HB 24-1172

Legislative Council Staff
Nonpartisan Services for Colorado's Legislature

Fiscal Note

Drafting Number:	LLS 24-0252	**Date:**	February 15, 2024
Prime Sponsors:	Rep. Bird; Taggart Sen. Kirkmeyer; Mullica	**Bill Status:**	House Trans., Hous. & Local Govt.
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Bill Topic:	**COUNTY REVITALIZATION AUTHORITIES**
Summary of Fiscal Impact:	☐ State Revenue ☐ State Transfer ☒ Local Government ☒ State Expenditure ☐ TABOR Refund ☐ Statutory Public Entity The bill allows for the creation of county revitalization authorities and the use of tax increment financing in these districts. It conditionally decreases certain local government and school district revenues and diverts them to revitalization authorities, and increases state and local expenditures.
Appropriation Summary:	No appropriation required.
Fiscal Note Status:	The fiscal note reflects the introduced bill.

Summary of Legislation

The bill allows counties to create county revitalization authorities (CRAs) to promote economic revitalization in unincorporated areas of the state. CRAs may use resources like tax increment financing (TIF) and private financing to conduct revitalization projects according to approved plans. Plans must be reviewed by county planning commissions, be the subject of a public hearing, and be approved by the board of county commissioners. Similarly, projects conducted according to a revitalization plan must be presented at a public hearing and approved by the board of county commissioners to promote sound growth of the county, improve economic and social conditions, and further the health, safety, and well-being of the public. The bill outlines the requirements for counties choosing to create and administer a CRA. Creating an authority may be initiated by petition from county voters or by a resolution.

Under the bill, CRAs do not have the power to levy or assess property taxes or any other taxes. Taxing entities that overlap a CRA, other than the county itself, may request to join the authority and can join through a public hearing held by the authority. Tax increment financing approved with a county revitalization plan is limited to a 30-year period under the bill.

Background

Tax increment financing. In Colorado, tax increment financing (TIF) is a tax incentive mechanism utilized by cities and towns for redevelopment projects within an urban renewal area (URA) or a downtown development authority (DDA). TIF is used to promote capital development by dedicating growth in property or sales tax revenue to finance projects within the boundaries of the authority. This allows developers to use a portion of the revenues to pay expenses or debt with the expectation that revitalization of the surrounding area will improve the local economy and increase tax revenue for local governments. The portion used for redevelopment is the tax increment, or the difference between the actual amount of revenue collected after the TIF is established and the base year tax revenue, with adjustments.

Under current law, tax increment financing may be used in a DDA for an initial 30-year period, after which municipalities may adopt 20-year extensions. Urban renewal plans within URAs are limited to a 25-year period.

State Expenditures

Division of Property Taxation. The bill is expected to minimally increase workload in the Department of Local Affairs' Division of Property Taxation. Workload will include reviews and updates of procedures, forms, and manuals, and to provide technical assistance and training to local governments. The workload increase can be accomplished within existing appropriations.

Local Government

County and special district property tax revenue. The bill will conditionally shift revenue from counties and special districts to CRAs. The property tax revenue impact will depend on the extent to which tax increment financing is utilized within CRAs.

Revenue impacts also depend on the building and development that occurs, both in CRAs and in the surrounding areas from the presence of a CRA, that would not have occurred in the state otherwise, and the extent to which sales in the CRA do or do not divert sales from other areas. Property tax impacts also depend on factors that add or subtract from the base and incremental valuations over time.

County sales tax revenue. The bill conditionally diverts county sales tax revenue generated within a CRA to the authority for use in TIF, but results in no net change in county sales tax collections.

School district property tax revenue. The bill conditionally decreases school district property tax revenue from certain mill levy overrides depending on the inclusion of school districts in CRAs, the presence of mill levy overrides in these districts, and other factors that influence redevelopment and base and incremental valuations as described above.

HB 24-1172

Expenditures. The bill conditionally increases workload for county assessors to administer assessments and reports, and to perform other duties needed for TIF districts.

Effective Date

The bill takes effect 90 days following adjournment of the General Assembly sine die, assuming no referendum petition is filed.

State and Local Government Contacts

Counties	Information	County Assessors
Local Affairs	County Clerks	Property Taxation
Education	Revenue	Economic Development
Special Districts		

The revenue and expenditure impacts in this fiscal note represent changes from current law under the bill for each fiscal year. For additional information about fiscal notes, please visit the General Assembly website.