



Metro Mayors Caucus/Metro Area County Commissioners Urban Renewal Authority/Tax Increment Financing Dialogue

March 12, 2015 Meeting Record

**Meeting Notes
TIF Base & Increment Calculation Slides
CCI Legislation**



**Metro Mayors Caucus & Metro Area County Commissioners
Urban Renewal Authorities/Tax Increment Financing Dialogue
March 12, 2015 — 1:00 PM to 3:00 PM
Denver Metro Chamber of Commerce**

AGENDA

1:00 PM Welcome Introductions

1:05 PM Base Calculation

1:20 PM Review and compare concepts, proposals and legislation

1:35 PM Discussion of concepts — Do We Have a Framework for Continuing

2:30 PM Next Steps

3:00 PM Adjourn



MMC/MACC

Urban Renewal and Tax Increment Finance Dialogue

March 12, 2015

Denver Metro Chamber of Commerce

Attending:

- Mayor Sue Horn, Bennett
- Mayor Heidi Williams, Thornton
- Commissioner Erik Hansen, Adams County
- Mayor Mike Waid, Parker
- Commissioner Roger Partridge, Douglas County
- Mayor Marc Williams, Arvada
- Commissioner Don Rosier, Jefferson County
- Mayor Matt Appelbaum, Boulder
- Commissioner Cindy Domenico, Boulder County
- Mayor Cathy Noon, Centennial
- Mayor Randy Ahrens, Broomfield
- Joyce Hunt, Thornton
- Mark Ruzzin, Boulder County
- Chip Taylor, CCI
- Gini Pingnot, CCI
- Kevin Bommer, CML
- Jennifer Hoffman, Broomfield Staff
- Michael Valdez, Special Districts Association
- Catherine Marinelli, Civic Results/MMC
- Peter Kenney, Civic Results/MMC
- Paul Alexander, Regis University
- Jody Eriksen, Regis University

Absent:

- Commissioner Steve Johnson
- Mayor Steve Hogan, Aurora
- Sam Mamet, CML
- Mark Radtke, CML
- Ann Terry, Special Districts Association
- Commissioner Nancy Sharpe, Arapahoe County

Notes:

Base Calculations:

- Much misunderstanding about base and whether it is fixed or adjusts with assessments
- Division of Property Taxation recognizes level of confusion about the base & are going to rewrite the Assessor's Manual following the session
 - DOPT will engage stakeholders through summer to consider changes
- The attached PPT Slides show how assessors are required to calculate and adjust base
 - TIF uses property and sales tax revenue
 - Revenue increases resulting from redevelopment used to pay the bonds
 - Base begins with the value of the property as it is assessed before redevelopment
 - In odd number years assessors recalculate assessed value of the county
 - Base equals total value less project related improvements
 - Reappraisal year total value
 - Non-reassessment changes are added to the increment in a reassessment year
 - Physical improvements, legal changes, changes of use
 - Changes to the base and increment valuation are made administratively not statutorily
 - The statute suggests that the increase (or decrease) in valuation not directly related to the project be divided between base and increment proportionately
 - Base responds to market conditions (increases and decreases)
 - New development can create need for new services
 - Change in type of development can cause increased demand for services
 - mall to mall - no change
 - vacant to mixed - use would create demand for water, fire, schools - etc.
- Key Points
 - TIF - Base valuation is not frozen - it can change
 - Changes in type of development can trigger additional demand for services

March 12 Concepts

- Overview of Concepts
 - Study to identify new methodologies to guide measurement, negotiation and arbitration
 - Increased Representation & Consultation
 - Arbitration
- How does the Project Based Subcommittee work when there is not a specific project?
 - Project Based Subcommittee would be reconvened if plan is substantially modified
- Binding arbitration?
 - As currently in statute arbitration is binding
 - Proposed change is giving arbiters the authority to hand down findings and recommendations related to impacts

- School Districts as a taxing entity would be included (and are currently in statute)
- URA Board - adding two representative (for county and special district) would not give them a majority
- How robust is the current arbitration system?
 - Statute - defines what areas can be addressed and is currently binding
 - Current outcome is that plan is either approved or sent back to governing body
 - Recommended change from city attorney in Centennial is that it be made more robust with the inclusion of written findings and recommendations as to addressing impacts

CCI Bill:

- 1 appointee to URA on behalf of impacted county or counties
- 1 for school districts (only 1 for multiples)
- 1 for all Special Districts
- Requires local negotiation between jurisdiction and county and other impacted entities regarding commitment of property tax (as is currently the practice)
- A single entity cannot hold up the entire negotiation - each agreement is separate
- Also allows for county sales tax increment to be put into projects (gives county commissioners authority to do this)
- Default is negotiation
- 90 days for negotiation (can be expanded) or else the maximum amount of property tax that can be used is equal to the percentage of the sales tax contributed (0-100%)
 - If there is an city exemption, rebate or repayment - this \$\$ amount needs to be figured in
 - Cannot take credit for \$\$ being paid back, but can back out any costs that are not repaid

Questions

- How does this representation logistically work when one URA has multiple Plans?
 - Appointment would be to the plan area – different appointees for each plan area as necessary
 - This may not be workable due to possibility of multiple plans - appointees would need to do due diligence in reaching out to the affected entities
- Reimbursements, Exemptions & Rebates on page 9
 - How does a performance based rebate - ex. 5 years no sales tax
 - Idea is that if the county is out money - that should be quantified as long as it is not reimbursed
 - Similar to business personal property exemptions - county based incentive
 - This is not collected and rebated
- Counties want everyone to have “skin in the game”
- Concept of equitable contribution
- City concern that sales tax and property tax is an apples to oranges comparison
 - Is this something we could figure out?

- Are soft costs counted in this?
 - Staff time and dedication of resources?
 - Yes those could be counted

Is there enough here to continue meeting?

