



**Colorado
Legislative
Council
Staff**

HB17-1016

**FINAL
FISCAL NOTE**

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

Drafting Number: LLS 17-0205

Date: July 10, 2017

Prime Sponsor(s): Rep. Saine; Gray
Sen. Martinez Humenik;
Zenzinger

Bill Status: Signed into Law

Fiscal Analyst: Josh Abram (303-866-3561)

BILL TOPIC: EXCLUDE VALUE MINERAL RESOURCES TIF DIVISION

Summary of Legislation

The bill allows the governing body of a municipality to exclude the valuation of mineral extraction from the calculation of the tax increment financing (TIF) of an urban renewal authority (URA). Under this bill, the value of mineral resources include the value of oil and gas leaseholds, as well as surface and subsurface equipment valued for assessment purposes as real property. If a municipality elects to exclude this total value, property taxes collected on mineral extraction in the URA are distributed to each taxing authority as if the approved urban renewal plan is not in effect.

Background

Tax increment financing is a tool used to generate capital for urban renewal projects. The tax increment is the difference between the initial property tax revenue base within the URA, and the amount of additional tax collections after the TIF is established. Base revenue is unaffected by the TIF, but tax collections above the base are subject to allocation to the urban renewal authority.

Local Government and School District Impact

The bill's permissive authority will allow some municipalities to exclude a portion of property tax increment that would otherwise be allocated to urban renewal projects, and instead allow the full property tax revenue from mineral extraction in an URA to continue to be allocated to all taxing jurisdictions, including counties, special districts, and school districts. Property tax revenue varies by taxing entity, depending on local circumstances such as voter-approved mill levy, extracted mineral resource valuation, and the status of statutory and constitutional revenue limitations.

Further, this bill may affect the number, scope, and timing of future urban renewal projects planned within municipal boundaries where mineral extraction may also be present within the boundaries of a URA.

Effective Date

The bill was signed into law by the Governor on March 8, 2017, and takes effect August 9, 2017, assuming no referendum petition is filed. The act applies to property tax years beginning after the effective date.

State and Local Government Contacts

Counties
Municipalities

County Assessors
Natural Resources

Local Affairs