

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 10-0380
Prime Sponsor(s): Rep. Benefield
 Sen. Johnston

Date: January 22, 2010
Bill Status: House Local Government
Fiscal Analyst: Harry Zeid (303-866-4753)

TITLE: CONCERNING CERTAIN PROCEDURES REGARDING THE LEVYING OF TAXES BY COUNTY OFFICERS, AND, IN CONNECTION THEREWITH, RAISING THE AMOUNT OF ABATEMENT OR REFUND THAT MAY BE APPROVED BY A BOARD OF COUNTY COMMISSIONERS AND ALLOWING FOR THE ELECTRONIC TRANSMISSION OF NOTICES OF VALUATION SENT BY THE COUNTY ASSESSOR AND TAX STATEMENTS SENT BY THE COUNTY TREASURER.

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012
State Revenue		
State Expenditures		
FTE Position Change		
Effective Date: August 11, 2010, assuming the General Assembly adjourns May 12, 2010, as scheduled and no referendum petition is filed. The bill applies to property tax years that commence on or after that date.		
Appropriation Summary for FY 2010-2011: None required.		
Local Government Impact: See the Local Government Impact section.		

Summary of Legislation

Current law allows a board of county commissioners or a county assessor to issue an abatement or refund up to \$1,000 to a taxpayer without approval of the Property Tax Administrator. The bill raises this amount to \$10,000. Upon request by a taxpayer, the bill also authorizes county assessors and treasurers to send notices of valuation and tax statements for real and personal property by electronic transmission.

State Expenditures

The bill will cause a minimal reduction in workload for the Division of Property Taxation. Approximately 1,600 abatement petitions are received annually by the division, with 335 hours of staff time dedicated to reviewing abatements valued between \$1,000 and \$10,000. Eliminating the workload associated with these reviews will not reduce the division's overall budget. Any changes to manuals or instructions resulting from the bill would be made in the ongoing quarterly updates.

Local Government Impact

Abatements and refunds. The bill will allow counties to make payments to taxpayers on certain abatement actions in a more timely manner. On average, these payments will occur 22 days faster than the current practice where the abatement is reviewed by the Property Tax Administrator. On residential property, interest on delinquent taxes is paid by the county and is calculated at the rate of 1 percent per month. Accelerating the abatement payments will save counties interest on these payments of about 0.75 percent of the abatement amount. Savings of interest paid on abatements for all counties has not been estimated.

Electronic transmission of notices of valuation and tax statements for real and personal property. Computer enhancements are available at a cost to allow such notice through most computer vendors servicing county assessors. A survey of assessors suggests that electronic transmission of data to taxpayers will save money in the long run. County printing and postage costs will be reduced and staff efficiencies may be realized. Cost savings will depend on the number of counties that choose to use electronic transmission to send data to taxpayers, and the number of taxpayers who request such notification. It is expected that over time, these savings will be significantly greater than any up-front expenses.

Departments Contacted

Local Affairs