

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 14-0678	Date: January 28, 2014
Prime Sponsor(s): Sen. Schwartz Rep. Fischer	Bill Status: Senate Finance
	Fiscal Analyst: Kori Donaldson (303-866-4976)

SHORT TITLE: PROHIBIT STATE AGREEMENTS PAYMENT IN LIEU OF TAX

Fiscal Impact Summary*	FY 2014-2015	FY 2015-2016
State Revenue		
State Expenditures	See State and Local Government Impact section.	
FTE Position Change		
Appropriation Required: None		

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

Summary of Legislation

This bill, recommended by the **Capital Development Committee**, clarifies that the state is exempt from any requirement for a payment in lieu of taxes (PILT) for property that it owns or leases. It also specifies that neither the state nor any of its political subdivisions may agree to make any form of payment in lieu of property taxes in connection with property that it owns or leases.

Background

The state is exempt from property taxes. A PILT is a payment made by a tax exempt entity to compensate a local government or local taxing jurisdiction for some or all of the tax revenue that it loses because of the nature of the ownership or use of a particular piece of real property. Usually a PILT relates to property tax revenue.

State and Local Government Impact

The Colorado Parks and Wildlife Division (CPW) within the Department of Natural Resources acquires real property for the purpose of habitat protection and recreation. When CPW acquires property within the boundary of a property-taxing subdivision of the state — such as a county — and that subdivision requests a PILT, CPW annually reimburses the county for any property taxes that it will not realize due to the state's tax-exempt status. This bill would eliminate this requirement resulting in a decrease in state expenditures. However, it would also result in a reduction in revenue at the local government level.

Additionally, some state enterprises such as utilities make PILTs to local city or county governments. These PILTs are typically part of a negotiated contract. This bill may result in a reduction in revenue from enterprises at the local government level and a corresponding decrease in enterprise expenditures.

Effective Date

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

State and Local Government Contacts

All Departments