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Fiscal Note

Drafting Number:	LLS 24B-0005	Date:	August 26, 2024
Prime Sponsors:	Rep. Soper; Joseph Sen. Priola	Bill Status:	House Appropriations
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Bill Topic: **BUSINESS PERSONAL PROPERTY TAX EXEMPTIONS**

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

The bill creates a business personal property tax exemption for personal property in greenhouses, and extends two other exemptions. It increases state and local government expenditures and decreases local government property tax revenue.

Appropriation Summary: No appropriation is required.

Fiscal Note Status: The fiscal note reflects the introduced bill. Due to time constraints this analysis is preliminary and will be updated following further review and any additional information received.

Summary of Legislation

The bill makes the personal property tax exemptions for qualified agricultural equipment permanent. Under current law, agricultural equipment that is used in any controlled environmental agricultural (CEA) facility is exempt from personal property taxes through tax year 2027, while the exemption for machinery or equipment that is part of a solar energy generating system and used for agrivoltaics is set to expire after tax year 2028.

In addition, the bill includes personal property within a greenhouse, whether attached to the greenhouse or not, which is used solely for planting or growing crops in a raw or unprocessed state as eligible for agricultural equipment personal property tax exemptions.

Assumptions

Beginning in property tax years 2028 and 2029, this bill will reduce the amount of property tax revenue to local governments. As of the date of this fiscal note, the number of affected facilities and their associated operating income is unknown. The current classifications of such facilities may vary by county, and would likely be either "commercial" or "all other agricultural" property.

State Expenditures

The bill increases workload in the Department of Local Affairs, Division of Property Taxation (DPT) and increases future year expenditures for total program funding for school finance, as discussed below.

Division of Property Taxation (DPT). The DPT currently works with the county assessors to update forms and procedures and provide guidance concerning administration of the business personal property tax. Updating manuals and providing guidance to administer the exemptions in the bill can be accomplished within existing resources.

School finance. To the extent that the bill reduces property taxes, it will reduce the local share of school funding and require an increase in state aid payments to school districts. Data are unavailable to estimate the magnitude of this effect. The greenhouses portion of the bill first affect 2025 assessments and the FY 2025-26 state expenditure for school finance. Extending the CEA facility and agrivoltaics exemptions first affects FY 2028-29 and FY 2029-30 expenditures, respectively.

Local Government

County assessors. County assessors will be required to monitor annually the existence and use of greenhouse facilities. Some county assessors may require additional staff to accomplish these tasks, particularly in counties where CEA facilities already exist or are forthcoming.

Property tax revenue. As stated in the Assumptions section, this fiscal note expects a reduction in local government property taxes. The reduction will depend on the number of qualified greenhouses, and the amount of agricultural equipment and personal property associated with each greenhouse.

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

Agriculture
County Assessors
Municipalities

Counties
Property Tax Division - Local Affairs
Special Districts

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](#).