged 19 to 64 in Colorado and Denver both exceed the national share with the difference between Denver and the United States figures nearly reaching 10%.

Denver and Colorado continue to have less racial diversity than the nation as a whole, although each has a greater share of residents with Hispanic or Latinx origin. The census reports that 80% of Denver residents are white, which is less than the 86% of whites residing in Colorado overall. While Denver and Colorado have fewer Black residents than the national average of 13.7%, the proportion of Hispanic or Latinx residents in each location exceeds the national percentage of 19.5% by about 8% and 3%, respectively. The census estimates that 13.9% of Denver residents were born outside of the United States, which is slightly greater than the United States as a whole. Approximately 1 in 10 residents across the state of Colorado were foreign born (Census Bureau 2024). Colorado continues to be among the national leaders in terms of residents with a college degree. Fifty-seven percent of Denver residents possess a college degree compared to 45.9% of Coloradans and 34.3% of all residents of the United States.

Political Context

The Colorado General Assembly remained in Democratic control following the 2022 elections. The 100 lawmakers elected to the 74th meeting of the Colorado General Assembly were the most diverse group in history, which continued a diversification trend. Notably, Colorado became just the second state in the nation to elect a majority female legislature with several women serving in key leadership positions, including Julie McCluskie as Speaker of the House. First-time legislators comprised about one-third of the total.

Regarding racial diversity in the legislature, nearly all legislators currently representing rural districts are white, while those representing urban areas are increasingly Black or Latinx (Preuhs 2020). One hundred percent of Senators and 94% of Representatives elected from rural districts are white. White legislators also commonly represent suburban districts, constituting 78% of suburban House districts and 92% of suburban Senate districts. Much greater racial and ethnic

diversity exists among those representing urban districts. One-third of senators elected from urban districts are either Black or Latinx, compared to 42% in the House Representatives. The political divisions between representatives of rural and urban that exist in many other states likewise exist in Colorado (Damore et al. 2021). Divergent views on many issue areas commonly overlap with important differences in legislator identity, experience, and perspective (Reingold et al. 2021).

During the 2022 election cycle Democrats picked up an additional five seats in the state House and two seats in the state Senate for majorities of 46-19 and 23-12, respectively. Unified Democratic government has existed in Colorado since Democrats regained majority-party status in the Senate after the 2018 elections. A Democratic supermajority in the House and near supermajority in the Senate represent the largest partisan advantage in the state legislature in nearly a century. Prospects for Republicans to regain a majority in either chamber appear dismal in the near future barring a seismic disruption to the status quo. Republican candidates for state and federal office have a similarly abysmal record across the past several election cycles. Former President Donald Trump held a double-digit disapproval rating in the state upon leaving office, and Republican candidates of all stripes have struggled to overcome Trump's unpopularity as the party's standard-bearer. Trump lost the 2024 presidential election in Colorado by 11%, which is more than twice as large as his margin of defeat to Hillary Clinton in 2016.

The erosion of support for Republican candidates for statewide public office has occurred rapidly over the past decade. Before Trump took office, Republican candidates commonly garnered electoral majorities sufficient to win elections. In the 2014 midterm elections, for example, Republicans won four of the five statewide races including an upset defeat of Democratic incumbent Senator Mark Udall. The only Democrat to win the state that year was incumbent Governor John Hickenlooper who narrowly defeated his Republican opponent by just three percentage points.

Six years later, Democrats won all six statewide elections (including the presidential contest) and majorities in both legislative chambers, while also holding both U.S. Senate seats and most of the state's congressional delegation. Neither party had accomplished such a feat since the Democrats did in 1936 (Ingold 2020).² Though it may have seemed implausible at the time, Republicans performed even worse in 2022 as Democrats expanded their majority in the congressional delegation by winning the highly competitive new 8th congressional district and made further gains in each chamber of the state legislature. Completely uncompetitive, Republican candidates for U.S. Senate, governor, secretary of state, attorney general, and treasurer lost by an average of 14 points.

The 2022 governor's race exemplified the Republican Party's current inability to compete at the state level. A contested GOP primary witnessed entrepreneur and University of Colorado Regent, Heidi Ganahl emerge victorious. Although Colorado is one of five states in the Union that has never elected a woman to serve as U.S. senator or governor, many considered Ganahl a strong candidate given her business credentials and electoral experience as the last Republican candidate to win a statewide race. In her prior campaign for CU Regent at-large, Ganahl received

² The Colorado Republican Party accomplished this feat in 1876, 1880, 1884, 1888, and 1920.

