

  
*Colorado Legislative Council Staff Fiscal Note*  
**FINAL**  
**FISCAL NOTE**

**Drafting Number:** LLS 10-0638  
**Prime Sponsor(s):** Rep. Bradford  
 Sen. Harvey

**Date:** May 24, 2010  
**Bill Status:** Postponed Indefinitely  
**Fiscal Analyst:** Todd Herreid (303-866-2633)

**TITLE:** CONCERNING CONSEQUENCES RELATED TO A HIGHER ACTUAL VALUATION OF PROPERTY FOR THE PURPOSE OF LEVYING THE PROPERTY TAX.

Fiscal Impact Summary	FY 2010-2011	FY 2011-2012
<b>State Revenue</b>		
<b>State Expenditures</b> General Fund		\$29,108
<b>FTE Position Change</b>		0.1 FTE
<b>Effective Date:</b> The bill was postponed indefinitely by the House Local Government Committee on February 12, 2010.		
<b>Appropriation Summary for FY 2010-2011:</b> None required.		
<b>Local Government Impact:</b> See Local Government Impact section of the note.		

**Summary of Legislation**

This bill changes the process by which assessors notify certain taxpayers of increases in property value and the tax due on these properties. In particular, starting in property tax year 2011, if a taxpayer is appealing an increase in their property value of more than 300 percent from the previous year and the increase is not due to:

- a reclassification of the property; or
- improvements, modifications, or additions to the property;

the taxpayer must only pay the property taxes based on the prior year's assessed value until a final order or decision on appeal is reached. The bill also allows taxpayers to be reimbursed for attorney fees and other appeal expenses if the final adjusted value of the property is less than one-third of the initial value that was included in the original notice of valuation to the taxpayer. Once a final adjusted property value is set, a taxpayer has 30 days to pay any property taxes due.

**State Expenditures**

The bill is expected to increase costs in the Department of Local Affairs by \$29,108 in FY 2011-12 and each subsequent year. The Board of Assessment Appeals will be required to schedule an estimated 150 hearings each year concerning appeals of property valuation in excess of 300 percent. The fiscal note assumes that the hearings will occur on separate days involving a single member of the Board of Assessment Appeals. Board members receive \$150 per diem, so hearing the appeals related to this bill and drafting decisions will generate \$25,110 in expenses for the department. In addition, the board will require a 0.1 FTE Program Assistant I to schedule, edit, and publish board decisions concerning these cases. Table 1 illustrates the costs of the bill for the department.

<b>Table 1. Expenditures Under HB10 - 1129</b>		
<b>Cost Components</b>	<b>FY 2010-11</b>	<b>FY 2011-12</b>
Personal Services, including PERA and Medicare		\$3,998
FTE		0.1
Board member per diem, including PERA and Medicare		\$25,110
<b>TOTAL</b>	<b>\$0</b>	<b>\$29,108</b>

While it is possible that the bill could reduce assessed values below what would have otherwise occurred, the fiscal note anticipates that this impact is minimal. Consequently, the bill is not expected to generate a school backfill requirement relating to a decrease in local school district property taxes.

**Expenditures Not Included**

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. The centrally appropriated costs subject to this policy are summarized in Table 2.

<b>Table 2. Expenditures Not Included Under HB10 - 1129*</b>		
<b>Cost Components</b>	<b>FY 2010-11</b>	<b>FY 2011-12</b>
Employee Insurance (Health, Life, Dental, and Short-term Disability)	\$710	\$710
Supplemental Employee Retirement Payments	1,082	1,317
<b>TOTAL</b>	<b>\$1,792</b>	<b>\$2,027</b>

\*More information is available at: <http://www.colorado.gov/cs/Satellite/CGA-LegislativeCouncil/CLC/1200536133924>

**Local Government Impact**

Because the bill allows taxpayers to recoup attorney fees and witness expenses related to certain property valuation appeals, counties will incur additional expenses. The bill also requires county assessors and treasurers to implement changes in how some taxpayers are notified. Assessors must include new information in the notice of valuation sent to taxpayers informing them that if their property valuation increased by more than 300 percent from the prior year they shall initially pay property taxes based on the prior year's assessed value. Assessors must also notify the county treasurers where such land or improvements are located. Once a final order or decision is reached concerning a property's valuation, county treasurers are required to send a revised tax statement to the applicable taxpayers. These provisions will increase costs for local governments.

**State Appropriations**

In FY 2010-11, no new state appropriations are needed to implement the bill.

**Departments Contacted**

Local Affairs

Property Tax Administrator