



Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

Revised Fiscal Note

(replaces fiscal note dated May 4, 2022)

Drafting Number: LLS 22-1059 Date: May 6, 2022
Prime Sponsors: Rep. Esgar; Neville Bill Status: Senate Introduction
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Bill Topic: PROPERTY TAX ADMINISTRATIVE PROCEDURES

- Summary of Fiscal Impact:
[X] State Revenue [X] TABOR Refund
[X] State Expenditure [X] Local Government
[] State Transfer [] Statutory Public Entity

The bill makes changes to procedures for property tax assessment appeals and amendments to property tax materials, and requires that certain information be included on notices of valuation. It increases state revenue, increases state and local government expenditures, and minimally decreases local government revenue, beginning in FY 2022-23.

Appropriation Summary: For FY 2022-23, the bill requires and includes an appropriation of \$2,000 to the Department of Local Affairs.

Fiscal Note Status: This revised fiscal note reflects the reengrossed bill.

Table 1
State Fiscal Impacts Under HB 22-1416

Table with 4 columns: Category, Sub-category, Budget Year FY 2022-23, and Out Year FY 2023-24. Rows include Revenue (Cash Funds, Total Revenue), Expenditures (General Fund, Cash Funds, Total Expenditures), Transfers, and Other Budget Impacts (TABOR Refund, General Fund Reserve).

Summary of Legislation

The bill changes procedures for property tax assessment appeals and amendments to the property tax materials maintained by the state property tax administrator. It also requires that certain content be included in notices of valuation.

Property tax assessment appeals. The bill delays the current June 1 deadline for a property owner to file an assessment appeal to June 8 each year. It prohibits the board from increasing a property's valuation by more than 5 percent from the valuation previously set by the county board of equalization.

The bill allows the owner of a rent-producing commercial property to have their appeal prioritized before the Board of Assessment Appeals if they file a written letter of objection, request prioritization, and are determined by their county assessor to have assembled the rental income, expenses, and tenant information required in current law. The bill allows the board to assess a fee to defray the cost of expediting a taxpayer's appeal. Fee revenue is credited to a new Accelerated Appeal Cash Fund and continuously appropriated to the board.

Amendments to property tax materials. The property tax administrator leads the Division of Property Taxation (DPT) in the Department of Local Affairs. Under current law, the administrator maintains manuals and guidelines used by county assessors for property tax valuation and assessment, and may update these materials with input from an advisory committee.

The bill requires that the administrator:

- conduct a noticed public hearing prior to proposing any changes to property tax materials;
- consider written and oral submissions of data, views, or arguments presented at the hearing;
- accept and consider written petitions for the issuance, amendment or repeal of any property tax materials; and
- notice meetings of the advisory committee, and include proposed changes to property tax materials in the notice.

The bill allows the administrator to charge a fee to taxpayers who request hard copies of proposed changes to property tax materials by mail to defray the costs of printing and mailing. Fees collected this way are continuously appropriated to the DPT.

Notices of valuation. Under current law, each county assessor is required to mail notices of valuation to property owners in their county annually by May 1. Current law allows an assessor to include an estimate of the taxes owed on the notice of valuation; the bill changes this allowance to a requirement and allows an assessor to include a range estimate instead.

The bill also requires that notices of valuation alert property owners to the June 8 deadline to file an assessment appeal, and to the option to file a request for an abatement if the deadline is missed. For commercial valuations, the bill requires that the notice inform a property owner that they may contact their assessor to learn how the property was valued.

State Revenue

The bill increases cash fund revenue by an estimated \$16,000 in FY 2022-23, and by a minimal amount in later years. The bill increases revenue from fees paid to the Board of Assessment Appeals and the DPT. Fee revenue is subject to TABOR.

Board of Assessment Appeals. The bill increases cash fund revenue to the board by an estimated \$16,000 in FY 2022-23 and by a minimal amount in later years. The board receives about 4,000 appeals annually. The fiscal note assumes that 2 percent of appeals, or approximately 80 appeals per year, will be expedited under the bill, and that appellants will be charged a fee of \$200 each. Fee revenue is credited to the Accelerated Appeal Cash Fund and continuously appropriated to the board. To the extent that the number of expedited appeals and the fee amount differs from these assumptions, revenue may be greater or less than estimated.

Division of Property Taxation. The bill allows the DPT to assess a fee to mail copies of proposed changes to property tax materials to interested persons who request mailed copies. The revenue increase is assessed as minimal. Any fee revenue received this way is continuously appropriated to the DPT.

State Expenditures

The bill increases state expenditures for the Board of Assessment Appeals by an estimated \$18,000 in FY 2022-23, and increases its workload thereafter. The bill also increases workload in the DPT. These impacts are discussed below.

Board of Assessment Appeals. The Board of Assessment Appeals requires a one-time expenditure of \$18,000 in FY 2022-23 to update its software systems to accommodate the changes in the bill, in order to allow for expedited appeals and accept fee payments. This fiscal note assumes that \$16,000 of this expense can be paid from fee revenue collected in the Accelerated Appeal Cash Fund under the bill. The remaining \$2,000 requires a one-time General Fund expenditure in FY 2022-23 only.

Any ongoing expenditure for expedited assessment appeals will be paid from fee revenue credited to the Accelerated Appeal Cash Fund.

Division of Property Taxation. The bill increases DPT workload to notice and conduct public meetings. This workload is assessed as minimal and can be accomplished within existing appropriations. If required, costs for mailing proposed changes to property tax materials to interested persons will be paid from fee revenues collected under the bill.

Other Budget Impacts

TABOR refunds. The bill increases cash fund revenue subject to TABOR, correspondingly increasing the state obligation for refunds to taxpayers by \$16,000 in FY 2022-23. Because TABOR refunds are paid from the General Fund, an increase in cash fund revenue subject to TABOR correspondingly decreases the amount of General Fund revenue available for other purposes.

General Fund reserve requirement. Current law requires that an amount equal to 15 percent of General Fund appropriations for FY 2022-23 and subsequent years be held in reserve. The bill is expected to increase General Fund appropriations in FY 2022-23, thereby increasing the General Fund reserve requirement by the amount shown in Table 1.

Local Government

The bill is expected to increase expenditures in county assessors' offices to program changes to notices of valuation. The expenditure increase is expected to be minimal for most assessors.

The bill potentially decreases local government revenue in cases where the Board of Assessment Appeals would otherwise have increased a property valuation by more than 5 percent upon appeal. The amount of this impact depends on where and how often such cases would arise. Because 97 percent of appeals before the board are settled between the taxpayer and the county assessor before a hearing, this impact is assessed as minimal in most jurisdictions and in most years.

Effective Date

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

State Appropriations

For FY 2022-23, the bill requires and includes a General Fund appropriation of \$2,000 to the Department of Local Affairs.

State and Local Government Contacts

Counties	County Assessors
Information Technology	Local Affairs
Property Taxation	