52% of the vote, which gave Republicans a one seat majority on the University of Colorado Board of Regents.

A comparison of voter registration data at the time of the November 2014 elections to the present also provides evidence of the state's ongoing political transformation. Once a reliable red state in presidential politics, Colorado only cast its electoral votes for the Democratic presidential ticket once in the ten elections from 1968 to 2004. At the turn of the century, Colorado emerged as a purple state in presidential politics and showed evidence that state level office holders were also trending in a more liberal direction (Bickers 2012). Some argue that the migration of liberals to Colorado from places like California and elsewhere essentially created "a new Western community – a community of creative classes, childless households and urban professionals who are more likely to vote Democrat than the rural conservatives they are increasingly outnumbering" (Robinson and Noreiga 2010, 28). However, even as the state shifted to prefer Democratic presidential candidates beginning in 2008, the number of registered Republicans exceeded the number of registered Democrats until 2016. At the time of the 2014 midterm elections, unaffiliated voters constituted the largest voting bloc at 34.8% of the electorate, followed by 32.9% Republican, and 30.9% Democratic.

Reforms to the state's presidential and congressional primary rules passed in 2016 adopted a presidential primary and permitted unaffiliated voters with the opportunity to participate in either the Democratic or Republican primary. These reforms resulted in an immediate increase in the share of unaffiliated voters, which continues to grow. The most recent figures from the Secretary of State's office indicate that nearly half of the state's active voters (48.6%) are registered as unaffiliated. Registered Democrats and Republicans constitute an additional 26% and 23.3% of the electorate, respectively (Colorado Secretary of State 2024). This near parity in major-party voter registration masks the share of the electorate inclined to support Democratic candidates and liberal policy reforms.

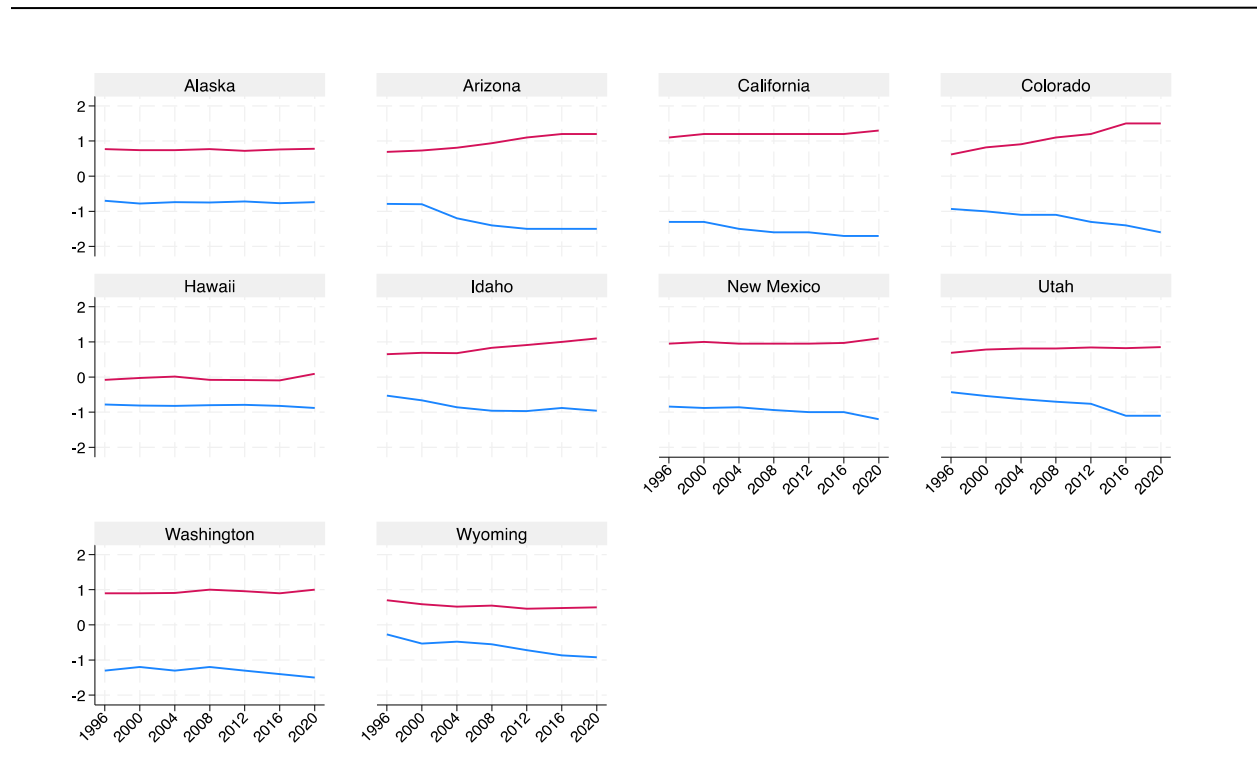
A recent survey of Coloradans suggests that unaffiliated voters trust the Democratic party by large margins over its Republican counterparts. On the issues of abortion and climate change, unaffiliated voters trusted the Democratic party by margins of about 45 percentage points. Voters also trusted Democrats by wide margins on the issues of health care (33%), protecting public lands (25%), improving public education (25%), and supporting the working- and middle-class (16%). Respondents also slightly preferred Democrats on the issues of inflation/cost of living (4%) and improving the economy (2%). The single issue where unaffiliated voters expressed more trust in Republicans was reducing crime and promoting public safety (3% margin) (Baumann and Jaconetty 2022).

