

## Property Tax Discussion for Special Session

Friday, November 10, 2023 at 12pm

Zoom:

<https://us02web.zoom.us/j/84374730768?pwd=N2NqRnVqTWtjWXRvb0J3Q0pNbUExdz09>

### Attendees:

*Senators - Fenberg, Priola, Mullica, Bridges, Gonzales, Marchman, Kolker, Bridges, Danielson, Hinrichsen, Zenzinger, Hansen, Ginal, Roberts*

*Representatives - Kipp, deGruy Kennedy, Hamrick, Sirota, Mabrey, Amabile, Joseph, Brown, Herod, Rutinel, Snyder, Weissman, Lindsay, Lieder, Mauro, Boesenecker, Epps, Willford, Dickson, Velasco, Bird, Parenti*

*Staff - Nellie Moran, Rebecca Kisner, Karlin Gray, Kristen Berg*

### Meeting Minutes:

#### Overview of current law

- Under [SB22-238](#), for single and multifamily residential properties, \$15,000 is subtracted (exempted) from the actual value of a property before applying the assessment rate. For some commercial property, there's a \$30,000 exemption. Prop HH built on top of this for 2023 - it added assessment reductions and increased exemptions (e.g. up to a \$50K exemption for residential properties).
- Looking to balance possible exemptions and reductions in assessment rates, decide what they apply to, and decide what backfill to provide.
- For backfill, there are 3 main sources:
  - \$200M from 2023-24 budget
  - TABOR surplus
  - Statutory reserve
- Finances vary significantly by county, so it's tricky to find a statewide solution.

#### Main questions

- Exemptions / Reductions in Assessment Rates
  - There are two main methods to provide property tax relief - through a reduction in the overall assessment rate that is applied to a property, and through exempting a set portion of the property's value from taxation.
  - We have better tools than property tax changes to provide relief to renters (e.g. EITC, rental assistance, TABOR refunds).
  - General support for focusing on increasing the exempted amount (rather than rate reductions), as this provides more targeted relief. Apply to single family and multifamily residential (which includes both properties such as a duplex and a large apartment building).

- Discussion of whether there should also be an increased exemption for commercial properties and the need to support small businesses. Exemption is currently at around \$30K for some commercial properties.
- General agreement to move forward with \$50K exemption for single family and multifamily residential, with either a minimal or no reduction in rate assessments.
- Backfill
  - Discussion around which districts should be backfilled, at what level, and with what funding.
  - Concerns about taking from the reserve for a property tax cut, and how this impacts next year's budget. Instead, general support for focusing on the \$200M in the 23-24 budget and potentially TABOR surplus.
    - Some members would like to consider using the reserve.
  - General agreement on providing 100% backfill to schools (and fire districts) with less than 100% backfill to remaining districts.
  - In general, every \$100M from the TABOR surplus leads to about \$30 off a flat TABOR refund. Every \$1K in value exemption for single family residential properties across the state would be about \$1.3M to provide 100% backfill.

### **Next Steps**

- Move forward with \$50K exemption for residential property, 100% backfill for school and fire districts, and non-100% formulaic backfill for other districts. Use \$200M from 23-24 budget and TABOR surplus for backfill.
- There are multiple titles pulled on property tax. Will look to consolidate around ideas discussed by the working group and work on draft over the weekend. Will also follow-up with numbers for some of the scenarios discussed above.