

August 24, 2015

## Tax Increment Financing Implementation Changes Coming Soon

As many of you who are involved in developing projects in urban renewal or downtown development areas know, the principal method for financing such projects is tax increment financing (TIF).

Tax increment financing is implemented largely by the assessors and treasurers of each county. The principal authority these offices use to determine how to implement tax increment financing—how to calculate and remit increment in a wide variety of circumstances—is the Property Tax Assessor's Manual. Specifically, Chapter 12 of the Assessor's Manual deals with tax increment financing implementation.

Many practitioners have highlighted places where the current version of the Assessor's Manual could be improved in terms of clarity, precision or correspondence with the statute.

Ambiguities in the Assessor's Manual have resulted in differing practices from county to county, or differing interpretations of similar situations. This can result in an individual urban renewal authority (URA), downtown development authority (DDA), or project, receiving less tax increment than anticipated or budgeted. (For some reason, it rarely results in the receipt of greater tax increment than projected.)

The Colorado Property Tax Administrator, JoAnn Groff, has recently announced the commencement of a process to update and revise Chapter 12 of the Assessor's Manual.

On Thursday, Aug. 20, the Colorado Property Tax Administrator held a stakeholder meeting to discuss her office's proposed changes to the chapter in the Assessor's Manual concerning the manner and methods by which county assessors are to implement TIF as it pertains to both URAs and DDAs. The Division of Property Taxation's (Division) plan is to revise its initial draft based on written comments received from the stakeholders. It will submit the revised draft to the Statutory Advisory Committee for its recommendations. After consideration of those recommendations, the Division will then submit the final draft to the State Board of Equalization for hearing and adoption.

It was clarified during the meeting that implementation of HB15-1348 will not be addressed in this process, but rather will be the topic of a later, separate stakeholder meeting and process. Approximately 50–60 people attended the meeting in person and by phone.

Attendees at the meeting expressed concerns regarding a number of changes, including how increment is reallocated to increases in property values (e.g., if a new development catalyzes surrounding development, the Division is proposing to apportion the increment credited to the new development and the amount credited to the tax base as general market increases in value).

Written comments on the initial draft, which we are planning to prepare and submit on behalf of our collective clients, are due on Thursday, Aug. 27.

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We will continue to keep you posted on significant developments as the process moves forward.

If you have specific issues or questions, please contact us directly.

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