

**JBC STAFF FISCAL ANALYSIS  
SENATE APPROPRIATIONS COMMITTEE**

CONCERNING THE ELIMINATION OF OWNERSHIP AS A REQUIREMENT TO QUALIFY FOR THE PROPERTY TAX EXEMPTION FOR PROPERTY THAT IS USED SOLELY AND EXCLUSIVELY FOR RELIGIOUS PURPOSES, AND, IN CONNECTION THEREWITH, ENACTING THE "CHURCH PROPERTY TAX FAIRNESS ACT".

Prime Sponsors: Senator Neville T.  
Reps. Leonard and Humphrey

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Date Prepared: February 26, 2018

**Fiscal Impact of Bill as Amended to Date**

The most recent Legislative Council Staff Fiscal Note (attached) reflects the fiscal impact of the bill as of 01/24/18.

<b>XXX</b>	<b>No Change:</b> Attached LCS Fiscal Note accurately reflects the fiscal impact of the bill
	<b>Update:</b> Fiscal impact has changed due to <i>new information or technical issues</i>
	<b>Update:</b> Fiscal impact has changed due to <i>amendment adopted</i> after LCS Fiscal Note was prepared
	<b>Non-Concurrence:</b> JBC Staff and Legislative Council Staff disagree about the fiscal impact of the bill

**Amendments in This Packet for Consideration by Appropriations Committee**

<b>Amendment</b>	<b>Description</b>
J.001	Staff-prepared appropriation amendment

**Current Appropriations Clause in Bill**

The bill requires but does not contain an appropriation clause.

**Description of Amendments in This Packet**

**J.001** Staff has prepared amendment **J.001** (attached) to add a provision appropriating \$145,403 General Fund to the Department of Local Affairs for FY 2018-19. This provision also states that the appropriation is based on the assumption that the Department will require an additional 2.4 FTE.

**Points to Consider**

*General Fund Impact*

- The general appropriations bill for FY 2018-19 has not yet been introduced. This bill requires a General Fund appropriation of \$145,403 to the Department of Local Affairs for FY 2018-19, reducing the amount of General Fund available for other purposes. For FY 2019-20, the

Department's administrative expenses are anticipated to increase to \$196,855. A portion of these ongoing expenditures could be covered by the fee revenue collected from those submitting property tax exemption applications.

*Future Fiscal Impact*

2. Starting in FY 2019-20, the bill is anticipated to reduce local property tax revenues from *non-residential* properties by \$2,324,000, including a reduction of \$614,000 for school districts. Under the School Finance Act, the State provides funding to backfill the difference between local property tax revenues and each school district's amount of "Total Program" funding for school operations. Thus, the Department of Education is anticipated to require a General Fund appropriation of \$614,000 starting in FY 2019-20 for the State Share of Districts' Total Program Funding.
3. Starting in FY 2019-20, the bill is anticipated to reduce local property tax revenues from *residential* properties by \$14,076,000 due to a constitutionally required reduction in the residential assessment rate in order to maintain the ratio of the statewide assessed values of residential and non-residential properties.