HB 24B-1002

Legislative Council Staff
Nonpartisan Services for Colorado's Legislature

Fiscal Note

Drafting Number:	LLS 24B-0002	**Date:**	August 26, 2024
Prime Sponsors:	Rep. Woodrow; Mabrey	**Bill Status:**	House Appropriations
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Bill Topic: **PRIMARY RESIDENCE REAL PROPERTY VALUATION**

Summary of Fiscal Impact:

☐ State Revenue ☐ State Transfer ☒ Local Government
☒ State Expenditure ☐ TABOR Refund ☐ Statutory Public Entity

The bill refers a measure to voters for the November 2025 general election ballot to create a new residential property class for owner-occupied primary residences and remove a subtraction for determining assessed value for other types of residential property beginning with the 2026 property tax year. The bill conditionally increases state expenditures, conditionally increases local government revenue, and conditionally increases local government costs.

Appropriation Summary: For FY 2025-26, the bill conditionally requires an appropriation of $134,000 to the Department of Local Affairs.

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

Table 1
Conditional State Fiscal Impacts Under HB 24B-1002

		Budget Year FY 2025-26	Out Year FY 2026-27
Revenue		-	
Expenditures	General Fund	$134,000	$129,822
	Centrally Appropriated	-	$24,106
	Total Expenditures	**$134,000**	**$153,928**
	Total FTE	**0.0 FTE**	**1.3 FTE**
Transfers		-	-
Other Budget Impacts	General Fund Reserve	$20,100	$19,473

Summary of Legislation

In May 2024, the General Assembly passed Senate Bill 24-233, which made changes to property valuation assessments beginning in the 2024 property tax year. Among the changes was reducing the residential assessment rate for determining assessed value for local government entities other than school districts to 6.95 percent beginning with property tax year 2026, applied to the actual value of the property minus 10 percent of the actual value up to $70,000, or an amount that reduces assessed value to $1,000. SB 24-233 takes effect only if voters do not approve 2024 ballot measures that either reduce valuations for assessment and/or require voter approval for retaining property tax revenue that exceeds a limit.

The bill refers a measure to voters for the November 2025 general election ballot that would narrow the assessed value reductions in SB 24-233 for 2026 and later property tax years by only allowing owner-occupiers of primary residences to take the 10 percent value subtraction. The bill accomplishes this by creating a new subclass of residential property called qualified primary residence real property, and establishing procedures and criteria for applying for this property classification.

Comparable Crime Analysis

Legislative Council Staff is required to include certain information in the fiscal note for any bill that creates a new crime, changes the classification of an existing crime, or creates a new factual basis for an existing crime. The following section outlines crimes that are comparable to the offense in this bill and discusses assumptions on future rates of criminal convictions resulting from the bill.

Prior conviction data. The bill conditionally creates the new factual basis for perjury by prohibiting giving false information on an application for a property to be classified as qualified primary residence real property or attempting to claim more than one property as qualified primary residence real property for the same property tax year, a class 2 misdemeanor. To form an estimate of the prevalence of this new crime, the fiscal note analyzed the existing offense of false swearing. From FY 2020-21 to FY 2023-24, 3 individuals have been convicted and sentenced for this existing offense. Of the persons convicted, 1 was male and 2 were female. Demographically, 2 were white and 1 was Hispanic. Based on the low number of sentences for the comparable crime, the bill is not expected to have a tangible impact on criminal justice-related expenditures or revenue at the state or local levels, these potential impacts are not discussed further in this fiscal note. Visit leg.colorado.gov/fiscalnotes for more information about criminal justice costs in fiscal notes.

State Expenditures

The bill conditionally increases state expenditures by $134,000 in FY 2025-26 and $153,928 in FY 2026-27 and later years. Expenditures are shown in Table 2 and detailed below.

