

**First Regular Session
Seventy-first General Assembly
STATE OF COLORADO**

INTRODUCED

LLS NO. 17-0834.01 Bob Lackner x4350

HOUSE BILL 17-1161

HOUSE SPONSORSHIP

Beckman,

SENATE SPONSORSHIP

(None),

House Committees
Business Affairs and Labor

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING MEASURES TO PROMOTE TRANSPARENCY IN CONNECTION**
102 **WITH URBAN RENEWAL PROJECTS ALLOCATING TAX REVENUES.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)

Not later than 90 days after the end of the first fiscal year of an urban renewal authority (authority) after the governing body of a municipality has approved an urban renewal plan (plan) that allocates any incremental property or sales tax revenues of any taxing entity other than the municipality, and on the same day each year thereafter, the bill requires the authority to prepare a report for public distribution.

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
*Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

The authority is required to send a copy of the report by first class mail and by e-mail to each taxing entity other than the municipality whose incremental property or sales tax revenues will be allocated under the plan.

The bill specifies items the report is to address.

With the annual report, the bill also requires an authority to submit an independent audit of its financial status that is prepared by a certified public accountant attesting to the accuracy of the annual report. As part of the audit, the certified public accountant is also required to report whether the authority has used any incremental property or sales tax revenues for any unauthorized purposes other than for eligible costs. In connection with the preparation of the report, the authority must also provide any other financial information that is reasonably required by the governing body of the municipality.

If the audit finds that any incremental property or sales tax revenues have been used for any unauthorized purposes, the authority is liable for the repayment of such incremental tax revenues to the taxing entities whose incremental property or sales tax revenues were allocated under the plan.

1 *Be it enacted by the General Assembly of the State of Colorado:*

2 **SECTION 1.** In Colorado Revised Statutes, **add** 31-25-107.5 as
3 follows:

4 **31-25-107.5. Tax increment financing - public reports -**
5 **independent audit - definitions.** (1) AS USED IN THIS SECTION, UNLESS
6 THE CONTEXT OTHERWISE REQUIRES:

7 (a) "ELIGIBLE COSTS" MEANS THE COSTS OF DESIGNING,
8 CONSTRUCTING, FINANCING, AND MAINTAINING IMPROVEMENTS
9 NECESSARY TO OR CONVENIENT FOR THE COMPLETION OF AN URBAN
10 RENEWAL PROJECT, INCLUDING COSTS OF ENGINEERING, CONSTRUCTION
11 ENGINEERING, SURVEYING, CONSTRUCTION SURVEYING, CONSTRUCTION
12 LABOR AND MATERIALS, DESIGN, PLANNING, LEGAL SERVICES,
13 ACCOUNTING, OVERHEAD OR ADMINISTRATIVE STAFFING, FINANCING,
14 BOND ISSUANCE OR REISSUANCE, UNDERWRITING, INTEREST PAYMENTS,

1 LOAN ORIGATION FEES, AND SIMILAR NECESSARY AND CONVENIENT
2 COSTS INCURRED BY THE AUTHORITY IN EXERCISING ITS POWERS
3 PURSUANT TO THIS PART 1. MONEYS ADVANCED BY PRIVATE DEVELOPERS
4 WITHIN THE URBAN RENEWAL PROJECT TO THE AUTHORITY FOR ELIGIBLE
5 IMPROVEMENTS, WHETHER PURSUANT TO LOANS OR CONTRACTUAL
6 FUNDING AND REIMBURSEMENT AGREEMENTS, TOGETHER WITH
7 REASONABLE INTEREST THEREON, ARE ELIGIBLE COSTS.

8 (b) "ELIGIBLE IMPROVEMENTS" MEANS ANY SPECIFIC
9 IMPROVEMENTS AUTHORIZED BY THE AUTHORITY AS PART OF AN URBAN
10 RENEWAL PROJECT, WHETHER PUBLICLY OR PRIVATELY OWNED,
11 INCLUDING BUT NOT LIMITED TO STORM SEWER AND SANITARY SEWER
12 COLLECTION, CONVEYANCE, DISTRIBUTION, TREATMENT, AND RELATED
13 FACILITIES AND REAL PROPERTY INTERESTS NECESSARY OR CONVENIENT
14 THERETO; POTABLE AND NONPOTABLE WATER SUPPLIES AND COLLECTION,
15 CONVEYANCE, DISTRIBUTION, TREATMENT, AND RELATED FACILITIES AND
16 REAL PROPERTY INTERESTS RELATED THERETO; ROADS; STREETS; STATE
17 HIGHWAYS; RIGHTS-OF-WAY; LIGHTING; TRAFFIC SIGNALS AND SIGNS;
18 DIRECTION AND LOCATION SIGNAGE AND SIMILAR SIGNAGE; LAND
19 ACQUISITION; SURVEYING, ENGINEERING, SOILS TESTING, SITE PLANNING,
20 GRADING, AND SIMILAR ACTIVITIES NECESSARY OR CONVENIENT FOR SITE
21 PREPARATION AND DEVELOPMENT; PARK AND RECREATIONAL FACILITIES;
22 TRAILS AND PATHS; PUBLIC SAFETY FACILITIES; LANDSCAPING; TOURISM
23 AND ENTERTAINMENT FACILITIES; TRANSPORTATION FACILITIES; SURFACE
24 AND STRUCTURED PARKING FACILITIES; AND ANY OTHER FACILITIES OR
25 IMPROVEMENTS NECESSARY TO OR CONVENIENT FOR THE COMPLETION OF
26 AN URBAN RENEWAL PROJECT.

