



Legislative Council Staff
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**Fiscal Note
Memorandum**

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February 28, 2022

TO: Representatives Kipp and Rich

FROM: Marc Carey, Chief School Finance Officer
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SUBJECT: Fiscal Assessment of Proposed Amendment **HB1223_L.001**

This memorandum is an assessment of the fiscal impact of the attached proposed amendment L.001 to HB22-1223. This fiscal assessment is for the impact of the bill with inclusion of this amendment only. Any other added amendment could influence the fiscal impact.

Summary of Proposed Amendment

Amendment L.001 expands the property tax exemption in House Bill 22-1223 to include both mobile and manufactured homes that have not been “purged” from the tax rolls through an issuance of a certificate of permanent location. It also changes the limit for a mobile or manufactured home to be eligible for the exemption from an assessed value of \$2,000 to an actual value of \$28,000.

Fiscal Impact of Amendment

By expanding the property tax exemption to include manufactured homes, Amendment L.001 increases the required state expenditure for school finance from up to \$298,439 to up to \$833,193. It also increases the reduction in local property tax revenue to \$2.8 million. The change from a limiting assessed value to a limiting actual value does not affect the fiscal impact as the same population of homes would be impacted.

Bill's Revised Fiscal Impact with Amendment

Table 1 below summarizes the state fiscal impact of House Bill 22-1223 if Amendment L.001 is adopted. Because the bill decreases the property tax revenue available for school finance, the state share of school finance correspondingly increases by \$833,193 in FY 2022-23, with ongoing impacts in future fiscal years. This increase is assumed to be from the General Fund.

Table 1
State Fiscal Impacts Under HB 22-1223 with L.001

		Budget Year FY 2022-23	Out Year FY 2023-24
Revenue		-	-
Expenditures	General Fund	up to \$833,193	Up to \$298,439
Transfers		-	-
Other Budget Impacts	General Fund Reserve	up to \$124,979	up to \$124,979

Local government impacts. With Amendment L.001, the bill will reduce local property tax revenue by \$2.8 million beginning in FY 2022-23. This will occur in municipalities, counties, special districts, and school districts, depending the number of qualifying mobile and manufactured homes in each jurisdiction. The decrease in revenue to school districts may be backfilled by an increase in the state share of total program.