

Colorado Legislative Council Staff Fiscal Note

LOCAL

CONDITIONAL FISCAL IMPACT

Drafting Number: LLS 09-0774

Date: February 8, 2009

Prime Sponsor(s): Rep. Liston

Bill Status: House Finance

Fiscal Analyst: Josh Abram (303-866-3561)

TITLE: CONCERNING A TWO-YEAR LIMITATION ON ABATEMENT INTEREST AWARDED TO A NONPROFIT ENTITY THAT HAS NOT QUALIFIED FOR TAX EXEMPTION DUE TO AN ERROR MADE BY THE NONPROFIT ENTITY.

Fiscal Impact Summary	FY 2009-2010	FY 2010-2011
State Revenue		
State Expenditures		
FTE Position Change		
Effective Date: The bill is effective 90 days following final adjournment of the General Assembly unless a referendum petition is filed (August 4, 2009, if final adjournment is May 6, 2009).		
Appropriation Summary for FY 2009-2010: None Required.		
Local Government Impact: See Local Government Impact section.		

Summary of Legislation

Whenever a county, a court, the Board of Assessment Appeals in the Department of Local Affairs (DOLA), or the Division of Property Taxation in the DOLA determine that a nonprofit organization was mistakenly charged property tax, an interest refund may be awarded; however, such interest shall only be calculated for two years, and at an amount equal to that charged to delinquent taxpayers (i.e., up to 12% annually). Refunds, including interest, may be awarded if there is evidence that the nonprofit organization made the error that caused the mistaken collection of the tax.

Background

Under current law a property tax abatement is given to religious, educational, and charitable organizations among other exempt nonprofits. When a taxing authority mistakenly collects taxes on these properties they can be required to refund the tax and interest. There is no limit on the number of years for which the tax abatement refund can include interest payments.

Local Government Impact

This bill may save counties the expense of providing several years of interest payments. Since interest payments are limited to two property tax years, there is a potential cost savings to counties if they are required to make an abatement refund for a period greater than two years. The bill identifies the conditions under which a refund may be authorized, and permits the courts, the DOLA, or the taxing authority to require the refund. For these reasons the bill is assessed as having a local conditional fiscal impact.

Departments Contacted

Judicial

Local Affairs

Property Taxation