- Reality is that there are two bills
- SB -135 is in both the CCI bill and the Draft Concepts
- Counties believe that SB 135 is the sleeves out of CML's vest
- If you believe one size fits all then there is no study that will create "the right answer"
- Issue for counties is that the current statute gives cities unilateral authority over other entities tax increment
- Counties are in untenable situation when they cannot be accountable for funds going into a development
- Want to be able to negotiate governing body to governing body on equal footing
- Study provides a set of metrics and framework within which to have the conversation - each project would still be different - it would not be a one size fits all
- What is the nexus between property tax and sales tax other than symbolism - no connection to impacts or dollars raised - one size fits all
- Need to have a nexus between impacts and funding
- If you cannot negotiate then you need rational methodology to determine impacts and take them to an arbiter
- No agreement yet on what the problem is - equitable financial contribution, equal footing

Observation

- Need data to negotiate answer
- Let the people who know best do the negotiation
- Backstop for cities is arbitration
- Backstop for counties is the equitable contribution

Comments:

- We don't have data to answer very fundamental questions?
- What is the harm in having a case study of a number of different projects
- Counties believe that study is code for status quo
- Everyone will tear apart a study
- Metrics will provide foundation for negotiation
- Larimer County hired BBC to do study - everyone tore apart underlying assumptions
- To agree to study counties would require a moratorium on creation of new urban renewal districts
- Cities and counties share constituents and share responsibility for the money that they spend on their behalf
- If we don't have a shared belief that data drives good decision making, then there might not be room for compromise
- We can work out process and representation - is there flexibility around the table to talk about money?

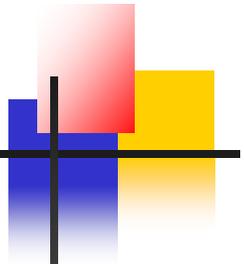
- Is arbitration removed from statute in CCI proposal – yes – backstop is matched %
- CML bill was proposed with no communication
- CCI will not pull bill, but is still open to conversations
- Both bills will continue to move forward
- Facilitator willing to have conversations one on one with participants to see if there is middle ground
- Sitting around the table and hearing the other side has been incredibly helpful to mayors
- Troubling to talk about “right backstop” but thinks it might be arbitration
- Broomfield has basic metrics to share as a template to look at for identifying impacts
 - Jennifer Hoffman will share it
 - Concept developed based on types of development and the default impact
- If both 100% sales and 100% of property taxes are contributed to the increment to pay off debt, and the base is recalculated during reassessment, then the property tax related to the project is increasing while the sales tax is not. This creates an imbalance in both risk and reward from the project – it is not equitable

Next Meeting Key Questions - Doodle Poll April 1, 2 and 3

- How do you define equitable contribution?
- What is the “backstop” (e.g., arbitration, default \$ amount, default %, other)?

URA/TIF Concepts Comparison

<i>Sources</i>	March 12 Concepts	South Metro Chamber	HB 14-1375	SB 15-135
REPRESENTATION & CONSULTATION				
Counties on URA Board	✓		✓	✓
Special Districts on URA Board	✓			
Project based subcommittee of affected taxing entities	✓			
RISK AND REVENUE SHARING				
Matching percentages — property tax and sales tax unless otherwise agreed			✓	
Automatic cap on percentage of property tax without negotiation		✓		
New methodologies to guide measurement, reporting, and negotiation	✓			
ENHANCED ARBITRATION				
Arbitration of unresolved issues with findings and recommendations for impact mitigation	✓			



Tax Increment Financing

Colorado Department of Local Affairs
Division of Property Taxation

Greg Schroeder

303-866-2681

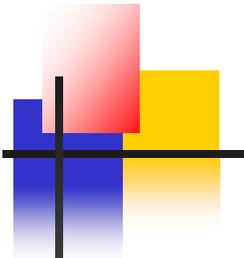
greg.schroeder@state.co.us

June 29, 2010

What is Tax Increment Financing?

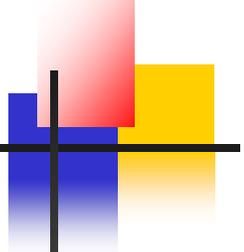


Tax increment financing (TIF) is a method of using **property or sales tax revenue** to pay debt service on bonds issued to fund development.



TIF Procedures

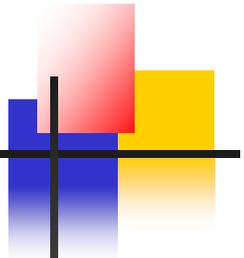
- TIF procedures for assessors are published by the Division of Property Taxation in Chapter 12 of the Assessor's Reference Library Volume 2.
- http://www.dola.state.co.us/dpt/publications/ar1_index.htm



Tax Increment Financing

Property Tax

- The property tax revenue is generated from the mill levies of the taxing entities that overlap the tax increment financing area.

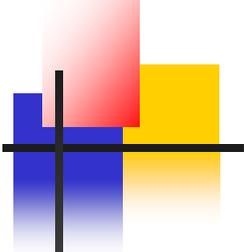


Increment and Base Values

- Each year, the county assessor must calculate the BASE and INCREMENT values.

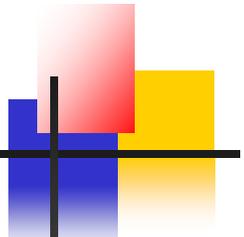
Simple definitions:

- BASE – The assessed value of the property that existed prior to the development
- INCREMENT – The assessed value of the property added after the TIF area was formed



Revenue from Increment and Base

- Revenue generated from the increment value goes to the development project.
- Revenue generated from the base value goes to the taxing entities in proportion to their mill levies.



