Colorado Legislative Council Staff Fiscal Note

STATE FISCAL IMPACT

Note: This fiscal note is provided pursuant under Joint Rule 22 (b) (2) and reflects strike-below Amendment L.001.

Drafting Number: LLS 13-0742 **Date:** March 22, 2013 **Prime Sponsor(s):** Rep. Szabo **Bill Status:** House SVMA

Sen. Baumgardner **Fiscal Analyst:** Kori Donaldson (303-866-4976)

TITLE: CONCERNING REQUIREMENTS RELATED TO THE VALUATION OF REAL

PROPERTY PRIOR TO A STATE AGENCY ENTERING INTO CONTRACTS

RELATED TO SUCH REAL PROPERTY.

Fiscal Impact Summary	FY 2013-2014	FY 2014-2015
State Revenue		
State Expenditures	Potential decrease.	Potential decrease.
FTE Position Change		
Effective Date: Upon signature of the Governor, or upon becoming law without his signature.		

Appropriation Summary for FY 2013-2014: None.

Local Government Impact: None.

Summary of Legislation

Recommended by the Capital Development Committee, this bill, as amended by strike-below amendment L.001, requires state agencies to obtain a written appraisal of value from an appraiser licensed in Colorado prior to exercising an option to purchase real property or any interest therein for properties with a total purchase price of more than \$100,000. Under current law, any real estate contract entered into by the state that includes an option to purchase for properties with a total purchase price of more than \$100,000 requires an appraisal of value from an appraiser licensed in Colorado at the time the contract is initiated, even if the state agency entering the contract has no immediate intention of exercising the option to purchase. This bill requires a contract to purchase real property to contain an appraisal clause to allow the state to secure an appraisal to substantiate the purchase price prior to purchase.

State Expenditures

This bill may decrease state expenditures slightly. This fiscal note assumes that under current law, some appraisals are completed only because a rental agreement includes an option to purchase. Therefore, a state agency may be required to seek an appraisal even if it has no interest, or no immediate interest, in exercising an option to purchase a property it is seeking to rent.

Departments Contacted