Colorado Legislative Council Staff

SB16-177

FINAL FISCAL NOTE

FISCAL IMPACT: ☐ State ☒ Local ☐ Statutory Public Entity ☐ Conditional ☐ No Fiscal Impact

Drafting Number:	LLS 16-0725	**Date:**	August 17, 2016
Prime Sponsor(s):	Sen. Martinez Humenik; Heath Rep. Hullinghorst; Lawrence	**Bill Status:**	Signed into Law
		Fiscal Analyst:	Josh Abram (303-866-3561)

BILL TOPIC: MODIFY 2015 URBAN RENEWAL LEGISLATION

Summary of Legislation

This bill makes technical adjustments and clarifies recent legislation concerning urban renewal, urban renewal plans, and provisions for sharing tax increment financing (TIF) among affected taxing entities. Generally, this bill:

- replaces existing language with some common terms for describing municipal urban renewal boards and the various taxing entities affected by TIF;
- specifies conditions for using mediation to address disputes between municipal urban renewal boards and other taxing entities; and
- clarifies that recent legislation is not intended to jeopardize the existing financial obligations of an urban renewal board that remain outstanding as of December 2015.

Background

TIF increments. Tax increment financing 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 other specific purposes. The tax increment is identified as the difference between the TIF district's initial revenue base (as adjusted in every two-year assessment cycle) and the amount of additional tax collections after the TIF is established.

Urban renewal projects. Urban renewal, including TIF, is a tool used by municipalities to address blighted conditions with planning and public improvements, encouraging the development of housing, mixed use, office parks, industrial, or retail land use. In practice, regardless of land use, all successful urban renewal projects increase assessed values within an urban renewal area and generate a potential property tax increment. Projects with a retail component generate a potential municipal sales tax increment, as well as new county sales taxes.

Local Government Impact

Under current law, local taxing entities within an urban renewal plan area negotiate any TIF sharing agreements. The bill's requirements concerning negotiation of TIF allocations are procedural and do not necessarily change those allocations. Local taxing entities may receive more or less property tax revenue than would otherwise be diverted under the TIF agreement and conversely some municipal and county authorities may realize more or less sales tax increment revenue, depending on agreements reached between taxing entities. Local governments will continue to have mediation costs, which the bill requires that parties split equally.

Effective Date

The bill was signed into law by the Governor and it took effect on May 18, 2016.

State and Local Government Contacts

Assessors	County Clerk & Recorders
Economic Development Office	Judicial
Local Affairs	Municipalities
Property Tax	Revenue
Special Districts	