Assessor Calculates New

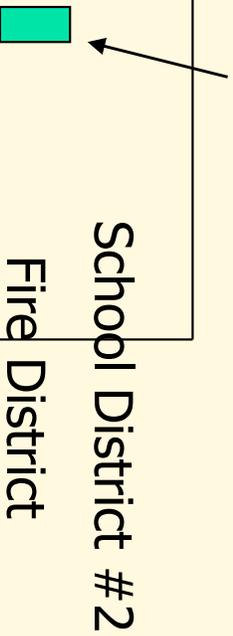
Base/Increment Split Each Year

- Each year the assessor calculates a new base/increment split and provides it to the treasurer.
- The treasurer uses the split to apportion the tax revenue between the funds of the taxing entities and the special fund of the authority.

Franklin County

School District # 1

Sun Shine D.D.A.

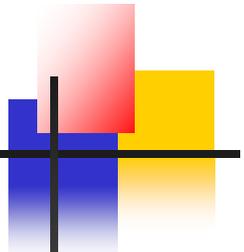


Sun Shine City

■ Entity Mill Levy

Franklin County	20.000
S.D. #2	50.000
Fire District	5.000
Sun Shine City	<u>15.000</u>
Total	90.000

2010 taxable assessed value:	\$14,255,540	100.0000%
2010 Base Value:	\$ 9,822,030	68.8997%
2010 Increment Value:	\$ 4,433,510	31.1003%



Distribution of Revenue

- Total Tax collected for area:
 - Total \$14,255,540 x .090000 = **\$1,282,998.60**
- Distribution to taxing entities:
 - County \$9,822,030 x .020000 = \$196,440.70
 - SD #2 \$9,822,030 x .050000 = \$491,101.50
 - Fire \$9,822,030 x .005000 = \$ 49,110.15
 - City \$9,822,030 x .015000 = \$147,330.45
 - Total \$9,822,030 x .090000 = **\$883,982.70**
- Tax paid into special fund of URA or DDA:
 - TIF Rev. \$4,433,510 x .090000 = **\$399,015.90**

CERTIFICATION OF VALUATION BY COUNTY ASSESSOR

New Tax Entity YES NO

Date _____, 200__

NAME OF TAX ENTITY: _____

USE FOR STATUTORY PROPERTY TAX REVENUE LIMIT CALCULATION (*5.5% LIMIT) ONLY

IN ACCORDANCE WITH 39-5-121(2)(a) and 39-5-128(1), C.R.S., AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES THE TOTAL VALUATION FOR ASSESSMENT FOR THE TAXABLE YEAR 200__:

- 1. PREVIOUS YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION: 1. \$ _____
- 2. CURRENT YEAR'S GROSS TOTAL TAXABLE ASSESSED VALUATION: ‡ 2. \$ _____
- 3. LESS THE DISTRICT INCREMENT, IF ANY: 3. \$ _____
- 4. CURRENT YEAR'S NET TOTAL TAXABLE ASSESSED VALUATION: 4. \$ _____
- 5. NEW CONSTRUCTION: * 5. \$ _____
- 6. INCREASED PRODUCTION OF PRODUCING MINE: ≈ 6. \$ _____
- 7. ANNEXATIONS/INCLUSIONS: 7. \$ _____
- 8. PREVIOUSLY EXEMPT FEDERAL PROPERTY: ≈ 8. \$ _____
- 9. NEW PRIMARY OIL OR GAS PRODUCTION FROM ANY PRODUCING OIL AND GAS LEASEHOLD OR LAND (29-1-301(1)(b), C.R.S.): † 9. \$ _____
- 10. OMITTED TAXES AND TAXES COLLECTED LAST YEAR ON OMITTED PROPERTY AS OF AUG. 1 (29-1-301(1)(a), C.R.S.): 10. \$ _____
- 11. TAXES ABATED AND REFUNDED AS OF AUG. 1 (29-1-301(1)(a), C.R.S.) and (39-10-114(1)(a)(D)(B), C.R.S.): 11. \$ _____

IN ACCORDANCE WITH ART. X, SEC. 20, COLO. CONSTITUTION AND 39-5-121(2)(b), C.R.S., THE ASSESSOR CERTIFIES THE TOTAL ACTUAL VALUATION FOR THE TAXABLE YEAR 200__:

USE FOR TABOR "LOCAL GROWTH" CALCULATION ONLY

- 1. CURRENT YEAR'S TOTAL ACTUAL VALUE OF ALL REAL PROPERTY: ¶ 1. \$ _____
- ADDITIONS TO TAXABLE REAL PROPERTY
- 2. CONSTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS: * 2. \$ _____
- 3. ANNEXATIONS/INCLUSIONS: 3. \$ _____
- 4. INCREASED MINING PRODUCTION: § 4. \$ _____
- 5. PREVIOUSLY EXEMPT PROPERTY: 5. \$ _____
- 6. OIL OR GAS PRODUCTION FROM A NEW WELL: 6. \$ _____
- 7. TAXABLE REAL PROPERTY OMITTED FROM THE PREVIOUS YEAR'S TAX WARRANT: (If land and/or a structure is picked up as omitted property for multiple years, only the most current year's actual value can be reported as omitted property.) 7. \$ _____

DELETIONS FROM TAXABLE REAL PROPERTY

- 8. DESTRUCTION OF TAXABLE REAL PROPERTY IMPROVEMENTS: 8. \$ _____
- 9. DISCONNECTIONS/EXCLUSIONS: 9. \$ _____
- 10. PREVIOUSLY TAXABLE PROPERTY: 10. \$ _____

¶ This includes the actual value of all taxable real property plus the actual value of religious, private school, and charitable real property.

‡ Construction is defined as newly constructed taxable real property structures.

§ Includes production from new mines and increases in production of existing producing mines.

