



*Colorado Legislative Council Staff Fiscal Note*  
**LOCAL**  
**FISCAL IMPACT**

**Drafting Number:** LLS 09-0249  
**Prime Sponsor(s):** Rep. Sonnenberg

**Date:** January 20, 2009  
**Bill Status:** House Finance  
**Fiscal Analyst:** Ron Kirk (303-866-4785)

**TITLE:** CONCERNING AN EXCEPTION TO STATUTORY REQUIREMENTS GOVERNING THE COLLECTION OF EXCESS PROPERTY TAX REVENUE BY URBAN RENEWAL AUTHORITIES IN CONNECTION WITH TAX INCREMENT FINANCING FOR CERTAIN SPECIAL DISTRICTS PROVIDING EMERGENCY SERVICES.

<b>Fiscal Impact Summary</b>	<b>FY 2009-2010</b>	<b>FY 2010-2011</b>
<b>State Revenue</b>		
<b>State Expenditures</b>		
<b>FTE Position Change</b>	0.0 FTE	0.0 FTE
<b>Effective Date:</b> September 1, 2009, unless a referendum petition is filed (August 4, 2009 if adjournment is May 6, 2009).		
<b>Appropriation Summary for FY 2009-2010:</b> None.		
<b>Local Government Impact:</b> Special districts and metropolitan districts that provide emergency services would receive some increased property and sales tax revenue that would otherwise be diverted to urban renewal authorities from tax increment financing (TIF).		

**Summary of Legislation**

This bill authorizes special districts and metropolitan districts that provide emergency services to retain property and sales tax revenue that results from either the growth in value of taxable property or the collection of sales taxes in an urban renewal area that would otherwise be diverted to urban renewal authorities (URAs) from tax increment financing (TIF). The exception in this bill would only apply to a new or an existing urban renewal area for which an assessor certifies an increment value occurring on or after 2009. For metropolitan districts, this bill requires that only the portion of TIF increment revenue that is allocated to the provision of emergency services not be diverted to URAs.

**Background.** State law authorizes URAs and downtown development authorities (DDAs) to use TIF for projects that improve blighted areas. TIF allows an authority to issue and repay redevelopment bonds by using the "increment" of increased taxes collected within the TIF district after improvements are made. Tax increment revenue may be generated from property or sales taxes.

For TIF purposes, to determine the increment amount of property tax revenue, the base valuation must first be determined. The base valuation is certified by the county and is equal to the total assessed valuation within the TIF district prior to the approval of the redevelopment plan. As phases of redevelopment are completed, the county reassesses the properties in the TIF district. Over time, improvements add to the property tax base. The revenue that is attributed to the growing tax base becomes the incremental revenue that is used by the authority for debt service on the bonds that is used to finance the redevelopment project.

All property taxes attributable to the base valuation are paid to each taxing entity in the TIF district. For these taxing jurisdictions, tax revenue remains the same until the incremental revenue pays off the redevelopment bonds. Thus, local taxing jurisdictions are unable to receive any of the additional revenue from improvements until the TIF bonds are paid off.

### **Local Government Impact**

Special districts and metropolitan districts that provide emergency services would receive some increased property and sales tax revenue that would otherwise be diverted to URAs to service debt for urban renewal projects through TIF. The bill affects only those special districts that provide emergency services, such as ambulance and fire protection districts, whose boundaries are within or overlap urban renewal projects. For metropolitan districts that provide emergency services, the bill will only increase the portion of property or sales tax revenue that is specifically allocated to the provision of the district's emergency services. The exception in this bill would only apply to a new or an existing urban renewal area for which an assessor certifies an increment value occurring on or after 2009.

*County implementation.* County assessors and treasurers will likely implement the provisions of this bill. The bill does not include a criteria that specifies how assessors and treasurers will identify the special districts that provide emergency services. In the case of a metropolitan district, the bill does not provide a mechanism for county assessors or treasurers to determine the annual percentage of TIF revenue which would be diverted to URAs. County assessors and treasurers may have increased costs identifying the special districts that qualify for the exemption in this bill. The local government impact is unknown.

### **Departments Contacted**

Local Affairs

Special Districts

Counties