As Democrats continue to expand their political power, Republicans have fewer options available to obstruct liberal policy reforms. Democrats successfully repealed the death penalty amidst filibuster threats and near unanimous Republican opposition in 2020, for example. According to an analysis of ideological polarization in state legislatures over time, Shor and McCarty conclude that Colorado surpassed California as the most ideologically polarized legislature in the nation in 2017 (2022). Figure 1 shows estimates of party ideology in select states using responses to the National Political Awareness Test (NPAT). The chasm between parties is wide in many Western states including Arizona, California, New Mexico, and

Washington, but the rapid polarization of the Colorado legislature across a relatively short period of time is particularly notable. A steady march to the right has positioned the Colorado Republican party as the most conservative in the West, and by 2020, the California Democrats were the only Western party ranked as more liberal than Colorado Democrats (Shor and McCarty 2022).

Consistent gains averaging one seat in the Senate and 2.4 seats in the House across recent election cycles has positioned the Democratic party on the cusp of supermajority status in both chambers. Democrats have viewed these large majorities as a mandate from the electorate to advance a progressive agenda alongside likeminded Democratic governors. The parties remain deeply divided on contentious issues such as abortion, gun control, health care, and election administration.

Figure 1. Party Ideology in Western States: 1996–2020



Note: Data are from Shor and McCarty (2022).

While a unified majority has the votes to impose its will on a numerically disadvantaged minority party, the Colorado General Assembly has a history of protecting minority rights. In recent terms, Republicans have used dilatory tactics to slow progressive policy change including requests to read bills in their entirety. This trend began over objections to Democratic efforts to impose greater regulations on the extraction industry. In response to more frequent Republican motions to read the full text of bills, sometimes thousands of pages long, the Democrats attempted negotiation, but ultimately decided to have multiple computers read the text aloud at an intelligible speed of about 650 words per minute. In *Markwell v. Cooke* the Colorado Supreme Court held by a 4-3 vote that the “cacophony” method to read bills in a manner that

produced “unintelligible sounds” for hours at a time failed to comply with article V, section 22 of the state’s constitution (482 P.3d 422 [2021]).³ This ruling emboldened Republicans to continue using stalling tactics to obstruct the Democratic majority.

After gaining additional seats in the 2022 elections, Democrats sought to advance several controversial measures over considerable Republican opposition. Although the legislature has a norm of unlimited debate, House Rule 14 permits a majority vote as sufficient to limit further debate on a bill to a minimum of one hour following a successful vote. In the past neither party seemed inclined to invoke Rule 14 to end debate, in part because majority party leaders recognized that they may find themselves in the minority at some point in the not so distant future. However, with substantial Republican opposition to gun control reform and greater confidence that Democrats can maintain their majorities, Democrats employed the rarely used cloture-type mechanism to advance progressive gun control reforms. These included increasing the minimum age to purchase firearms to 21-years-old (SB23-169), imposing a 3-day waiting period for gun purchases (HB23-1219), expanding the criteria for making reports under the state’s “red-flag” law (SB 23-170), and imposing greater liability for firearms manufacturers (SB23-168).