IN ACCORDANCE WITH 39-5-128(1), C.R.S., AND NO LATER THAN AUGUST 25, THE ASSESSOR CERTIFIES TO SCHOOL DISTRICTS:

- 1. TOTAL ACTUAL VALUE OF ALL TAXABLE PROPERTY 1. \$ _____

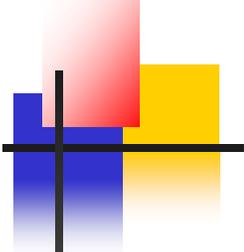
NOTE: ALL LEVIES MUST BE CERTIFIED TO THE COUNTY COMMISSIONERS NO LATER THAN DECEMBER 15.

Handout A

Values certified August 25

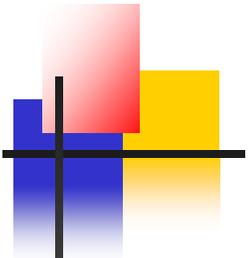
Values re-certified December 10

Will levy calculated from net AV



Colorado TIFs

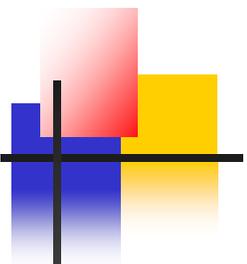
- Colorado has approximately 88 development projects that use property tax TIF.
- See **Handout B**



New TIF Formed

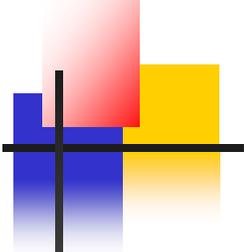
Assessor Responsibilities

- Create one or more new tax areas
- Identify each parcel/schedule in TIF area
- Determine the date on which values were last certified
- Confirm accuracy of valuation/classification
- Ensure correct distribution of state assessed values
- Establish the initial base value
- Communicate with authority/city



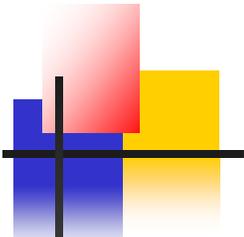
Initial Base Value

- Base represents values as last certified:
 - In December (prior tax year)
- OR
- In August (current tax year):
- If values were last certified in December, an increment is possible in the year the TIF was established.



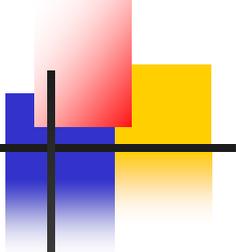
Adjustments to the Base in Subsequent Years

- General Reassessment
 - §§ 31-25-107(9)(e) and 31-25-807(3)(e), C.R.S.
- Value reduction for prior reappraisal year from abatement or decision by an appeals board or court
 - §§ 31-25-107(9)(e) and 31-25-807(3)(e), C.R.S.
- Exception: The boundaries of the TIF area are changed
 - §§ 31-25-107(9)(a)(I) and 31-25-807(3)(a)(I), C.R.S.



Increment

- The increment value is the amount of total value that exceeds the base for any given year.
 - Generally simple to calculate during the intervening year
 - More difficult to calculate during a year of reappraisal



Intervening year procedure

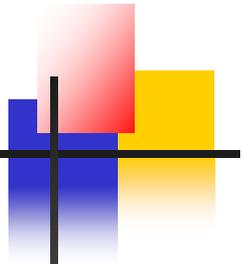
- Any change in value for 2010 is added to or subtracted from the prior year increment.

- Prior year

■ 2009 total valuation	\$5,000,000	100.00000%
■ 2009 base valuation	<u>-4,750,000</u>	95.00000%
■ 2009 increment	\$ 250,000	5.00000%

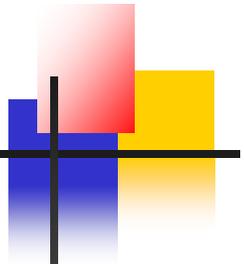
- Current year

■ 2010 total valuation	\$5,300,000	100.00000%
■ 2009 base valuation	<u>-4,750,000</u>	89.62266%
■ 2010 increment	\$ 550,000	10.37744%



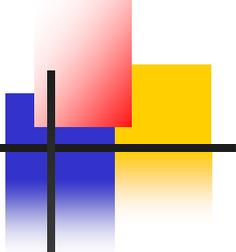
Adjustment to Base/Increment During Year of General Reassessment

- Base and increment proportionately adjusted first to reflect the reappraisal
- Then, the increment is adjusted to account for the growth value
- Intent of law: to ensure that only those increases in property tax proceeds occurring because of redevelopment are used to pay project revenue bonds



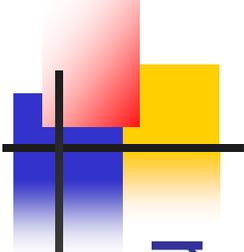
Value attributable to non-reassessment changes

- The assessor must identify value resulting from the following changes:
 - Changes to the physical characteristics of properties
 - Changes to the legal characteristics of properties
 - Changes to the use of properties



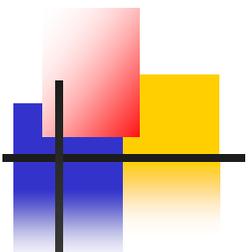
Examples

- New construction real and associated personal
- New personal property located to TIF area as a result of development project
- Classification changes
- Demolished/destroyed property
- Changes in land use entitlements (includes platting)
- Assemblage or splitting of land parcels
- “Unusual conditions”
- Installation of streets, curbs, sidewalks and utilities, the mitigation of contamination, mitigation of unusual topography, or similar site improvements



Step #1: Value attributable to non-reassessment changes – Tax Year 2011

- New construction (real/personal) \$198,000
- Prior exempt, now taxable \$ 40,000
- Reclassification from agricultural to vacant \$105,000
- Demolition \$ (22,000)
- Prior taxable, now exempt \$ (5,000)
- Total value attributable to non-reassessment changes \$316,000

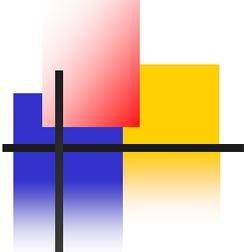


Step #2: Percentages Attributable to Prior Base and to Prior Increment:

