

Cloud Cover Hats

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April 20, 2009

State Senator GAIL SCHWARTZ
200 E. Colfax Ave., Room 338
Denver, CO 80203

Re: SB 233

Dear Senator Schwartz;

Thank you for the opportunity to comment on SB 233.

Your support of small business and emerging business enterprise in Delta County makes a difference. To that end, we want to heartily endorse SB233 as a commonsense, grassroots solution to supporting businesses located on a mixed use residential property.

In Delta County, many businesses utilize their residential property in order to earn income. In addition, there is a movement underfoot in the county to encourage numerous other new enterprises that will rely on a mixed use residential property to employ part time workers, home workers and underemployed individuals.

This Saturday, Paonia, Crawford and Hotchkiss Chambers of Commerce will hold an innovative new Small Business Symposium in Paonia with the support of the Small Business Development Corporation (a division of the Small Business Administration), various community banks and other state and local agencies. **(Please see attached flyer below.)** Vital small businesses that support the people of Delta County through employment are encouraged by your support and are watching the progress of Bill 233.

SB233 can make an immediate and tangible difference in the fate of small business in enhanced economic zones like Delta and Hinsdale Counties.

Thank you for your continued support in preserving the character of the rural West with innovative solutions.

Sincerely,

Claudia K. Cunningham
Cloud Cover Hats

Local Property Tax Impact of SB 09-233
Assuming Varying Triggers for Nonresidential Square Footage

Square Foot Trigger	Total Tax Impact	% of Total Property Taxes	School Finance Impact	% of School Property Taxes
2000	(568,033)	-0.009%	(171,838)	-0.010%
1500	(544,200)	-0.009%	(164,615)	-0.009%
1000	(419,237)	-0.007%	(129,194)	-0.007%
800	(374,139)	-0.006%	(115,469)	-0.006%
500	(209,108)	-0.003%	(66,149)	-0.004%

Local Property Tax Impact of SB 09-233

As Amended by L.002

Assuming Varying Thresholds for Nonresidential Uses

Percent Nonresidential	Total Tax Impact	% of Total Property Taxes	School Finance Impact	% of School Property Taxes
25	(568,033)	-0.009%	(171,838)	-0.010%
24	(477,213)	-0.007%	(145,427)	-0.008%
23	(438,101)	-0.007%	(133,082)	-0.007%
22	(384,152)	-0.006%	(118,255)	-0.007%
21	(369,259)	-0.006%	(113,825)	-0.006%
20	(335,126)	-0.005%	(103,652)	-0.006%
19	(288,683)	-0.005%	(88,739)	-0.005%
18	(268,461)	-0.004%	(82,140)	-0.005%
17	(251,835)	-0.004%	(76,659)	-0.004%
16	(192,169)	-0.003%	(58,711)	-0.003%
15	(169,964)	-0.003%	(50,877)	-0.003%
14	(152,774)	-0.002%	(46,096)	-0.003%
13	(129,419)	-0.002%	(39,309)	-0.002%
12	(115,477)	-0.002%	(34,976)	-0.002%
11	(97,775)	-0.002%	(29,730)	-0.002%
10	(79,790)	-0.001%	(24,543)	-0.001%
9	(54,866)	-0.001%	(17,280)	-0.001%
8	(45,821)	-0.001%	(14,675)	-0.001%
7	(42,152)	-0.001%	(13,546)	-0.001%
6	(30,548)	-0.0005%	(9,956)	-0.001%
5	(13,861)	-0.0002%	(4,651)	-0.0003%

*These are Denver's concerns we
addressed them in Senate.*

The City and County of Denver has 692 properties on its current Assessment Roll used for both residential and non-residential purposes. This number excludes several hundred additional residential dwelling units with 300 sq ft or less of their total building area devoted to non-residential uses. Following Denver's local zoning regulations, these properties have traditionally been treated by the Assessor as 100% residential.

The changes proposed in SB09-233, as amended, would establish for Colorado Assessors both the non-residential use percentage of area and maximum square footage permitted without changing a residential unit's classification from residential to mixed use (Commercial and Residential or C&R). The initial reaction to this bill was concern about several properties with significant commercial space that were still less than 25% of the gross square footage. The square footage threshold diminished that concern, but in the opinion of the Denver Assessment Division, 2,000 sf is a very generous measurement, representing a portion of a residential dwelling of 8,000 sf of gross finished building area.

There is still concern about the treatment of Bed and Breakfast properties that are separately addressed in statute and guidelines by the Division of Property Tax. Although Denver County has relatively few B&B's, there are many throughout the state where the non-residential area would be less than 25% of the total area and less than 2,000 square feet. According to this bill, these should be classified as residential property which would create confusion for County Assessors.

Others issues left unanswered are: What if the spaces are separated physically and occupied separately? Is each building measured separately in cases where multiple improvements are valued together on a single parcel? Does the occupancy, owner versus tenant, matter? What if the tenancy is mixed?

In summary, there still appears to be some situations where this bill either conflicts or creates confusion with respect to current statutes, state DPT guidelines and procedures, and commonly accepted appraisal practice. For these reasons the Denver Assessor's Office would encourage further clarifications within the bill.