

# FINAL FISCAL NOTE

Rep. Fischer Fiscal Analyst: Kori Donaldson (303-866-4976)

SHORT TITLE: PROHIBIT STATE AGREEMENTS PAYMENT IN LIEU OF TAX

Fiscal Impact Summary	FY 2014-2015	FY 2015-2016
State Revenue		
State Expenditures	See State Expenditures section.	
FTE Position Change		
Appropriation Required: None		

## **Summary of Legislation**

This bill, recommended by the **Capital Development Committee**, would have limited the circumstances under which the state could make a payment in lieu of taxes (PILT) for property that it owns or leases. It specified that the state could not agree to make any form of payment in lieu of property taxes in connection with property that it owns or leases equal to the amount of property taxes payable by a non tax-exempt entity for such property, unless specifically authorized by law. However, the state would have been permitted to enter into an agreement to mitigate some of the loss of property tax revenue resulting from the ownership such property.

## Background

The state is exempt from property taxes. A PILT is a payment made by a tax exempt entity to compensate a local government or local taxing jurisdiction for some or all of the tax revenue that it loses because of the nature of the ownership or use of a particular piece of real property. Usually a PILT relates to property tax revenue.

Use of PILTs by Department of Natural Resources. The Colorado Parks and Wildlife Division (CPW) within the Department of Natural Resources acquires real property for the purpose of habitat protection and recreation. When CPW acquires property within the boundary of a property-taxing subdivision of the state — such as a county — and that subdivision requests a PILT, CPW annually reimburses the county for any property taxes that it will not realize due to the state's tax-exempt status. These payments are specifically authorized in current law and thus no change was anticipated under the bill.

#### **State Expenditures**

To the extent that this bill precluded a state agency from entering into a PILT, it would have reduced state expenditures.

Page 2 June 3, 2014

## **Effective Date**

The bill was vetoed by the Governor on March 28, 2014.

### **State and Local Government Contacts**

All Departments