- 2010 total valuation $\$3,623,370$
- 2010 base valuation $\underline{- 3,079,865}$
- 2010 increment $\$ 543,505$

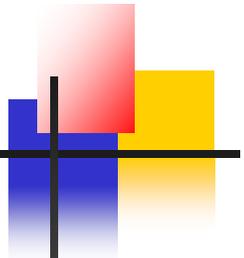
- 2010 base percentage
 $\$3,079,865$ (10 base valuation)
----- = .850000 (**85.00000%**)
 $\$3,623,370$ (10 total valuation)

- 2010 increment percentage
 $\$543,505$ (10 increment)
----- = .150000 (**15.00000%**)
 $\$3,623,370$ (10 total valuation)



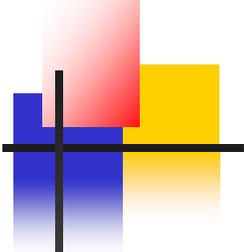
Step #3: Determine Adjusted Reappraisal Valuation

- 2011 total valuation after reappraisal \$5,000,000
- Less increase due to redevelopment - 316,000
- Adjusted reappraisal valuation \$4,684,000



Step #4: Apportionment for Adjusted Base and Increment

- 2011 adjusted reappraised valuation = \$4,684,000
- Current year Base (\$4,684,000 x .850000) = \$3,981,400
- Adjusted increment (\$4,684,000 x .150000) = \$ 702,600



Step #5: Determine Total Increment for 2011

■ Adjusted increment (Step 4)	\$ 702,600
■ Plus increment due to non-reassessment changes	<u>+ 316,000</u>
■ Current year Increment	\$ 1,018,600
■ Current year Base	\$ 3,981,400
■ Current year Increment	<u>+ 1,018,600</u>
■ Total TIF area valuation for 2011	\$ 5,000,000

First Regular Session
Seventieth General Assembly
STATE OF COLORADO

REDRAFT
2.24.15

Double underlining
denotes changes from
prior draft

DRAFT

LLS NO. 15-0657.01 Bob Lackner x4350

HOUSE BILL

HOUSE SPONSORSHIP

Hullinghorst,

SENATE SPONSORSHIP

(None),

BILL TOPIC: "Urban Redevelopment Fairness Act"

A BILL FOR AN ACT

101 CONCERNING MODIFICATIONS TO STATUTORY PROVISIONS GOVERNING
102 URBAN REDEVELOPMENT TO PROMOTE THE EQUITABLE
103 FINANCIAL CONTRIBUTION AMONG AFFECTED PUBLIC BODIES IN
104 CONNECTION WITH URBAN REDEVELOPMENT PROJECTS
105 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://www.leg.state.co.us/billsummaries>.)

The bill modifies statutory provisions governing an urban renewal authority (URA) in the following respects:

*Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

- **Section 1** of the bill modifies the number of commissioners of a URA. Specifically, the bill deletes the requirement that a URA have an odd number of commissioners and allows a URA to have up to 13 commissioners.
- In all cases where the municipality in which a URA has been established is not a city and county, and where an urban renewal plan managed by the URA includes an allocation of property tax increment generated by the mill levy imposed by the county, section 1 of the bill also requires one commissioner to be appointed by agreement of the boards of county commissioners of each county with territorial boundaries that lie within the area covered by the urban renewal plan. The bill specifies requirements governing the appointment. In addition, one commissioner must also be a board member of a special district selected by agreement of the special districts with service areas that lie within the urban renewal plan area, and one such commissioner must also be an elected member of a board of education of a school district selected by agreement of the school districts with territorial boundaries that lie within the urban renewal plan area.
- **Section 3** of the bill imposes similar representational requirements when the governing body of a municipality designates itself as the URA.
- **Section 2** of the bill requires that, in the case of the special fund established to collect the revenues from certain taxes allocated to the URA upon the payment of indebtedness, all funds remaining in the special fund that have not previously been rebated and that originated as property tax increment generated based on the mill levy of a taxing body within the boundaries of the urban renewal area must be repaid to each taxing body, other than the municipality, based on requirements specified in the bill.
- Before any urban renewal plan containing any tax allocation provisions that allocates any taxes of any public body other than the municipality may be approved by the municipal governing body, section 2 of the bill also requires the governing body to notify the board of county commissioners of each county and the governing boards of each other public body whose property tax revenues would be allocated under such proposed plan. Representatives of the municipal governing body and each board of county commissioners and each public body are then required to meet and attempt to negotiate an agreement governing the types and limits of tax revenues of each taxing entity to be

allocated to the urban renewal plan. Any allocated shared tax revenues governed by any agreement are limited to all or any portion of the taxes levied upon taxable property by the public body within the area covered by the urban renewal plan in addition to any sales tax revenues generated within the area covered by the urban renewal plan by the imposition of the sales tax of the municipality and any other public body.

- In the absence of an agreement between the municipality and any taxing entity, section 2 of the bill prohibits the percentage of property tax increment revenues of any public body that may be allocated to the URA from exceeding the percentage of municipal sales tax increment revenues allocated to the URA under the provisions of the urban renewal plan. The bill specifies the manner in which the percentage of municipal sales tax increment revenue allocated to the URA is to be determined as well as the determination of the amount of any moneys that the municipality pays to, contributes to, or invests in the URA for the project.

