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Final Fiscal Note

Drafting Number: LLS 24-0939 Date: August 9, 2024
Prime Sponsors: Rep. Parenti; Frizell Bill Status: Signed into Law
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Bill Topic: TAX RATE INFORMATION TO REAL PROPERTY OWNERS

Summary of Fiscal Impact:
State Revenue [] State Transfer [] Local Government [x]
State Expenditure [x] TABOR Refund [] Statutory Public Entity []

The bill requires local taxing entities to report information about their mill levies beginning with the 2024 property tax year. It requires one-time state and local expenditures for implementation, and increases state and local workload on an ongoing basis.

Appropriation Summary: For FY 2024-25, the bill requires and includes an appropriation of \$50,296 to the Department of Local Affairs.

Fiscal Note Status: The final fiscal note reflects the enacted bill.

Table 1
State Fiscal Impacts Under HB 24-1302

Table with 3 columns: Category, Budget Year FY 2024-25, and Out Year FY 2025-26. Rows include Revenue, Expenditures (General Fund, Centrally Appropriated, Total Expenditures, Total FTE), Transfers, and Other Budget Impacts (General Fund Reserve).

Summary of Legislation

The bill requires taxing authorities to submit information about the structure of their mill levies with the annual certification of levies starting with the 2024 property tax year. The information is required to be available on request in 2025, and thereafter made publicly available. The required information includes:

- the rate of each levy that the taxing authority imposes;
- the prior year levy and revenue collected from it;
- the maximum levy that may be levied without further voter approval;
- allowable annual growth in revenue collected from the levy;
- actual growth in revenue collected from the levy over the prior year;
- whether revenue from the levy is subject to TABOR limitations;
- whether revenue from the levy is subject to the statutory 5.5 percent local revenue growth limit;
- whether revenue from the levy is subject to any other limit;
- whether the levy must be adjusted, or a credit allowed, to limit revenue collected for the tax year and the amount if applicable; and
- any other information deemed necessary by the Department of Local Affairs.

The bill removes a requirement that the State Treasurer reduce a reimbursement for lost property tax revenue under Senate Bill 23B-001 to prevent the local government entity receiving the reimbursement from exceeding its TABOR limit.

Lastly, the bill removes the requirement under current law that assessors include an estimate of taxes owed with the notice of valuation that is sent annually to each property owner in May.

Background

Levies are property tax rates for local governments, special districts, and school districts. Most types of levies are set locally. Levies can be for several purposes including general governmental operations, bond payments and contractual obligations, capital construction and expenditures, and transportation. Levies are enacted with voter approval, can be structured in various ways, and depend on applicable constitutional and statutory revenue limitations. Many governments in Colorado have fixed levies that are set through voter approval and are not subject to revenue limitations through TABOR or the statutory 5.5 percent local revenue growth limit. Taxing authorities that are subject to revenue limitations set levies each year as part of the budgeting process in order to comply with these limitations. For other types of levies, the levy may “float” to generate a certain level of revenue, for instance in order to meet bond obligations.

By December 15th each year, taxing authorities are required to certify mill levies with the board of county commissioners. By December 22nd, the county board then certifies all levies to the assessor and a copy is submitted to the Division of Property Taxation.

State Expenditures

The bill increases state expenditures in the Department of Local Affairs by \$55,991 in FY 2024-25 only, paid from the General Fund. Expenditures are shown in Table 2 and detailed below.

**Table 2
Expenditures Under HB 24-1302**

	FY 2024-25	FY 2025-26
Department of Local Affairs		
Personal Services	\$23,098	-
Computer Programming	\$27,198	-
Centrally Appropriated Costs ¹	\$5,695	-
Total Costs	\$55,991	-
Total FTE	0.4 FTE	-

¹ Centrally appropriated costs are not included in the bill's appropriation.

Department of Local Affairs, Division of Local Government. The Division of Local Government updates and provides technical assistance for the forms used by local governments to certify their mill levies. The bill requires the department to determine the process for taxing authorities to provide the information required in the bill by September 1, 2024. The bill requires 0.4 FTE, primarily to provide technical assistance for local governments during the initial year of implementation in FY 2024-25. The estimate assumes 15 percent of the local governments that have non-zero levies, or 465 entities, will require an average of 55 minutes of technical assistance over 22 weeks leading up to the end of the year. Workload in subsequent years is expected to be minimal.

Department of Local Affairs, Division of Property Taxation. The Division of Property Taxation provides an electronic portal application for local governments to submit levy information with the annual Certification of Levies. The portal is maintained by the Office of Information Technology. The bill requires one-time computer programming costs of \$27,198 for the portal application upgrade, reappropriated to the Office of Information Technology. Currently the division manually enters data from paper submissions. The fiscal note assumes the bill will not require a significant increase in time for manual entry of paper submissions. To the extent that the bill requires more time for manually entering data, the divisions costs will be more than estimated.

Department of Education. The Department of Education updates and provides technical assistance for a mill levy certification form used by school districts. The fiscal note anticipates that minimal workload will be required from the department in order for schools to report levy information.

Other Budget Impacts

General Fund reserve. Under current law, an amount equal to 15 percent of General Fund appropriations must be set aside in the General Fund statutory reserve. Based on this fiscal note, the bill is expected to increase the amount of General Fund held in reserve by the amounts shown in Table 1, decreasing the amount of General Fund available for other purposes.

Local Government

Boards of County Commissioners or its authorized party are responsible for reporting certification of levy information from taxing authorities. In some cases, the bill increases costs for software enhancements for assessors' offices to record information from taxing authorities, and may increase workload for county finance departments. Other county entities will have increased costs to compile the required information and make it publicly available. Taxing authorities will have increased workload to collect and report the bill's required information, and may incur some legal costs to interpret the requirements in the bill and how they apply.

Effective Date

The bill was signed into law by the Governor and took effect on June 3, 2024.

State Appropriations

For FY 2024-25, the bill requires and includes a General Fund appropriation of \$50,296 to the Department of Local Affairs, and 0.4 FTE. Of this amount, \$27,198 is reappropriated to the Office of Information Technology.

State and Local Government Contacts

Information Technology
Special Districts

Local Affairs

Property Tax Division

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](#).