Justifying the decision to invoke Rule 14 for the first time in at least 10 years after enduring legislative debates that at times extended overnight into the early morning, House Speaker Julie McCluskie said, “Filibustering and delay tactics, by having bills read at length, is not why we were voted into office. We were voted into office to consider and debate policy. At the time we invoked House Rule 14, we wanted to drive more productive conversations” (Paul and Wenzler 2023). Health care reforms regarding reproductive rights and gender-affirming health care coverage likewise involved bitter partisan conflict and further Republican delays.

Since the existence of term limits (since 1990) has restricted the time legislators may serve, few current Democrats have institutional memories of serving in the minority party. The next session of the General Assembly will have zero Democratic lawmakers who previously served in the minority party. This collective inexperience serving as a minority party likely contributed to a greater willingness among Democrats to impose their will on numerically disadvantaged conservatives. With less fear of a tit-for-tat retribution in the near-term future, Democrats proceeded to invoke Rule 14 more than a dozen times in 2023 to advance their policy goals on a range of issues deemed worthy of such norm breaking.

Summary of Budget as Introduced, Including Key Gubernatorial Initiatives

Governor Polis submitted a 2024–2025 budget proposal of \$15.9 billion in General Fund spending to the General Assembly on November 1, 2023. This General Fund spending balance represents a 6.0% increase from the prior year’s enacted budget. The budget letter emphasizes Polis’ spending priorities pertaining to “five bold goals for the second term,” which includes

³ Dissenting opinions issued by the three justices in the minority raised concerns regarding the political question doctrine while also emphasizing the constitutional requirement that bills must simply be “read” without any further qualification stipulating that bills “be read ‘by a human voice’ or ‘slowly enough to be intelligible,’ or that the sections of the bill be read ‘in sequence’ or even at a particular decibel level” (*Markwell v. Cooke*, 482 P.3d 422 (2021)).

affordable housing, public safety, health care, property taxes, and renewable energy (Colorado OSPB 2023). Public polling data suggest many Coloradoans have economic concerns related to inflation, cost of living, affordable housing, and property taxes (Mader and Sokhey 2024). The economic issues of property taxes and housing affordability are at the forefront of this budget cycle.

Housing affordability is an issue that resonates across the state but especially across the Front Range and in mountain communities. The presentation of the governor’s budget to the legislature highlights many areas of investment in this area, led by an effort to develop “More Housing Now.” Seeking to promote greater housing affordability, the governor’s budget proposes several key initiatives to this end including a \$136.7 million housing package to promote development and produce a greater supply of housing units. Governor Polis also proposes \$65 million in tax credits and funds for local governments to develop new housing near mass transit nodes. The budget further proposes an additional \$18 million and \$16 million to support local development of accessory dwelling units and further tax credits for new housing units, respectively.

As it was when he first took office, education remains among Polis’ top priorities. The FY 24–25 budget proposes new investments of \$561 million in primary and secondary education, which would increase per pupil funding by about \$700. Another notable investment in education this year is \$141.3 million to fully eliminate the budget stabilization factor to fully fund K-12 education.⁴ This milestone represents the elimination of the budget stabilization factor for the first time in nearly 15 years.

Polis’ budget also seeks to further advance a key campaign pledge from his first run for governor—providing universal pre-kindergarten for every child in the state. Polis signed a bill in 2022 providing all 4-year-olds 10 hours per week of tuition-free preschool in public schools, churches, or childcare centers. The current budget proposes an additional investment of \$4.3 million to support the universal pre-K program as well as \$8 million to further support science education programming in public schools. Regarding higher education, the budget proposes \$33.4 million to colleges across the state to prevent tuition increases that exceed half of the inflation rate. Additional investments of about \$9 million are devoted to student scholarships, financial aid, and various student support programs.