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

2 **SECTION 1.** In Colorado Revised Statutes, 31-25-104, **amend**
3 (2) (a) and (2) (b) as follows:

4 **31-25-104. Urban renewal authority.** (2) (a) An authority ~~shall~~
5 ~~consist~~ CONSISTS of any ~~odd~~ number of ~~commissioners which shall be~~ not
6 less than five nor more than ~~eleven~~ THIRTEEN COMMISSIONERS, each of
7 whom ~~shall~~ MUST be appointed by the mayor, who shall designate the
8 chairman for the first year; ~~Such~~ EXCEPT THAT, IN ALL CASES WHERE THE
9 MUNICIPALITY IN WHICH AN AUTHORITY HAS BEEN ESTABLISHED IS NOT A
10 CITY AND COUNTY, AND WHERE AN URBAN RENEWAL PLAN MANAGED BY
11 THE AUTHORITY INCLUDES AN ALLOCATION OF PROPERTY TAX INCREMENT
12 GENERATED BY THE MILL LEVY IMPOSED BY THE COUNTY, ONE SUCH
13 COMMISSIONER MUST BE APPOINTED BY THE BOARDS OF COUNTY
14 COMMISSIONERS OF EACH COUNTY WITH TERRITORIAL BOUNDARIES THAT

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1 LIE WITHIN THE AREA COVERED BY THE URBAN RENEWAL PLAN. THE
2 COMMISSIONER MUST BE APPOINTED PURSUANT TO AN AGREEMENT
3 BETWEEN THE BOARDS OF COUNTY COMMISSIONERS IN ACCORDANCE WITH
4 THIS PARAGRAPH (a) AND MUST BE EITHER A MEMBER OF ONE SUCH BOARD
5 OR A DESIGNEE APPOINTED BY SUCH BOARDS WHO SHALL SERVE AT THE
6 PLEASURE OF SUCH BOARDS. ONE SUCH COMMISSIONER MUST ALSO BE A
7 BOARD MEMBER OF A SPECIAL DISTRICT SELECTED BY AGREEMENT OF THE
8 SPECIAL DISTRICTS WITH SERVICE AREAS THAT LIE WITHIN THE URBAN
9 RENEWAL PLAN AREA, AND ONE SUCH COMMISSIONER MUST ALSO BE AN
10 ELECTED MEMBER OF A BOARD OF EDUCATION OF A SCHOOL DISTRICT
11 SELECTED BY AGREEMENT OF THE SCHOOL DISTRICTS WITH TERRITORIAL
12 BOUNDARIES THAT LIE WITHIN THE URBAN RENEWAL PLAN AREA. ALL
13 MAYORAL appointments and ~~designation shall be~~ CHAIR DESIGNATIONS
14 ARE subject to approval by the governing body. Not more than one of the
15 commissioners APPOINTED BY THE MAYOR may be an official of the
16 municipality. In the event that an official of the municipality is appointed
17 as commissioner of an authority, acceptance or retention of such
18 appointment ~~shall not be~~ IS NOT deemed a forfeiture of his OR HER office,
19 or incompatible therewith, ~~or~~ AND DOES NOT affect his OR HER tenure or
20 compensation in any way. The term of office of a commissioner of an
21 authority who is a municipal official ~~shall~~ IS not ~~be~~ affected or curtailed
22 by the expiration of the term of his OR HER municipal office.

23 (b) The commissioners who are first appointed ~~shall~~ MUST be
24 designated by the mayor to serve for staggered terms so that the term of
25 at least one commissioner will expire each year. Thereafter, the term of
26 office ~~shall be~~ IS five years. A commissioner ~~shall hold~~ HOLDS office until
27 his OR HER successor has been appointed and has qualified. Vacancies

1 other than by reason of expiration of terms ~~shall~~ MUST be filled by the
2 mayor for the unexpired term; EXCEPT THAT A VACANCY OF A
3 COUNTY-APPOINTED SEAT MUST BE FILLED BY AGREEMENT BY THE
4 BOARDS OF COUNTY COMMISSIONERS FOR THE UNEXPIRED TERM, A
5 VACANCY OF THE SPECIAL DISTRICT-APPOINTED SEAT MUST BE FILLED BY
6 AGREEMENT OF THE AFFECTED SPECIAL DISTRICTS, AND A VACANCY OF
7 THE SCHOOL DISTRICT-APPOINTED SEAT MUST BE FILLED BY AGREEMENT
8 OF THE AFFECTED SCHOOL DISTRICTS. A majority of the commissioners
9 ~~shall constitute~~ CONSTITUTES a quorum. The mayor shall file with the
10 clerk a certificate of the appointment or reappointment of any
11 commissioner, and such certificate ~~shall be~~ IS conclusive evidence of the
12 due and proper appointment of such commissioner. A commissioner ~~shall~~
13 ~~receive~~ RECEIVES no compensation for his OR HER services, but ~~he shall~~
14 ~~be~~ IS entitled to the necessary expenses, including traveling expenses,
15 incurred in the discharge of his OR HER duties.

16 **SECTION 2.** In Colorado Revised Statutes, 31-25-107, **amend**
17 (9) (a) introductory portion and (9) (a) (II); and **add** (9.5) as follows:

18 **31-25-107. Approval of urban renewal plans by local**
19 **governing body.** (9) (a) Notwithstanding any law to the contrary, any
20 urban renewal plan, as originally approved or as later modified pursuant
21 to this part 1, may contain a provision that taxes, if any, levied after the
22 effective date of the approval of such urban renewal plan upon taxable
23 property in an urban renewal area each year or that municipal sales taxes
24 collected within said area, or both such taxes, by or for the benefit of any
25 public body ~~shall~~ MUST be divided for a period not to exceed twenty-five
26 years after the effective date of adoption of such a provision, as follows:

