



**Colorado
Legislative
Council
Staff**

HB17-1049

FISCAL NOTE

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

Drafting Number: LLS 17-0210
Prime Sponsor(s): Rep. Thurlow

Date: January 18, 2017
Bill Status: House Finance
Fiscal Analyst: Larson Silbaugh (303-866-4720)

BILL TOPIC: ELIMINATE PROPERTY TAX ABATEMENT REFUND INTEREST

Summary of Legislation

This bill eliminates the interest payment to property taxpayers for property taxes levied erroneously by local governments.

Background

A property taxpayer can protest their property taxes to the county assessor and the county treasurer. There is an administrative process to resolve the dispute through the assessor's office and the county board of equalization. If the county board of equalization cannot resolve the protest, it can be taken to an arbitrator, district court, or the state board of assessment appeals. In these cases, the taxpayer protests their taxes rather than paying them erroneously or illegally.

Overpayment of property taxes can result from clerical errors, mistaken valuation, overvaluation, or non-uniform application of mills. A taxpayer who did not protest their property taxes has two years to file a petition for a refund. The taxpayer is entitled to a refund of the erroneously collected taxes. In some cases, taxpayers are entitled to interest equal to 1.0 percent per month. House Bill 17-1049 eliminates the interest paid to taxpayers for overpayment of property taxes.

Local jurisdictions that received the property taxes are responsible for repaying the taxes and the interest. The county treasurer manages this process.

Local Government Impact

This bill will reduce the expenditures for local governments that receive erroneous overpayments of property taxes because they will not be required to pay interest to property taxpayers.

The interest payments are not reported to the state, so no expenditure impact is calculated. County treasurers reported that \$81.0 million in property taxes were abated or refunded in 2015. The interest payment is determined by several factors, including the type of error and the time between when the petition is filed and the abatement is made. Because the interest payments are calculated on an individual basis, it is impossible to quantify the local government expenditure impact with available information.

Effective Date

The bill takes effect August 9, 2017, if the General Assembly adjourns on May 10, 2017, as scheduled, and no referendum petition is filed.

State and Local Government Contacts

County Assessors
Municipalities
Special Districts

Education
School Districts
Property Tax Division

Local Affairs
Counties
County Treasurers