Another priority in the governor’s budget is public safety. According to data from the National Insurance Crime Bureau, Colorado had the highest rate of automobile thefts in the nation in 2020 and 2021 (2022). The state is also ignominiously among the national leaders in catalytic converter theft, which spurred police departments to offer complementary catalytic converter theft prevention kits to the public. The budget allocates \$14.4 million for further auto-theft prevention efforts, and \$7.5 million for additional crime prevention programs at the community level. Other spending proposals to promote public safety include nearly \$40 million for evidence based crime prevention to “reduce auto theft, protect communities against targeted violence, support community-led crime prevention, leverage new technology to prevent crime, help

⁴ Legislators created the budget stabilization (or negative) factor in 2010 to balance the state budget during the Great Recession while pledging to maintain the educational spending levels required with the ratification of Amendment 23, which voters approved in 2000. Amendment 23 requires that per pupil funding for K-12 education increase by the inflation rate annually.

victims recover, and prevent gun violence” (Colorado OSPB 2023). The budget also proposes \$1 million to promote Department of Corrections efforts to reduce recidivism.

Regarding climate change and environmental protection, the Governor’s Office reaffirmed its commitment to reach 100% renewable energy by 2040 with its recent unveiling of a “Roadmap to 100% Renewable Energy by 2040.” The policy goals in the administration’s roadmap included modernizing the public utilities commission, supporting local government innovation, developing green jobs, promoting energy efficiency, saving consumers money, encouraging public transportation use, incentivizing zero-emission vehicles, and moving toward zero-emission buildings. The budget proposal includes increased funding for climate and environmental projects in the Denver metro area as well as rural parts of the state including \$14 million to improve air quality, \$10 million to support sustainable agricultural practices, and \$2 million to replace gas-powered landscaping equipment owned by the state with electric alternatives.

Budgetary Politics in the General Assembly

Given the wide ideological gulf between the Democratic and Republican parties in Colorado, it may come as a surprise that large majorities of enacted legislation in recent years passed with bipartisan support. Nearly 95% of bills passed in 2021 and 2022 had bipartisan support. However, partisan divisions became more pronounced recently as Democratic majorities sought to advance a number of controversial progressive reforms. The percentage of bipartisan enactments decreased to 88% in 2023 and coincided with a greater proportion of measures enacted by a party line vote. The proportion of party line votes doubled from the prior year to 6.8% in 2023, while the percentage of bills with zero Republican support similarly increased to reach nearly 12% (Fish 2023). Greater ideological polarization and divergent partisan preferences on hot-button issues produced greater acrimony between the parties, which was likewise evident during this year’s budgetary debate.

An analysis of voting behavior during the last term concluded that Democrats passed considerably more bills with zero Republican support in 2023. However, intra-party divisions occasionally manifested whereby “moderate Democrats sided with Republicans in voting ‘no’ on some more liberal measures, while progressive Democrats sometimes voted against their more moderate colleagues, especially on criminal justice bills” (Fish 2023). At least four bills with sufficient Democratic defections required at least some Republican support (HB23-1135, SB23-25, SB23-34, and SB23-110). This was not the case with the state budget as Democrats demonstrated more party unity and few Republicans voted in favor.⁵

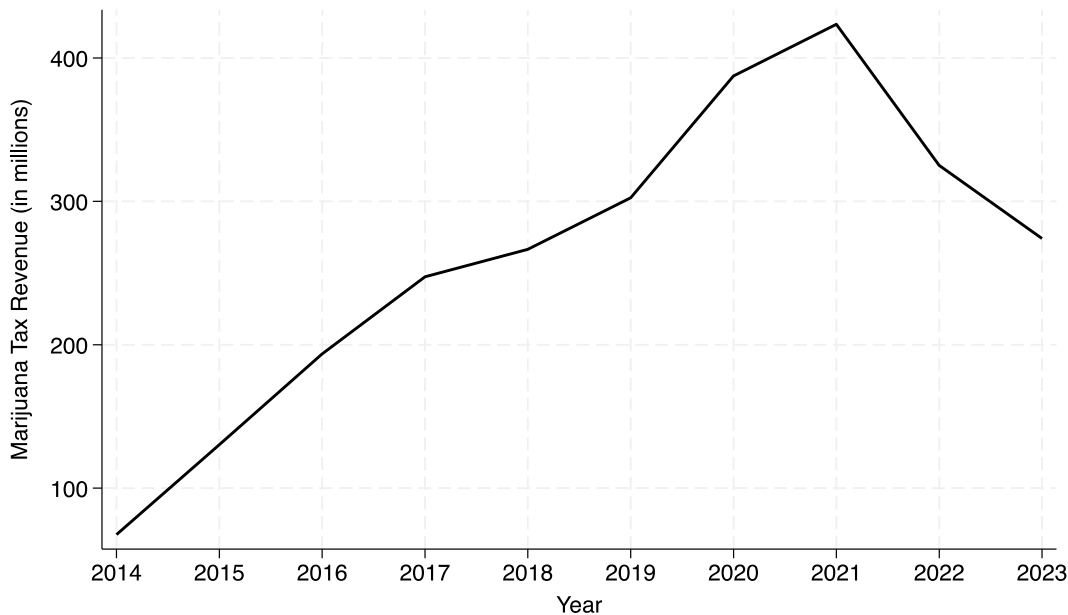
According to Senator Rachel Zenzinger who serves on the Joint Budget Committee one unique aspect to begin the 2024 budget negotiations was a discrepancy in the state’s population estimate from the U.S. Census Bureau and the State Demographer’s office. Because TABOR generally