27 (II) That portion of said property taxes or all or any portion of said

1 sales taxes, or both, in excess of the amount of property taxes or sales
2 taxes paid into the funds of each such public body in accordance with the
3 requirements of subparagraph (I) of this paragraph (a) ~~shall~~ MUST be
4 allocated to and, when collected, paid into a special fund of the authority
5 to pay the principal of, the interest on, and any premiums due in
6 connection with the bonds of, loans or advances to, or indebtedness
7 incurred by, whether funded, refunded, assumed, or otherwise, the
8 authority for financing or refinancing, in whole or in part, an urban
9 renewal project, or to make payments under an agreement executed
10 pursuant to subsection (11) of this section. Any excess municipal sales tax
11 collections not allocated pursuant to this subparagraph (II) ~~shall~~ MUST be
12 paid into the funds of the municipality. Unless and until the total
13 valuation for assessment of the taxable property in an urban renewal area
14 exceeds the base valuation for assessment of the taxable property in such
15 urban renewal area, as provided in subparagraph (I) of this paragraph (a),
16 all of the taxes levied upon the taxable property in such urban renewal
17 area ~~shall~~ MUST be paid into the funds of the respective public bodies.
18 Unless and until the total municipal sales tax collections in an urban
19 renewal area exceed the base year municipal sales tax collections in such
20 urban renewal area, as provided in subparagraph (I) of this paragraph (a),
21 all such sales tax collections ~~shall~~ MUST be paid into the funds of the
22 municipality. When such bonds, loans, advances, and indebtedness, if
23 any, including interest thereon and any premiums due in connection
24 therewith, have been paid, all taxes upon the taxable property or the total
25 municipal sales tax collections, or both, in such urban renewal area ~~shall~~
26 MUST be paid into the funds of the respective public bodies, AND ALL
27 FUNDS REMAINING IN THE SPECIAL FUND ESTABLISHED PURSUANT TO THIS

1 SUBPARAGRAPH (II) THAT HAVE NOT PREVIOUSLY BEEN REBATED AND
2 THAT ORIGINATED AS PROPERTY TAX INCREMENT GENERATED BASED ON
3 THE MILL LEVY OF A TAXING BODY WITHIN THE BOUNDARIES OF THE
4 URBAN RENEWAL AREA MUST BE REPAID TO EACH TAXING BODY, OTHER
5 THAN THE MUNICIPALITY, BASED ON THE PRO RATA SHARE OF THE TOTAL
6 MILL LEVY ATTRIBUTABLE TO EACH TAXING BODY'S MILL LEVY IN THE
7 LAST YEAR IN WHICH PROPERTY TAXES WERE DIVIDED PURSUANT TO THIS
8 SUBSECTION (9). ANY FUNDS REMAINING IN THE SPECIAL FUND NOT
9 GENERATED BY PROPERTY TAX INCREMENT ARE EXCLUDED FROM ANY
10 SUCH REPAYMENT REQUIREMENT.

11 (9.5) (a) BEFORE ANY URBAN RENEWAL PLAN CONTAINING ANY
12 TAX ALLOCATION PROVISIONS THAT ALLOCATES ANY TAXES OF ANY
13 PUBLIC BODY OTHER THAN THE MUNICIPALITY MAY BE APPROVED BY THE
14 MUNICIPAL GOVERNING BODY PURSUANT TO SUBSECTION (9) OF THIS
15 SECTION, THE GOVERNING BODY SHALL NOTIFY THE BOARD OF COUNTY
16 COMMISSIONERS OF EACH COUNTY AND THE GOVERNING BOARDS OF EACH
17 OTHER PUBLIC BODY WHOSE PROPERTY TAX REVENUES WOULD BE
18 ALLOCATED UNDER SUCH PROPOSED PLAN. REPRESENTATIVES OF THE
19 MUNICIPAL GOVERNING BODY AND EACH BOARD OF COUNTY
20 COMMISSIONERS AND EACH PUBLIC BODY SHALL THEN MEET AND ATTEMPT
21 TO NEGOTIATE AN AGREEMENT GOVERNING THE TYPES AND LIMITS OF TAX
22 REVENUES OF EACH TAXING ENTITY TO BE ALLOCATED TO THE URBAN
23 RENEWAL PLAN. THE AGREEMENT MAY BE ENTERED INTO SEPARATELY
24 BETWEEN THE MUNICIPALITY AND EACH SUCH COUNTY OR OTHER PUBLIC
25 BODY, OR THROUGH A JOINT AGREEMENT BETWEEN THE MUNICIPALITY
26 AND ANY PUBLIC BODY THAT HAS CHOSEN TO ENTER THAT AGREEMENT.
27 ANY SUCH ALLOCATED SHARED TAX REVENUES GOVERNED BY ANY

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1 AGREEMENT ARE LIMITED TO ALL OR ANY PORTION OF THE TAXES LEVIED
2 UPON TAXABLE PROPERTY BY THE PUBLIC BODY WITHIN THE AREA
3 COVERED BY THE URBAN RENEWAL PLAN IN ADDITION TO ANY SALES TAX
4 REVENUES GENERATED WITHIN THE AREA COVERED BY THE URBAN
5 RENEWAL PLAN BY THE IMPOSITION OF THE SALES TAX OF THE
6 MUNICIPALITY AND ANY OTHER PUBLIC BODY.

7 (b) THE AGREEMENT DESCRIBED IN PARAGRAPH (a) OF THIS
8 SUBSECTION (9.5) MAY PROVIDE FOR A WAIVER OF ANY PROVISION OF THIS
9 PART 1 THAT PROVIDES FOR NOTICE TO THE PUBLIC BODY, REQUIRES ANY
10 FILING WITH OR BY THE PUBLIC BODY, REQUIRES OR PERMITS CONSENT
11 FROM THE PUBLIC BODY, OR PROVIDES ANY ENFORCEMENT RIGHT TO THE
12 PUBLIC BODY.

13 (c) IF, AFTER A PERIOD OF NINETY DAYS FROM THE DATE OF NOTICE
14 OR SUCH LONGER PERIOD AS THE MUNICIPAL GOVERNING BODY AND ANY
15 PUBLIC BODY MAY AGREE, THERE IS NO AGREEMENT BETWEEN THE
16 MUNICIPAL GOVERNING BODY AND ANY PUBLIC BODY AS DESCRIBED IN
17 PARAGRAPH (a) OF THIS SUBSECTION (9.5), THE PROVISIONS AND
18 LIMITATIONS OF PARAGRAPH (d) OF THIS SUBSECTION (9.5) GOVERN THE
19 ALLOCATION OF TAX REVENUES FOR EACH PUBLIC BODY FOR WHICH THERE
20 IS NO AGREEMENT.

