



Colorado
Legislative
Council
Staff

HB17-1161

FISCAL NOTE

FISCAL IMPACT: State Local Statutory Public Entity Conditional No Fiscal Impact

Drafting Number: LLS 17-0834
Prime Sponsor(s): Rep. Beckman

Date: February 16, 2017
Bill Status: House Business
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BILL TOPIC: TIF TRANSPARENCY

Summary of Legislation

The bill requires that urban renewal authorities (URAs) prepare a public report no later than 90 days after the end of the first fiscal year in which an urban renewal plan using tax increment financing (TIF) has been authorized, and each year thereafter. The report must include information on TIF revenue collected in the previous year, the taxing entities affected, how revenues were spent, projected TIF revenues for the upcoming year, and progress made on urban renewal projects. The report must also include an independent audit of the URA's financial status by a certified public accountant. If the audit identifies that TIF revenue has been used for unauthorized purposes, the URA is liable for the repayment of those tax revenues to the taxing entities. The bill defines eligible costs and eligible improvements for URAs, and specifies that the annual public report be sent to each taxing entity via first class mail and email.

Background

Urban renewal and TIF. Urban renewal is a tool used by municipalities to address blighted conditions with planning and public improvements that encourage the development of housing, mixed use, office parks, industrial, or retail land use. TIF is used to generate capital for urban renewal projects and is based on the generation of new property or sales taxes after an urban renewal project has been undertaken. The tax increment is the difference between the initial property tax revenue base within an urban renewal area, and the amount of additional tax collections after the TIF is established. Base revenues are unaffected by the TIF, but tax collections above the base are subject to allocation by the URA. URAs currently file some financial revenue information and project reports in their annual reports.

Local Government Impact

The bill increases expenditures for URAs to prepare and distribute annual reports, as well as to annually obtain an independent audit from a certified public accountant. To the extent that a URA is liable for tax revenues spent for unauthorized purposes, costs will increase to repay that revenue under the bill.

Effective Date

The bill takes effect August 9, 2017, if the General Assembly adjourns on May 10, 2017, as scheduled, and no referendum petition is filed.

State and Local Government Contacts

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