

**FINAL
FISCAL NOTE**

Drafting Number: LLS 14-0432	Date: June 5, 2014
Prime Sponsor(s): Sen. Grantham Rep. Priola	Bill Status: Signed into Law
	Fiscal Analyst: Alex Schatz (303-866-4375)

SHORT TITLE: GREENHOUSES & NURSERIES OTHER AG PROP

Fiscal Impact Summary	FY 2014-2015	FY 2015-2016
State Revenue		
State Expenditures	Minimal workload decrease.	
FTE Position Change		
Appropriation Required: None.		

* This summary shows changes from current law under the bill for each fiscal year.

Summary of Legislation

For property tax years starting on January 1, 2015, this bill specifies that greenhouse and nursery production areas used to grow food crops, agricultural products, or wholesale horticultural stock above the ground are classified as "all other agricultural property." The content of the bill is consistent with the leading Colorado Supreme Court case on greenhouse valuations, *Welby Gardens v. Adams County Board of Equalization* (2003).

Background

Under current law, "all other agricultural property" is assessed as commercial property for property tax purposes, unless the property has a direct nexus to the land (i.e., the soil) on which the horticultural operation resides. Greenhouses, nurseries, and other above-ground production do not generally have such a nexus, or have such a nexus for only a portion of the property.

State Expenditures

The bill expedites a small amount of caseload at the Board of Assessment Appeals (BAA) in the Department of Local Affairs. The bill potentially applies to an estimated 10 cases per year that are appealed to the BAA. By providing clear statutory direction to assessors, the bill is expected to decrease workload in up to 10 cases per year. However, because the bill adopts language consistent with the *Welby* case and applies to a small fraction of the BAA's docket, the bill does not change the outcome of property tax appeals, the taxable value of property in the state, or the resource requirements of the BAA.

Assumptions. The bill clarifies current law regarding property tax classification of greenhouses and other facilities growing plants above the ground. The bill does not preclude claims that a greenhouse has a nexus to the land or modify the substance of any other aspect of current law.

Local Government Impact

The bill expedites a small number of property tax protest and abatement cases in counties with greenhouses or similar property. The bill potentially reduces workload in up to 10 cases in any county but does not affect the taxable value of property and does not substantially reduce overall workload for county assessors or county boards of equalization.

Effective Date

The bill was signed into law by the Governor on March 20, 2014, and takes effect August 6, 2014, assuming no referendum petition is filed.

State and Local Government Contacts

Local Affairs

Property Taxation

Agriculture