⁵ A state district court recently struck down one method employed by Democrats to help inform their deliberations on the budget and other matters. Judge David H. Goldberg ruled that the non-public use of quadratic voting through the RadicalxChange platform to determine caucus preferences and priorities violated the state’s open meetings law (*Public Trust Institute v. The Colorado House of Representatives and Senate*, 23CV32175).

limits revenue collections to the prior year’s amount plus population growth and inflation, the state’s population is an important figure in determining available revenue to appropriate. Differences in the federal and state estimates of Colorado’s population meant that the Joint Budget Committee would need to address between \$160 million to \$225 million in lower revenue than previously projected.

The state’s economic and revenue forecast from March noted some moderate threats to the budget given the “outlook for corporate income tax collections remains especially uncertain, and the outlook for individual income tax collections has become murkier with recent collections data” (Legislative Council Staff 2024, 4). Voters approved a reduction in the individual income tax rate from 4.55% to 4.4% beginning in 2022. Personal income tax collections overall were projected to decrease by 4% for a total of \$10.52 billion with a rebound expected in the next two years. Corporate income tax collections were projected to grow by 4.2% for a total of \$2.74 billion (Legislative Council Staff 2024). A sales tax revenue increase of 5.2% in the last fiscal year is projected to slow to a rate of 2.2% this year, but further accelerate in subsequent years with receding inflationary pressures and personal income gains.

Figure 2. Colorado Marijuana Tax Revenue: 2014–2023



Note: Data are from Colorado Department of Revenue (2024).

Tax revenue generated from marijuana sales decreased again in 2023, although not as substantially as the decline from the prior year. Figure 2 reports annual revenue (in millions) from marijuana taxes for each year since the recreational sales began in 2014. Tax revenues increased annually by an average of more than 20% until reaching a peak of \$423.5 million in 2021. Sales in 2021 reached a record-high of \$2.2 billion but fell considerably to \$1.5 billion in 2023; the lowest sales total in seven years (Colorado Department of Revenue 2024). The adoption of marijuana legalization in additional states, including several in the West, resulted in

a shrinking market for cannabis tourism, while a greater supply of marijuana and marijuana products drove down prices.

Alongside the many partisan divisions on spending priorities included in this year's budget, intra-party disagreements existed between Democrats on the Joint Budget Committee and Governor Polis. Among the most notable of these were differing approaches to higher education funding. Although the governor sought tuition increases limited to less than inflation, a legislative analysis concluded that the budget proposal for state colleges provided insufficient funding to continue operations without raising tuition.

The Office of State Budget and Planning forecast included a projection for stable enrollment levels and proposed a tuition increase for out-of-state students. Rising operating costs and increases in compensation for state employees would translate into a major funding shortfall under the governor's proposal, which the Joint Budget Committee opposed. The committee ultimately provided an additional \$115.8 million for state public institutions if tuition increases did not exceed 3%. The revised spending plan advanced by the Joint Budget Committee provided increases in spending for most departments for a total of \$16.3 billion in General Fund spending. Table 1 reports the proposed and enacted funding levels for state departments and changes from the prior year's budget.

Conclusion

Growing ideological polarization in Colorado's General Assembly, which has surpassed the California legislature as the most divided in the nation, often produces bitter partisan conflict (Shor and McCarty 2022). Another term of unified Democratic government with historic legislative majorities resulted in progressive policy change on key issues including gun control and reproductive rights as Democrats used parliamentary tactics to advance their agenda. Republican lawmakers alleged that Democrats devoted too much time to "ideological" issues and insufficient attention to issues affecting all Coloradans such as property taxes and inflation. Given their large majorities and willingness to invoke Rule 14 to end debate by majority vote, Democrats achieved liberal policy change on many agenda items including the state budget.

