

INITIATIVE #195: JUST THE FACTS

PROTECT COLORADO'S FUTURE

The Protect Colorado's Future coalition is now circulating petitions for signatures to get Initiative #195 on the ballots in November.

Our initiative was approved by the state Title Board in February, upheld by the Colorado Supreme Court in April. Signature gathering began mid-March.

To qualify for the November 2026 ballot, we need **125,000 valid petition signatures by August 3rd**, including 2 percent of registered voters in each of Colorado's 35 state senate districts. Our coalition now has over 400 signature gatherers across the state!

The Proposal: Returning Colorado to a Graduated Income Tax (GIT)

- ✓ **Strikes the requirement** from TABOR that requires all taxable net income to be taxed at one rate with no added tax.
- ✓ **Replaces Colorado's flat income tax system** with a new set of tax brackets and rates for individuals and corporations.
- ✓ **Raises an estimated \$2.0 billion per year¹** for K-12 education, health care, and early child care and education, which must supplement rather than supplant existing investments in these program categories.
- ✓ **Requires an annual audit** and public reporting to demonstrate that the new funds are spent as the measure requires.

Proposed new brackets:

Income below \$25,000:	3.7%
Between \$25,000-\$100,000:	4.2%
Between \$100,000-\$500,000:	4.4%
Between \$500,000-\$750,000:	7.4%
Between \$750,000-\$1,000,000:	7.9%
Income above \$1,000,000:	8.4%

97% of Coloradans pay less. Those making over \$500,000 pay a little more.

¹ Note that HB25-1327 requires the ballot title to reflect the "maximum" possible revenue of \$2.7 billion per year, which is 34.4% higher than actual estimated revenue.

Who pays what?

- In a graduated income tax system, **tax rates apply to income rather than the taxpayer.** Under our proposal, a taxpayer earning \$300,000 per year will pay 3.7% on the first \$25,000 of income, 4.2% on the next \$75,000, and 4.4% on the remaining \$200,000, for an overall effective tax rate of 4.29%. See more examples in the effective tax rates table.
- The most recent data show that 97% of individual taxpayers and 95% of corporate taxpayers earn less than \$500,000 per year and thus **will receive a tax cut under this proposal.** Only those earning more than \$500,000 per year will pay more.²

What about TABOR?

- **New net revenue** from the higher tax brackets will be transferred into a TABOR-exempt account in the General Fund, allowing the General Assembly to appropriate the funds (within the designated uses) without regard to the revenue limit.
- However: the measure has **no impact on the TABOR refunds** taxpayers can expect based on the current 4.4% income tax, and other fees/taxes subject to the TABOR limit.
- The measure also maintains TABOR's requirement for voter approval of tax increases.

Title:

Shall state taxes be increased \$2.7 billion annually, in order to increase or improve levels of public services, including K-12 public school education, health care, and early child care and education services, by an amendment to the Colorado Constitution and a change to the Colorado Revised Statutes repealing existing law and creating new law to replace the uniform state income tax rate with a graduated income tax structure, and, in connection therewith, amending the Taxpayer's Bill of Rights to eliminate the constitutional requirement for all taxable net income to be taxed at one rate with no added tax on income; establishing various income tax rates based on the amount of taxable income earned by individuals, estates, trusts, and corporations, while maintaining the current 4.4% tax on income from the sale of a principal residence, which will result in the estimated change in income taxes owed by individuals as identified in the following table; and authorizing the state to retain and spend any increased revenue from the new tax structure, as a voter-approved revenue change, to supplement current levels of funding for K-12 public school education, health care, and early child care and education programs?

² While the measure increases taxes on Colorado Taxable Income over \$500,000 per year, the income bracket table shows a tax cut for taxpayers earning between \$500,000 and \$1,000,000 per year. This is because the income bracket table required by the passage of Proposition GG uses Adjusted Gross Income rather than CTI to define a taxpayer's income. Because AGI is a federally reported number, taxpayers earning income in multiple states will include the total earned regardless of state. But only the income earned in Colorado is subject to the Colorado income tax. The data used by Legislative Counsel Staff to produce the income bracket table provides the average CTI for various AGI ranges. For the AGI range of \$500,000 to \$1,000,000, the average CTI is less than \$500,000. As such, the average taxpayer in this income range will receive a tax cut under our proposal.

Change in Income Taxes Owed by Income Category Under Initiative #195

Income Categories ³	Current Average Income Tax Owed	Proposed Average Income Tax Owed	Proposed Change in Average Income Tax Owed if Passed + or -
\$25,000 or less	\$59	\$50	-\$9
\$25,001 - \$50,000	\$751	\$632	-\$119
\$50,001 - \$100,000	\$1,877	\$1,666	-\$210
\$100,001 - \$200,000	\$4,126	\$3,828	-\$298
\$200,001 - \$500,000	\$9,344	\$9,019	-\$325
\$500,001 - \$1,000,000	\$19,288	\$18,963	-\$325
\$1,000,001 - \$2,000,000	\$29,432	\$34,196	+\$4,764
\$2,000,001 - \$5,000,000	\$41,196	\$55,110	+\$13,914

Effective Tax Rates Under Initiative #195

Colorado Taxable Income ⁴	Current Effective Tax Rate	New Effective Tax Rate	Tax Change
\$25,000	4.4%	3.70%	-\$175
\$50,000	4.4%	3.95%	-\$225
\$100,000	4.4%	4.08%	-\$325
\$150,000	4.4%	4.18%	-\$325
\$200,000	4.4%	4.24%	-\$325
\$300,000	4.4%	4.29%	-\$325
\$400,000	4.4%	4.32%	-\$325
\$500,000	4.4%	4.34%	-\$325
\$600,000	4.4%	4.85%	\$2,675
\$700,000	4.4%	5.21%	\$5,675
\$800,000	4.4%	5.52%	\$8,925
\$900,000	4.4%	5.78%	\$12,425
\$1,000,000	4.4%	5.99%	\$15,925
\$2,000,000	4.4%	7.20%	\$55,925
\$3,000,000	4.4%	7.60%	\$95,925
\$4,000,000	4.4%	7.80%	\$135,925
\$5,000,000	4.4%	7.92%	\$175,925
\$10,000,000	4.4%	8.16%	\$375,925

³ Income categories use adjusted gross income reported to the federal Internal Revenue Service.

⁴ CTI is the taxable income after standard/itemized deductions are subtracted from Adjusted Gross Income attributed to Colorado.

About the Protect Colorado's Future Coalition

Protect Colorado's Future is a coalition committed to a fair and thriving Colorado. We are a diverse group of community, grassroots, and policy organizations working to enact a fairer tax code that enables the state to invest in the things families need—education, child care, health care, safety, and economic opportunity.

Our coalition brings together organizations from across the state—rural, urban, suburban—united by one shared goal: ensuring Colorado has the resources to invest in our future.

Executive Committee

Bell Policy Center & New Era Colorado, *co-chairs*

Colorado Statewide Parents Coalition

Great Education Colorado

Colorado Fiscal Institute

Colorado Center on Law and Policy

Steering Committee

Colorado Children's Campaign

Colorado Consumer Health Initiative

Colorado Counties and Commissioners

Acting Together

Provecho Collective

Colorado Cross-Disability Coalition

Colorado Organization for Latina
Opportunity and Reproductive Rights

Conservation Colorado

Colorado WINS

Hunger Free Colorado

Progress Now Colorado

Mile High United Way

