



Legislative Council Staff

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Fiscal Note

Drafting Number:	LLS 21-0542	Date:	February 16, 2021
Prime Sponsors:	Rep. Will Sen. Coram	Bill Status:	House Finance
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Bill Topic: ENERGY FACILITY REAL PROPERTY CLASSIFICATION

Summary of Fiscal Impact:

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure	<input checked="" type="checkbox"/> Local Government
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill allows county assessors to consider the installation of a renewable energy generation facility on a previously agricultural property when determining the property's classification for property tax purposes. It minimally increases state workload for administration and may minimally decrease the state aid requirement for school finance. It also increases property tax revenue for local governments.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: This fiscal note reflects the introduced bill.

Summary of Legislation

Under current law, a county assessor may not consider the installation of a renewable energy generation facility on a property when determining that property's classification for property tax purposes. The bill allows an assessor to consider such a facility if the property was classified as agricultural immediately prior to the facility's installation.

State Expenditures

Beginning in FY 2021-22, the bill creates a minimal workload increase in the Department of Local Affairs and potentially decreases expenditures for the state share of school finance by a minimal amount. These impacts are discussed below.

Administration. The Division of Property Taxation in the Department of Local Affairs updates procedures, forms, and various materials quarterly and provides training and support to county assessors' offices. The bill creates workload for the division to update guidance concerning property reclassification and train and support county assessors. The workload increase is assessed as minimal and can be accomplished within existing appropriations.

School finance. To the extent that the bill increases the local share of total program funding for school finance, the state aid requirement will decrease. This decrease is expected to be minimal.

Local Government

Expenditures will increase for county assessors' offices that conduct property reclassifications and/or revaluations as a result of the bill.

The bill is permissive and does not require property reclassifications. Properties that are reclassified from agricultural to another property class may be valued based on their market value rather than their agricultural production. In these cases, the properties' valuations are likely to increase, correspondingly increasing the amount of property tax due. While property taxes are administered at the county level, all jurisdictions that levy property taxes, including counties, municipalities, school districts, and special districts, will be affected. Any change to property tax revenue from the levy of school finance total program mills will affect the local share of total program funding for school finance.

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	County Assessors	Information Technology
Local Affairs	Property Tax Division	Regulatory Agencies