

**STATE and LOCAL  
FISCAL IMPACT**

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| <b>Drafting Number:</b> LLS 14-0488                      | <b>Date:</b> January 30, 2014                         |
| <b>Prime Sponsor(s):</b> Sen. Crowder<br>Rep. Ferrandino | <b>Bill Status:</b> Senate Finance                    |
|  | <b>Fiscal Analyst:</b> Kristen Koehler (303-866-4918) |

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**SHORT TITLE:** COUNTY PAYMENT OF STATE PROPERTY REAPPRAISAL COSTS

| <b>Fiscal Impact Summary</b>        | <b>FY 2014-2015</b>                                  | <b>FY 2015-2016</b> |
|-------------------------------------|--|---------------------|
| <b>State Revenue</b>                |  |                     |
| <b>State Expenditures</b>           | Potential impact.<br>See State Expenditures section. |                     |
| <b>FTE Position Change</b>          |  |                     |
| <b>Appropriation Required:</b> None |  |                     |

**Summary of Legislation**

The state conducts annual audits of county assessors' procedures in the appraisal of real and personal property. If a county assessor fails to appraise property in a manner consistent with the property tax provisions of the state, the State Board of Equalization (SBE) must order a reappraisal of the property at the county's expense. If the state assists the county with the reappraisal, the county must reimburse the state for the costs it incurs. State assistance to county assessors is provided through the Division of Property Taxation (DPT) in the Department of Local Affairs.

This bill authorizes the SBE to waive the requirement that a county reimburse the state for costs incurred in assisting with the reappraisal, if the county implements a plan to use the money saved to improve the functioning of the county assessor's office. If the county does not implement the plan by an agreed upon date, the SBE must revoke the waiver and the county must reimburse the state for the reappraisal costs; however, the state may not be reimbursed for the salary and benefits of state employees.

**State Revenue and Expenditures**

Reducing the required reimbursement and allowing the SBE to waive a county's reimbursement to the state altogether in certain circumstances would reduce state revenue and potentially require a substitute funding source to cover DPT costs. However, past reimbursements from counties to the state have been infrequent, so the actual impact on state revenue and expenditures is expected to be minimal. Since 1984, the SBE has ordered 56 reappraisals. DPT costs for assisting counties has averaged \$13,494 per reappraisal, including staff costs that would no longer be reimbursable.

The DPT will update manuals, publications, and training materials on the regular quarterly schedule to reflect the change in law. No change in appropriations is required.

**Local Government Impact**

The bill will have only a minimal impact on counties. It allows counties, upon approval of a plan by the SBE, to retain funds that might have otherwise been paid to the state.

**Effective Date**

The bill takes effect August 6, 2014, if the General Assembly adjourns on May 7, 2014, as scheduled, and no referendum petition is filed.

**State and Local Government Contacts**

Local Affairs

Counties

Assessors