Once again during this budget cycle, the Democrats possessed the votes to pass their preferred budget without need for Republican support. Final passage of the Long Bill witnessed substantial partisan disagreements that characterized many other recent debates in the legislature. Ultimately the three Republicans serving on the Joint Budget Committee—Representative Rick Taggart, Senator Barbara Kirkmeyer, and Senator Jeff Bridges—were the only members of the minority party to vote for the budget's final passage. These few defections from committee members with responsibility for drafting the budget resulted in a 44-16 vote in the House and a 23-10 margin in the Senate. The finalized budget provided meaningful funding for the governor's top priorities by increasing spending by 7% from the prior year at an overall price tag of \$40.6 billion in Total Funds and \$16.3 billion in General Funds. Governor Polis signed the budget into law in a ceremony at the state capitol on April 27.

Table 1. Proposed and Enacted Colorado General Fund Appropriations, Fiscal Year 2024–25

| Department | FY 2023–24 Spending | FY 2024–25 Requested (% change) | FY 2024–25 Enacted (% change) |
|----------------------------------|------------------------|---------------------------------------|-------------------------------------|
| Agriculture | 18.03 | 22.78 (26.33) | 21.78 (20.8) |
| Corrections | 989.20 | 1,095.31 (10.73) | 1,075.80 (8.8) |
| Education | 4,670.21 | 4,679.44 (0.20) | 4,701.54 (0.67) |
| Health Care Policy and Financing | 4,525.52 | 4,966.00 (9.73) | 4,979.16 (10.02) |
| Higher Education | 1,555.80 | 1,548.97 (-0.44) | 1,661.82 (6.81) |
| Human Services | 1,011.30 | 1,294.65 (28.02) | 1,279.35 (26.51) |
| Judicial | 757.09 | 757.09 (0.00) | 835.91 (10.4) |
| Labor and Employment | 35.09 | 34.71 (-1.09) | 35.37 (0.80) |
| Law | 24.27 | 24.27 (0.00) | 26.83 (10.55) |
| Local Affairs | 54.84 | 61.83 (12.74) | 61.31 (11.80) |
| Military and Veterans Affairs | 15.20 | 18.27 (20.22) | 17.70 (16.45) |
| Natural Resources | 42.37 | 45.94 (8.43) | 45.19 (6.66) |
| Personnel | 43.87 | 16.86 (-61.57) | 39.39 (-10.21) |
| Public Health and Environment | 138.31 | 147.73 (6.81) | 142.96 (3.36) |
| Public Safety | 286.83 | 292.88 (2.11) | 277.83 (-3.14) |
| Regulatory Agencies | 13.55 | 13.45 (-0.72) | 3.38 (-75.06) |
| Revenue | 155.79 | 158.09 (1.48) | 156.47 (0.44) |
| State | 12.84 | 6.64 (-48.29) | 2.43 (-81.07) |
| Treasury | 313.69 | 464.54 (48.09) | 466.72 (48.78) |

Note: Numbers are reported in millions. Data in the first two columns are from Governor Polis’ FY 2024–2025 budget request and enacted budget. Numbers in parentheses indicate percent change from FY 2023–2024 spending levels. Data in the third column are from the Joint Budget Committee’s Long Bill Narrative and do not reflect mid-year appropriation adjustments. Some minor percentage differences are attributable to rounding.

Beyond legislative policy making, statewide ballot measures have also driven policy change on consequential tax and fiscal policy issues including TABOR reform. Although reformers celebrated the passage of referendum C in 2005, voters have since rejected several recent proposals to modify TABOR’s revenue and spending limits. The state’s electorate likewise rejected multiple measures to increase taxes for education or transportation, while also voting to curtail the use of government “enterprise fees” to circumvent TABOR restrictions. Thus, while

Democrats have advanced many liberal policy reforms along with successfully funding the governor's agenda in large part, results from statewide ballot measures in recent years have at times preserved the status quo or resulted in fiscally conservative outcomes. In this regard, the Colorado public and state constitution (TABOR) have served as a more meaningful check on Democratic overreach than the state's withering Republican party has managed in the General Assembly.

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