



## Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

# Revised Fiscal Note

(replaces fiscal note dated April 9, 2024)

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<b>Drafting Number:</b>	LLS 24-0084	<b>Date:</b>	April 16, 2024
<b>Prime Sponsors:</b>	Sen. Roberts; Will Rep. McLachlan; Armagost	<b>Bill Status:</b>	Senate Second Reading
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**Bill Topic:** **SPECIAL DISTRICT EMERGENCY SERVICES FUNDING**

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<b>Summary of Fiscal Impact:</b>	<input type="checkbox"/> State Revenue	<input type="checkbox"/> State Transfer	<input checked="" type="checkbox"/> Local Government
	<input checked="" type="checkbox"/> State Expenditure	<input type="checkbox"/> TABOR Refund	<input type="checkbox"/> Statutory Public Entity

The bill repeals local government authority to collect impact fees for fire district expenditures and allows fire and ambulance districts to collect their own impact fees and levy a district sales tax. The bill impacts local revenue and increases state expenditures.

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**Appropriation Summary:** No appropriation is required

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**Fiscal Note Status:** The fiscal note reflects the introduced bill, as amended by the Senate Local Government and Housing Committee.

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## Summary of Legislation

The bill changes financing mechanisms available to fund local emergency services districts, as discussed below.

**Mechanisms repealed.** The bill repeals statutory authorizations for local governments to impose and collect impact fees to be remitted to fire districts for the purpose of funding fire and emergency services. The bill additionally clarifies that fire districts are prohibited from charging fees for firefighting activity on taxable properties.

**Mechanisms allowed.** The bill authorizes fire and ambulance districts to collect an impact fee on the construction of new buildings, structures, facilities, or improvements including oil or gas wells and related equipment; and on previously improved or unimproved real property within the district's boundaries if the impact fee is related to the overall cost of the district's services. The bill also permits fire and ambulance districts to levy a uniform sales tax at a rate determined by the board of the district, subject to the approval of district voters. The sales tax rate may only be levied on purchases of goods or services that fall within the state's sales tax base.

Any sales tax approved by voters in a fire or ambulance district must be collected, administered, and enforced by the Colorado Department of Revenue (DOR). If this bill passes, the administration and collection process of any sales tax levied by a fire or ambulance district per the bill is required to follow the provisions of [Senate Bill 24-025](#), which modifies and harmonizes various state statutes related to the state’s administration of local sales and use tax into one uniform statute.

## **Background**

Under current law, local governments impose and collect an impact fee or other similar development charge on real estate developments. In addition to special assessment taxes, local governments may assess impact fees for infrastructure and capital improvements in order to support new property development in the jurisdiction. A portion of impact fees and other comparable development charges are remitted to emergency services districts in the local government’s jurisdiction to fund expenditures by a fire and emergency services provider.

## **State Expenditures**

**Department of Revenue (DOR).** The bill may increase future DOR expenditures to program fire district sales taxes in departmental software systems. Any impact is conditional upon voter approval of these taxes. Any expenditures required would be addressed through the annual budget process.

## **Local Government**

Fire and ambulance districts that elect to impose impact fees and/or levy a sales and use tax rate may incur election costs for the ballot measures approving or denying additional tax authority delegated by the bill. Overall, it is expected that fire and ambulance districts would collect increased fee and tax revenues compared to current law.

Since the bill disallows local governments from collecting an impact fee to be remitted to fire and ambulance districts, local government workload may be minimally reduced as tax and fee administration responsibilities are lessened.

## **Effective Date**

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

## **State and Local Government Contacts**

Counties	Information Technology	Law
Local Affairs	Personnel	Revenue
Special District Association	RTD	Fire Districts

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The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the [General Assembly website](#).