21 (d) (I) IN THE ABSENCE OF AN AGREEMENT BETWEEN THE
22 MUNICIPALITY AND ANY TAXING ENTITY AS DESCRIBED IN PARAGRAPH (a)
23 OF THIS SUBSECTION (9.5), THE PERCENTAGE OF PROPERTY TAX
24 INCREMENT REVENUES OF ANY PUBLIC BODY THAT MAY BE ALLOCATED TO
25 THE AUTHORITY PURSUANT TO SUBPARAGRAPH (II) OF PARAGRAPH (a) OF
26 SUBSECTION (9) OF THIS SECTION SHALL NOT EXCEED THE PERCENTAGE OF
27 MUNICIPAL SALES TAX INCREMENT REVENUES ALLOCATED TO THE

1 AUTHORITY PURSUANT TO SAID SUBPARAGRAPH (II) UNDER THE
2 PROVISIONS OF THE PLAN, AS ORIGINALLY APPROVED AND AS IT MAY BE
3 LATER MODIFIED.

4 (II) ANY EXEMPTIONS, REBATES, OR REPAYMENTS PAID OR TO BE
5 PAID TO THE MUNICIPALITY MUST BE EXCLUDED IN DETERMINING THE
6 PERCENTAGE OF MUNICIPAL SALES TAX INCREMENT REVENUE ALLOCATED
7 TO THE AUTHORITY.

8 (III) WITHIN THE TWELVE-MONTH PERIOD PRIOR TO THE EFFECTIVE
9 DATE OF THE APPROVAL OR MODIFICATION OF THE URBAN RENEWAL PLAN
10 REQUIRING THE ALLOCATION OF MONEYS TO AN AUTHORITY PURSUANT TO
11 PARAGRAPH (a) OF SUBSECTION (9) OF THIS SECTION, THE AMOUNT OF ANY
12 MONEYS THAT THE MUNICIPALITY PAYS TO, CONTRIBUTES TO, OR INVESTS
13 IN THE AUTHORITY FOR THE PROJECT, OR THAT ARE SPENT BY A PRIVATE
14 ENTITY FOR WHICH THE MUNICIPALITY HAS AGREED IN WRITING TO
15 REIMBURSE THE ENTITY WITH SALES TAX REVENUE COLLECTED IN THE
16 AREA OF THE URBAN RENEWAL PROJECT, IS TO BE DETERMINED BY THE
17 MUNICIPALITY AND THE AUTHORITY PRIOR TO THE ALLOCATION OF
18 REVENUES PURSUANT TO SUBPARAGRAPH (I) OF THIS PARAGRAPH (d) AND
19 THE MUNICIPALITY IS ENTITLED TO REIMBURSEMENT OF SUCH AMOUNT TO
20 THE EXTENT PROVIDED IN SUBPARAGRAPH (II) OF PARAGRAPH (a) OF
21 SUBSECTION (9) OF THIS SECTION.

22 **SECTION 3.** In Colorado Revised Statutes, 31-25-115, **add** (1.5)
23 as follows:

24 **31-25-115. Transfer - abolishment.** (1.5) WHEN THE GOVERNING
25 BODY OF A MUNICIPALITY DESIGNATES ITSELF AS THE AUTHORITY OR
26 TRANSFERS AN EXISTING AUTHORITY TO THE GOVERNING BODY, THE
27 BOARDS OF COUNTY COMMISSIONERS OF EACH COUNTY WITH TERRITORIAL

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1 BOUNDARIES THAT LIE WITHIN THE BOUNDARIES OF THE URBAN RENEWAL
2 PLAN AREA MAY, BY AGREEMENT, APPOINT ONE COMMISSIONER TO THE
3 AUTHORITY. THE SPECIAL DISTRICTS WITH SERVICE AREAS THAT LIE
4 WITHIN THE BOUNDARIES OF THE URBAN RENEWAL PLAN AREA AND THE
5 SCHOOL DISTRICTS WITH TERRITORIAL BOUNDARIES THAT LIE WITHIN THE
6 URBAN RENEWAL PLAN AREA MAY EACH ALSO APPOINT ONE BOARD
7 MEMBER TO THE AUTHORITY UNDER THE CIRCUMSTANCES AND IN
8 ACCORDANCE WITH THE PROCEDURES SET FORTH IN SECTION 31-25-104(2)
9 (a).

10 **SECTION 4. Act subject to petition - effective date -**
11 **applicability.** (1) This act takes effect at 12:01 a.m. on the day following
12 the expiration of the ninety-day period after final adjournment of the
13 general assembly (August 5, 2015, if adjournment sine die is on May 6,
14 2015); except that, if a referendum petition is filed pursuant to section 1
15 (3) of article V of the state constitution against this act or an item, section,
16 or part of this act within such period, then the act, item, section, or part
17 will not take effect unless approved by the people at the general election
18 to be held in November 2016 and, in such case, will take effect on the
19 date of the official declaration of the vote thereon by the governor.

20 (2) This act applies to:

21 (a) Urban renewal authorities and any urban renewal plans created
22 or modified on or after January 1, 2016; and

23 (b) Urban renewal authorities considering urban renewal plan
24 amendments or modifications, including, without limitation, any addition
25 of an urban renewal project; an alteration of urban renewal area
26 boundaries; or an extension of an urban renewal plan or the duration of
27 specific projects regardless of whether such extension or related changes

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- 1 in duration require actual alteration of the terms of the urban renewal
- 2 plan.