



## Fiscal Note

### Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

## HB 25-1289: METRO DISTRICT LEASES & PROPERTY TAX EXEMPTIONS

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**Prime Sponsors:**

Rep. Zokaie; Richardson  
Sen. Weissman; Frizell

**Fiscal Analyst:**

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### Summary Information

**Overview.** The bill requires metropolitan districts to file additional statements and disclosures when claiming a property tax exemption, which may necessitate referral to a governing body for approval. The bill states that privately owned interests that are leased to a public entity, and then leased back to private persons for private purposes, are taxable.

**Types of impacts.** The bill is projected to affect the following areas on an ongoing basis:

- State Expenditures
- Local Government

**Appropriations.** No appropriation is required.

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**Table 1**  
**State Fiscal Impacts**

<b>Type of Impact</b>	<b>Budget Year FY 2025-26</b>	<b>Out Year FY 2026-27</b>
State Revenue	\$0	\$0
State Expenditures	\$0	\$0
Transferred Funds	\$0	\$0
Change in TABOR Refunds	\$0	\$0
Change in State FTE	0.0 FTE	0.0 FTE

## **Summary of Legislation**

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The bill requires metropolitan districts that file or filed a lease or rental agreement in support of a claim for a property tax exemption since 2020 to submit additional statements and disclosures to the county assessor's office. This includes:

- the metropolitan district's use of the leased property;
- the metropolitan district's authority to use the leased property for the district's purposes;
- any use of the leased property by a private person for private purposes; and
- any disclosure filed by the member of the board of directors of the metropolitan district in accordance with certain laws that govern disclosures of conflicts of interest.

For disclosures related to conflicts of interest, the bill requires the county assessor to submit the statement to the governing body that approved the metropolitan district's service plan within 30 days. The governing body is then required to issue a written decision regarding the use of the leased property for a public purpose. If the leased property is not used for a public purpose, then the property is not exempt from property tax. A governing body may include the Board of County Commissioners or other entity that approved the metropolitan district's service plan, or its designees.

Relatedly, the bill clarifies that leasehold interests in privately owned real or personal property that has been leased to the state or political subdivision of the state, and that are leased back to private persons for private purposes, are taxable.

## **State Expenditures**

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### **State Workload**

The bill minimally increases workload in the Department of Local Affairs, Division of Property Taxation to update manuals, brochures, and training materials. This workload can be accomplished within existing appropriations.

### **School Finance**

The bill conditionally increases school district total program local share property tax revenue and decreases state expenditures for school finance if metropolitan district governing bodies determine that leased property is taxable under the bill. The state aid obligation may be paid from the General Fund, the State Education Fund, the State Public School Fund, or a combination of these sources.

## **Local Government**

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### **Local Government Revenue**

Depending on the extent that governing bodies determine that leased property is taxable, the bill will conditionally increase property tax revenue for local taxing jurisdictions. For school districts, increased total program local share property tax revenue will result in a corresponding decrease in revenue from the state share of school finance.

### **Local Government Workload**

The bill minimally increases workload for county assessor's offices, metropolitan districts, and relevant governing bodies to file, process, and make determinations regarding the additional statements and disclosures required in the bill.

### **Effective Date**

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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**

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County Assessors

Special District Association

Local Affairs

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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](#).