

MEMORANDUM



JOINT BUDGET COMMITTEE

TO Members of the Joint Budget Committee
FROM Andrea Uhl, JBC Staff (303-866-4956)
DATE January 9, 2024
SUBJECT Staff Recommendation for Legislation Relating to County Abstract Submissions

During the December 20, 2023 Legislative Council Staff economic forecast, LCS staff identified issues with county assessed value data for the 2023 property tax year that affect the Legislature's ability to accurately update total program funding for school finance through a mid-year adjustment bill.

Background: Total program funding for school finance is made up of local revenue from property and specific ownership taxes (local share) and state funding from the General Fund, State Education Fund, and State Public School Fund (state share). The appropriation of funds for the state share is determined based on the amount of the local share. For the current fiscal year, the local share is usually calculated by multiplying assessed values in each school district by the school district's mill levy for total program funding. Assessed values are reported by county assessors on dates specified in statute¹ in a document called the abstract of assessment. For most counties, the abstract of assessment is due on August 25, while a small group of counties uses an alternative calendar with a due date of November 21.

Problem: Senate Bill 23B-001 (Property Tax Relief) reduced assessed values for 2023. The bill became law on November 20, 2023, after most counties had submitted their abstracts, and just one day before the final deadline for counties on the alternative calendar. None of the submitted abstracts include the assessed value reductions pursuant to SB 23B-001. Further, some of the submitted abstracts incorrectly accounted for reduced assessed values pursuant to Senate Bill 22-238. These inaccuracies mean that the Department of Education does not have the data it needs to correctly calculate the local share of school finance for FY 2023-24. Likewise, the mid-year adjustment bill that is typically included with the JBC Supplemental Package cannot accurately amend FY 2023-24 total program funding absent updated data.

Recommendation: In consultation with LCS Economics staff, JBC staff recommends the Joint Budget Committee sponsor legislation to require that counties submit a revised abstract of assessment early in 2024 to allow for correct calculation of the local share.

Possible outcomes if the problem is not addressed: If revised abstracts are not submitted, the mid-year adjustment for school finance may over- or under-appropriate state aid relative to the requirement. An over-appropriation would result in a reversion and unnecessarily obligate funds that could otherwise be available elsewhere in the budget. An under-appropriation could cause total program funding to fall short of the constitutional requirement in Amendment 23.

¹ Section 39-5-123, C.R.S.