27 (2) (a) NOT LATER THAN NINETY DAYS AFTER THE END OF THE

1 FIRST FISCAL YEAR OF AN AUTHORITY IN WHICH THE GOVERNING BODY OF
2 A MUNICIPALITY HAS APPROVED AN URBAN RENEWAL PLAN CONTAINING
3 THE PROVISIONS DESCRIBED IN SECTION 31-25-107 (9) THAT ALLOCATE
4 ANY INCREMENTAL PROPERTY OR SALES TAX REVENUES OF ANY TAXING
5 ENTITY OTHER THAN THE MUNICIPALITY, AND ON THE SAME DAY EACH
6 YEAR THEREAFTER, THE AUTHORITY SHALL PREPARE A REPORT FOR PUBLIC
7 DISTRIBUTION.

8 (b) THE REPORT REQUIRED BY SUBSECTION (2)(a) OF THIS SECTION
9 MUST PROVIDE THE FOLLOWING INFORMATION:

10 (I) THE TOTAL AMOUNT OF INCREMENTAL PROPERTY TAX OR SALES
11 TAX REVENUES THAT THE AUTHORITY HAS COLLECTED OVER THE PRIOR
12 YEAR AND THE SPECIFIC TAXING ENTITIES FROM WHICH SUCH
13 INCREMENTAL TAX REVENUES WERE COLLECTED;

14 (II) HOW THE REVENUES DESCRIBED IN SUBSECTION (2)(b)(I) OF
15 THIS SECTION HAVE BEEN SPENT BY THE AUTHORITY SINCE THE PRIOR
16 YEAR;

17 (III) PROJECTED REVENUES FOR THE REMAINDER OF THE PERIOD
18 FOR WHICH THE AUTHORITY MAY COLLECT AND ALLOCATE INCREMENTAL
19 PROPERTY OR SALES TAX REVENUES; AND

20 (IV) A SUMMARY OF THE PROGRESS THE AUTHORITY HAS MADE
21 OVER THE PAST YEAR IN COMPLETING THE URBAN RENEWAL PROJECT,
22 INCLUDING A SUMMARY OF THE STATUS OF CONSTRUCTION OF THE
23 ELIGIBLE IMPROVEMENTS.

24 (3) THE AUTHORITY SHALL SEND A COPY OF THE REPORT BY FIRST
25 CLASS MAIL AND BY E-MAIL TO EACH TAXING ENTITY OTHER THAN THE
26 MUNICIPALITY WHOSE INCREMENTAL PROPERTY OR SALES TAX REVENUES
27 WILL BE ALLOCATED UNDER THE URBAN RENEWAL PLAN.

1 (4) THE AUTHORITY MUST ATTEST TO THE ACCURACY OF THE
2 INFORMATION PROVIDED IN THE ANNUAL REPORT.

3 (5) (a) WITH THE ANNUAL REPORT, AN AUTHORITY SHALL ALSO
4 SUBMIT AN INDEPENDENT AUDIT OF ITS FINANCIAL STATUS THAT IS
5 PREPARED BY A CERTIFIED PUBLIC ACCOUNTANT ATTESTING TO THE
6 ACCURACY OF THE ANNUAL REPORT. AS PART OF THE AUDIT, THE
7 CERTIFIED PUBLIC ACCOUNTANT SHALL ALSO REPORT WHETHER THE
8 AUTHORITY HAS USED ANY INCREMENTAL PROPERTY OR SALES TAX
9 REVENUES FOR ANY UNAUTHORIZED PURPOSES OTHER THAN FOR ELIGIBLE
10 COSTS. IN CONNECTION WITH THE PREPARATION OF THE REPORT, THE
11 AUTHORITY SHALL PROVIDE ANY OTHER FINANCIAL INFORMATION THAT IS
12 REASONABLY REQUIRED BY THE GOVERNING BODY OF THE MUNICIPALITY.

13 (b) IF THE AUDIT REQUIRED BY SUBSECTION (5)(a) OF THIS SECTION
14 FINDS THAT ANY INCREMENTAL PROPERTY OR SALES TAX REVENUES HAVE
15 BEEN USED FOR ANY UNAUTHORIZED PURPOSES, THE AUTHORITY IS LIABLE
16 FOR THE REPAYMENT OF SUCH INCREMENTAL TAX REVENUES TO THE
17 TAXING ENTITIES WHOSE INCREMENTAL PROPERTY OR SALES TAX
18 REVENUES WERE ALLOCATED UNDER THE URBAN RENEWAL PLAN.

19 **SECTION 2. Act subject to petition - effective date.** This act
20 takes effect at 12:01 a.m. on the day following the expiration of the
21 ninety-day period after final adjournment of the general assembly (August
22 9, 2017, if adjournment sine die is on May 10, 2017); except that, if a
23 referendum petition is filed pursuant to section 1 (3) of article V of the
24 state constitution against this act or an item, section, or part of this act
25 within such period, then the act, item, section, or part will not take effect
26 unless approved by the people at the general election to be held in

1 November 2018 and, in such case, will take effect on the date of the
2 official declaration of the vote thereon by the governor.