



**Colorado
Legislative
Council
Staff**

SB16-171

FISCAL NOTE

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

Drafting Number: LLS 16-1017 **Date:** March 28, 2016
Prime Sponsor(s): Sen. Martinez Humenik; **Bill Status:** Senate Local Government
 Scheffel **Fiscal Analyst:** Marc Carey (303-866-4102)
 Rep. Tyler

BILL TOPIC: NEW ENERGY IMPROVEMENT DISTRICT CLARIFICATIONS

| Fiscal Impact Summary | FY 2016-2017 | FY 2017-2018 |
|--|---------------------|---------------------|
| State Revenue General Fund | | |
| State Expenditures General Fund - School Finance | Potential decrease. | |
| Appropriation Required: None. | | |
| Future Year Impacts: Ongoing expenditure impacts. | | |

Summary of Legislation

The New Energy Improvement District (NEID) is a statewide district that operates a program to facilitate private financing of energy and water improvements to eligible real property. This bill modifies statutes pertaining to the NEID as follows:

The bill requires treasurers of counties that have authorized the NEID program to retain a 1 percent collection fee for each NEID special assessment that it collects. The bill also requires such treasurers to distribute NEID special assessments to the NEID in the same manner, less the collection fee, as property taxes are distributed. Such counties may also revoke program authorization so long as the county meets all of its program financing obligations existing on the effective date of the deauthorization until all special assessments in the county have been paid in full to the NEID.

The bill repeals the authority of the NEID to reduce the amount of any special assessment with the consent of the property owner, and clarifies that delinquent special assessment installments incur interest charges at the same rate as delinquent property taxes. Finally, the bill repeals the prohibition against a county assessor considering increases in a property's market value resulting from an energy or water improvement financed through the NEID program when valuing real property. The bill also repeals exiting authority for the NEID to initiate a civil action for foreclosure.

State Expenditures

This bill repeals the prohibition against a county assessor considering increases in a property's market value resulting from an energy or water improvement financed through the NEID program when valuing real property. Including the value increases resulting from qualified improvements in the county tax base will result in an increase in the local share of school finance, and a corresponding decrease in state aid, assuming the value of the negative factor does not change. The amount of these changes has not been quantified.

Local Government Impact

A county government may see slight workload increases, conditional on the county choosing to participate in the NEID. County treasurers will now be authorized to collect fees to cover any administrative costs associated with NEID participation. County assessors will also be authorized to determine the additional value resulting from the energy or water improvement finance through the NEID program, and levy taxes on those improvements or on the full value of the property.

By allowing counties to retain a 1 percent collection fee to cover administrative costs, the bill reduces NEID assessment revenue. The bill also repeals NEID authority to initiate a civil action for property foreclosures.

Effective Date

The bill takes effect August 10, 2016, if the General Assembly adjourns on May 11, 2016, as scheduled, and no referendum petition is filed.

State and Local Government Contacts

Counties Local Affairs Municipalities Special Districts