Table 2
Expenditures Under HB 24B-1002

	FY 2025-26	FY 2026-27
Department of Local Affairs – DPT		
Personal Services	-	$84,818
Operating Expenses	-	$1,664
Capital Outlay Costs	-	$13,340
Office of Information Technology	$134,000	$30,000
Centrally Appropriated Costs[1]	-	$24,106
Total Cost	**$134,000**	**$153,928**
Total FTE	**0.0 FTE**	**1.3 FTE**

[1] Centrally appropriated costs are not included in the bill's appropriation.

Department of Local Affairs – Division of Property Taxation. In FY 2025-26, the bill conditionally requires a new county portal application for counties to submit information for qualified primary residence real property. This work will be done by the Office of Information Technology using reappropriated funds. Beginning in 2026-27, the bill requires the addition of temporary staff from September to March, estimated at 1.3 FTE, to process applications for the new property subclass. Workload was estimated based on similar work for the senior and veterans homestead exemption. Table 2 shows expenditures for these staff, including personal services, standard operating, and capital outlay costs. The division will also have increased workload to review and update procedures, forms, manuals, and to provide technical assistance to local governments. Additionally, the Office of Information Technology will require ongoing maintenance costs of the portal system.

Election expenditure impact – existing appropriations. The bill includes a referred measure that will appear before voters at the November 2025 general election. While no additional appropriation is required, certain election costs are incurred by the state when ballot measures are referred. These include reimbursing counties for certain election costs; publishing the text and title of the measure in newspapers across the state; and preparing and mailing the ballot information booklet.

Centrally appropriated costs. Pursuant to a Joint Budget Committee policy, certain costs associated with this bill are addressed through the annual budget process and centrally appropriated in the Long Bill or supplemental appropriations bills, rather than in this bill. These costs, which include employee insurance and supplemental employee retirement payments, are shown in Table 2.

Other Budget Impacts

General Fund reserve. Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve. Based on this fiscal note, the bill is expected to conditionally increase the amount of General Fund held in reserve by the amounts shown in Table 1, decreasing the amount of General Fund available for other purposes.

Local Government

Local revenue. In FY 2026-27, the bill conditionally increases local property tax revenue to non-school local governments by $44.7 million, and larger amounts in later years, by limiting a portion of the assessed value reductions in SB 24-233 to qualifying owner-occupied primary residents.

Assumptions – Assessed value. Based on the December 2023 Legislative Council Staff (LCS) forecast for assessed values, updated to reflect changes to policy, the bill conditionally increases assessed values for local governmental entities, except school districts, by $1.7 billion in property tax year 2026, and larger amounts in later years.

Assumptions – property taxes. The bill conditionally affects property tax revenue through increased assessed values. Increased assessed values are assumed to increase property tax revenue for local governments that levy fixed mills – including most counties, municipalities, and special districts – that are not constrained by revenue limitations under TABOR, the 5.5 percent property tax growth limit under current law, or the property tax limit in SB 24-233. Property tax impacts were estimated assuming 2023 weighted average mill levies by county for affected local governmental entities. Actual impacts may differ from estimates based on local policy, market dynamics, and revenue constraints.

Local expenditures. The bill conditionally increases costs for county assessors and the need for additional personnel to administer the provisions in the bill, and could total millions of dollars statewide. Additional property tax revenue received will also increase spending or saving by affected local governments, assuming they stay within any applicable constitutional or statutory revenue limit.

Effective Date

The bill takes effect only if SB 24-233 becomes law. If Senate Bill 24-233 becomes law and if the referred measure in the bill is approved by voters at the November 2025 general election, the bill's provisions take effect on the date of the official declaration of the vote by the Governor.

State Appropriations

For FY 2025-26, the bill conditionally requires a General Fund appropriation of $134,000 to the Department of Local Affairs. This amount is reappropriated to the Office of Information Technology.

State and Local Government Contacts

Counties	County Assessors	Information Technology
Judicial	Local Affairs	Property Tax Division
Revenue	Secretary of State	

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the General Assembly website.