

**STATE and LOCAL
FISCAL IMPACT**

Drafting Number: LLS 15-0749 **Date:** February 5, 2015
Prime Sponsor(s): Sen. Martinez Humenik; Jahn **Bill Status:** Senate Local Government
Fiscal Analyst: Alex Schatz (303-866-4375)

BILL TOPIC: PUBLIC BODIES & URBAN RENEWAL

Fiscal Impact Summary*	FY 2015-2016	FY 2016-2017
State Revenue		
State Expenditures	Minimal workload increase. See State Expenditures 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 amends statutes governing the exercise of urban renewal authority by municipalities, modifying the composition of the urban renewal authority and specifying the manner in which certain excess funds are redistributed to other local taxing entities.

For all urban renewal authorities, the bill increases the maximum number of governing commissioners of an urban renewal authority from 11 to 13, and allows at least one member of the urban renewal authority to be appointed by the county commissioners of the county in which the urban renewal authority resides. The mayor of a city or town may appoint one additional commissioner to an urban renewal authority in any situation where the appointment of a representative by the board of county commissioners causes the urban renewal authority to have an even number of members. This provision applies whether the city or town designates its own governing body (i.e., city council or town board) as the commissioners or if the urban renewal authority is separately constituted. This provision does not apply to consolidated city and county governments in Denver and Broomfield.

For urban renewal areas created on or after January 1, 2016, the bill provides additional specificity regarding the redistribution of excess funds collected from tax increment financing (TIF) revenue. Under current law, when the purposes of an urban renewal area with TIF have been fulfilled, excess TIF revenue must be redirected to the local taxing entities responsible for the original tax levy. The bill specifies that any excess TIF revenue collected by the urban renewal authority and deposited into its special fund must be repaid to local taxing authorities pro rata.

Background

Tax increment financing (TIF) is a tool used to generate capital for urban renewal projects, setting aside growth over and above an existing property tax and municipal sales tax revenue stream for the repayment of bonds or for another specific purpose. Since 1979, statutory authority for TIF in Colorado has been used in municipalities with urban renewal authorities.

The tax increment is identified as the difference between the initial revenue base within the TIF district and the amount of additional tax collections after the TIF is established. Base revenues are unaffected by the TIF, but tax collections above the base are subject to allocation by the urban renewal authority. Current law provides that the use of TIF authority does not require a municipality or any other public body to levy taxes.

State Expenditures

Starting in FY 2015-16, the bill results in increased workload for the Division of Local Government in the Department of Local Affairs (DOLA) to provide technical support to municipalities and other taxing entities affected by the bill. The Division of Property Taxation in DOLA will have a one-time workload increase in FY 2015-16 to update training materials and manuals to reflect changes in the bill. No new appropriations are required for DOLA to implement the bill.

Local Government Impact

The bill results in a minimal amount of new workload for counties and municipalities affected by the bill's provisions concerning composition of the urban renewal authority. The bill's provision concerning redistribution of excess revenue in an urban renewal authority special fund clarifies existing law and does not change the workload, expenditures, or revenue of any local government.

Boards of county commissioners. Boards of county commissioners will experience increased workload for commissioners or their designees to attend the meetings of various urban renewal authorities within their county, and for county staff to support such participation when necessary. For counties with a number of municipalities with urban renewal authorities, this may require substantial effort.

Municipalities with urban renewal authorities. Municipalities with urban renewal authorities must accommodate a new commissioner on the urban renewal authority by making adjustments to meeting schedules and notifications and adding a mayoral appointment if necessary. This increase in workload is expected to be minimal.

Effective Date

The bill takes effect August 5, 2015, if the General Assembly adjourns on May 6, 2015, as scheduled, and no referendum petition is filed.

State and Local Government Contacts

Local Affairs
Counties

Property Taxation
Municipalities

Revenue
Special Districts