



April 19, 2018

The Honorable Dan Pabon, Chairman
House Finance Committee
200 Colfax
Denver, CO 80203

Dear Chairman Pabon:

Associated Governments of Northwest Colorado (AGNC) representing seven (7) counties and several municipalities in Northwest Colorado respectfully request your support of HB18-1387. The bill provides for much needed relief for counties experiencing energy resource development with regard to interest payments required for errors in reporting by producers.

Energy producers "self-report" the valuations of their leaseholds and lands to county assessors and if they erroneously report values, they may request an abatement from the county the property is situated in within 2 years from the date of the property tax year. The abatement request is not the problem, but the penalty of 1% interest per month from the date the petition for abatement is filed can present significant financial hardships to a county, school and special districts within that county. The need for an interest payment may be understandable if the county were responsible for the valuation of the property being taxed; however, a self-reporting scenario whereby the taxpayer could make money because of inaccurate reporting could be used as a perverse incentive to be less diligent in calculating valuations and taxes due. HB18-1387 seeks to remove that incentive.

There is precedent in current state statutes for abatements in self-reporting situations without the incentive of an interest payment. Business personal property is self-reported but abatements for mistakes on declarations of value are not allowed to earn interest. Our members agree that this makes sense regarding self-reporting in the energy industry as well.

Recent abatements, due to incorrect reporting, have posed serious financial threat to AGNC counties and school districts due to the required payment of the interest penalty. AGNC members urge you and the House Finance Committee members to support HB18-1387. Thank you for your consideration of our comments.

Sincerely,

A handwritten signature in black ink that reads "Ray Beck".

Ray Beck
AGNC Chairman
Moffat County Commissioner

A handwritten signature in black ink that reads "Andy Key".

Andy Key
AGNC Vice-Chairman
Rangely Town Councilman

Copies to: Representative Bob Rankin
House Finance Committee Members

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