



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

Note: This fiscal note is provided pursuant to Joint Rule 22(b)(2), for strike-below amendment L.001.

Drafting Number: LLS 11-0641
Prime Sponsor(s): Sen. Guzman

Date: February 14, 2011
Bill Status: Senate Local Government
Fiscal Analyst: Marc Carey (303-866-4102)

TITLE: CONCERNING PROCEDURES GOVERNING THE APPEAL OF A VALUATION OF INCOME-PRODUCING COMMERCIAL REAL PROPERTY.

Fiscal Impact Summary	FY 2011-2012	FY 2012-2013
State Revenue		
State Expenditures		
FTE Position Change		
Effective Date: August 10, 2011, if the General Assembly adjourns on May 11, 2011, as scheduled, and no referendum petition is filed.		
Appropriation Summary for FY 2011-2012: None required.		
Local Government Impact: See Local Government Impact section.		

Summary of Legislation

This bill, *as amended by L.001*, requires any petitioner appealing a valuation of income-producing non-residential real property to the Board of Assessment Appeals (BAA) to provide to the County Board of Equalization (CBE), or the Board of County Commissioners (BCC) in the case of an abatement, and *not* to the BAA, the following information:

- detailed actual annual real estate income;
- tenant reimbursements;
- itemized detailed expenses;
- detailed rent roll data as specified; and
- any appraisal related to the subject property for the relevant property tax year.

Petitioners will be notified of their obligation to provide this information when they receive their CBE determination.

The bill requires the petitioner to provide this information to the CBE or the BCC within 60 days after the appeal has been filed with the BAA. The bill ends the accrual of interest on the underlying property tax obligation if the petitioner fails to provide this information by the 60-day deadline.

If a petitioner fails to provide the required information by the specified deadline, the bill authorizes the county to move the BAA to compel disclosure and issue appropriated sanctions as necessary. If an order compelling disclosure is issued by the BAA and the petitioner still fails to comply, the BAA may dismiss the action, or enter a judgement by default against the petitioner.

The bill specifies that any information provided by a petitioner constitutes proprietary information that relates specifically to the valuation of the taxpayer's property and is not public record. The bill specifies that such information may only be used by the BAA, the CBE, the BCC or a person hired to appraise the subject property.

Background

The nine-member BAA hears appeals filed by real and personal property owners regarding the valuation of their property. Except for exempt property and state assessed property, county assessors value all property within their county. Taxpayers that are unhappy with their valuation may appeal the value to 1) the county assessor, and then 2) the CBE or the BCC. State assessed properties and exemptions are initially appealed to the Property Tax Administrator. The BAA then hears appeals on decisions of the 64 CBE's or BCC's and the Property Tax Administrator, in the case of abatements, exemptions and state assessed properties. According the Annual Report of the Division of Property Taxation, in 2007 (the last year in which published data is available), there were 129,234 total protests filed. Of these, 19,280 or 14.9 percent were then taken to the County Board of Equalization. Of these, 2,518 or 13.1 percent were taken to the BAA.

State Expenditures

No state expenditure impact is anticipated for his bill.

Department of Local Affairs, Board of Assessment Appeals. According to the BAA, in FY 2008-09 and FY 2009-10, 1,308 and 3,959 appeals were filed with the BAA respectively. In the first 6 months of FY 2010-11, 1,965 appeals were made to the BAA. In determining the fiscal impact, this fiscal note makes the following assumptions:

- of the protests filed with the BAA, 10 percent of petitioners will fail to file the required information with the CBE or the BCC by the 60 day deadline;
- this level will be further reduced by the added incentive of ceasing interest accrual for noncompliant petitioners;
- this level will be further reduced by the authority that the bill gives the BAA to issue orders compelling disclosure, and dismissing appeals if the information is still not forthcoming;
- the CBE or the BCC will notify the BAA upon receipt of the required information, and of any petitioners that are delinquent;
- the required information will be stored in a secure fashion at the CBE or BCC offices where it was received; and
- the administrative costs associated with addressing the remaining non-compliant petitioners are absorbable within existing appropriations.

Department of Local Affairs, Division of Property Taxation. The bill specifies information that must be supplied by property owners when appealing a valuation of income-producing commercial real property. The bill does not impact the workload of the Division of Property Taxation. While the division would need to update manuals, publications and training materials, updates already occur on a quarterly basis and could be accomplished within existing appropriations.

Local Government Impact

For local governments, the information required by the bill may or may not justify the valuation under appeal, and thus may or may not result in additional property tax revenue for counties. However, local governments will incur additional administrative costs associated with reviewing and storing the required data submitted by petitioners for their appeal to the BAA. Local governments will also incur costs in notifying the BAA and providing proof that the requisite information has or has not been submitted on time.

Departments Contacted

Division of Property Taxation

Local Affairs