



Legislative  
Council Staff

*Nonpartisan Services for Colorado's Legislature*

HB 19-1165

**FINAL  
FISCAL NOTE**

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<b>Drafting Number:</b>	LLS 19-0794	<b>Date:</b>	May 14, 2019
<b>Prime Sponsors:</b>	Rep. Pelton Sen. Donovan; Hisey	<b>Bill Status:</b>	Postponed Indefinitely
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**Bill Topic:** ON-SITE WIND TURBINE MANUFACTURING PROPERTY TAX EXEMPTION

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**Summary of Fiscal Impact:**

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input checked="" type="checkbox"/> State Expenditure ( <i>indeterminate</i> )	<input checked="" type="checkbox"/> Local Government ( <i>indeterminate</i> )
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

This bill would have created a property tax exemption for wind turbine manufacturing equipment that is moved to the site where wind turbines will be put into use. The bill would have reduced property tax revenue and increased state expenditures by an indeterminate amount.

**Appropriation Summary:** No appropriation is required.

**Fiscal Note Status:** This fiscal note reflects the introduced bill. This bill was not enacted into law; therefore, the impacts identified in this analysis do not take effect.

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## Summary of Legislation

This bill creates a property tax exemption between 2020 and 2029 for personal property used to manufacture wind turbines on the site that the wind turbine will be put into use.

## Background

Under current law, manufacturing equipment is subject to property taxes at the location where it sits on January 1 each year.

No property that would qualify for the exception has been identified as currently in use in the state. The U.S. headquarters for Vestas wind turbine manufacturing is located in Pueblo County. According to the Pueblo County assessor's office, Vestas paid about \$1.5 million in property taxes in 2018 on wind turbine manufacturing equipment with an assessed value of about \$16.2 million. As wind turbines increase in height, they are more likely to be manufactured on site and equipment that qualifies for this bill will likely have much lower assessed values than the Vestas equipment in Pueblo.

## **State Expenditures**

This bill will increase state appropriations for school finance by an indeterminate amount once portable wind turbine manufacturing equipment is placed into service at a future date.

**School finance impact.** Under current law, the money to fund the school finance act comes from a combination of local and state sources. The local share, over 90 percent of which comes from property taxes, is counted first. State aid provides the difference between a district's total funding and the district's local share. This bill will reduce the amount of property taxes collected in individual districts across the state, and therefore the amount of revenue available for the local share of school finance will be reduced by an indeterminate amount if property that qualifies for the exemption is brought into the state.

**Department of Local Affairs.** The Division of Property Taxation within the Department of Local Affairs will update valuation manuals and issue rules to county assessors to accurately apply the new exemption. This workload increase can be accomplished with existing resources.

## **Local Government**

This bill will reduce property tax revenue to cities, counties, school districts, and special districts by an indeterminate amount if property that qualifies for the exemption is in use in their specific districts.

## **Effective Date**

This bill was postponed indefinitely by the House Energy and Environment Committee on February 11, 2019.

## **State and Local Government Contacts**

Colorado Energy Office  
Fire Chiefs  
Special Districts

Counties  
Municipalities

County Assessors  
Property Tax Division