

**STATE
FISCAL IMPACT**

Drafting Number: LLS 13-0151	Date: February 4, 2013
Prime Sponsor(s): Sen. Tochtrop Rep. DelGrosso; Ryden	Bill Status: Senate Local Government Fiscal Analyst: Alex Schatz (303-866-4375)

TITLE: CONCERNING PROCEDURES GOVERNING THE BOARD OF ASSESSMENT APPEALS IN THE DEPARTMENT OF LOCAL AFFAIRS.

Fiscal Impact Summary	FY 2013-2014	FY 2014-2015
State Revenue	See State Revenue section.	
State Diversions Diversion from the General Fund to the Board of Assessment Appeals Cash Fund	Approximately \$240,000 per fiscal year. See State Diversions section.	
State Expenditures	See State Expenditures section.	
FTE Position Change		
Effective Date: July 1, 2013.		
Appropriation Summary for FY 2013-2014: See State Appropriations section.		
Local Government Impact: None.		

Summary of Legislation

This bill, **recommended by the Legislative Audit Committee**, implements recommendations in the December 2011 Performance Audit of the Board of Assessment Appeals (BAA) in the Department of Local Affairs (DORA). The Board of Assessment Appeals Cash Fund is established for the deposit of fees currently directed to the General Fund.

The bill also adjusts provisions that impact the management of BAA workload and the timeliness of its decision-making process. The BAA may initially issue a summary decision in any case, without specific findings of fact and conclusions of law. Decisions may be issued at any time after hearing a property tax appeal. The bill also authorizes the appointment, for limited terms, of up to 6 additional BAA members to ensure timely hearings, and the bill clarifies the appointment process.

Background

The BAA does not utilize cash funds under current law. To support the BAA's current budget of \$555,038 and 13.2 FTE, the FY 2012-13 Long Bill (HB 12-1335) identifies a mix of General Fund and reappropriated funds from statewide indirect cost recoveries. General Fund

appropriations to the BAA exceed General Fund revenue from BAA fees. In FY 2011-12, the most recent fiscal year for which available data cover the entire year, the BAA collected and contributed approximately \$240,000 to the General Fund.

State Revenue

The bill does not increase or decrease overall state revenue, but it shifts approximately \$240,000 per year in fees from the General Fund to cash funds by changing the designation of fees received by the BAA. Instead of crediting fee revenue to the General Fund, the Board of Assessment Appeals Cash Fund will retain this revenue. This amount is estimated based on recent levels of BAA fee collections.

State Diversions

Redirecting BAA fee collections to a cash fund produces offsetting impacts to the state budget. Decreased General Fund revenue is offset by an equivalent decrease in General Fund expenditures. Likewise, increased cash fund revenue is offset by an equivalent increase in cash fund expenditures.

State Expenditures

The fiscal note assumes that, to the extent feasible, the expenditures of the BAA will shift from the General Fund to cash funds, although the original source and amount of this money (BAA fee collections) is unchanged.

The bill results in minimal savings to the DOLA. With the ability to manage its workload more efficiently, prioritizing the delivery date and expenditure of effort on decision, the bill is expected to reduce processing time, with a minimal reduction of the overall workload of the BAA.

State Appropriations

For FY 2013-14, to provide spending authority for BAA operations, the Department of Local Affairs requires a cash funds appropriation of \$240,000 from the Board of Assessment Appeals Cash Fund. With an effective date of July 1, 2013, the bill also requires a corresponding adjustment to the FY 2013-14 Long Bill appropriation for BAA operations, reducing General Fund appropriations by \$240,000.

Departments Contacted

Local Affairs

Counties

Municipalities