Senate Bill 21-293 and Denver's Property Tax

Finance and Governance Committee
November 29, 2022

Items to Cover

- Intro: Overview of Denver’s Property Tax Mills
- Senate Bill 21-293 Overview and Impact on Denver’s Property Taxes
- 2022 Mill Levy Restoration Proposal
- Taxpayer Impact

Property Taxes and Mill Levies

- Property taxes and the associated mill levies are governed by state and local laws.
- Council approves the calculated mill levies related to all taxable properties within the City and County of Denver for these uses:
    1. Denver property taxes
    2. Denver Schools property taxes
    3. Denver special district property taxes
- The approved levies apply to property tax

2A Revenue Limitation

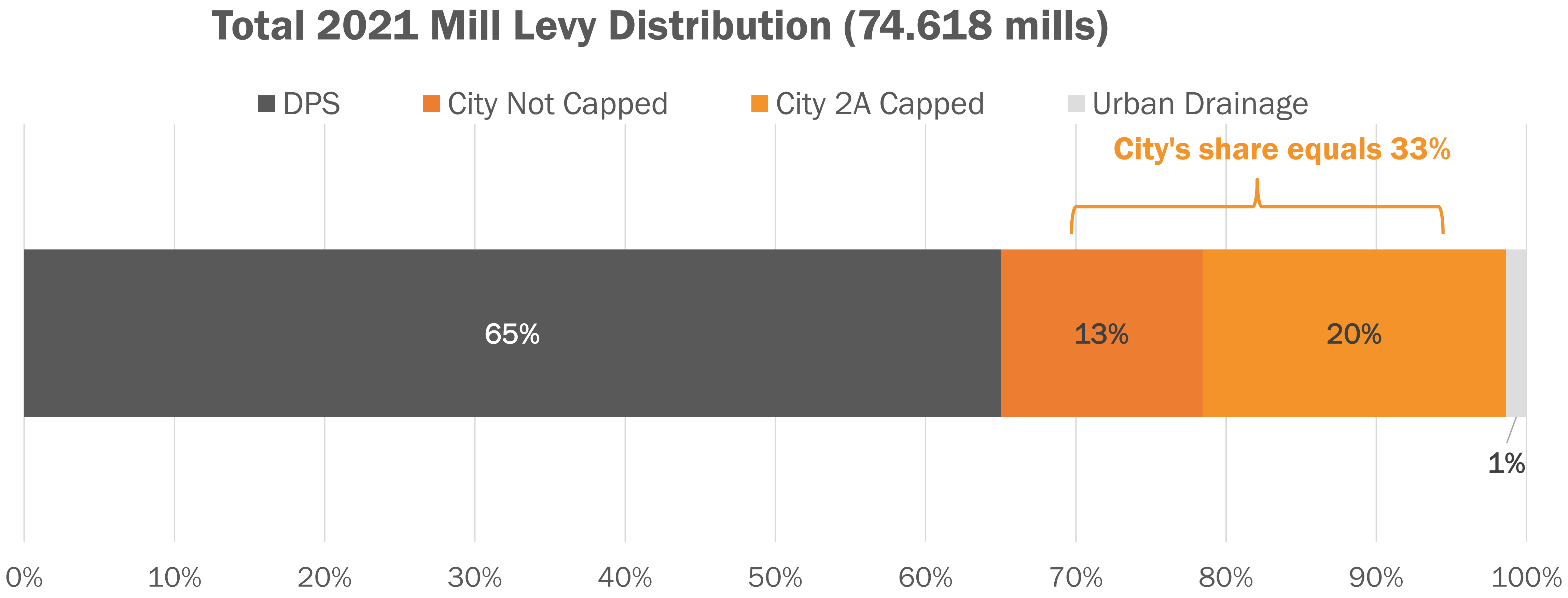
Per Ordinance No. 426, Series 2012:

"City property tax revenue limitation" means the amount of property tax revenue levied for the affected [or "capped"] funds in the preceding year plus six percent (6%), plus an additional percentage equal to "local growth" as defined by section 20(2)(g) of article X of the Colorado Constitution, but excluding revenue derived from any of the following:

a. increased property tax revenue caused by the retirement or expiration of any tax increment financing obligations incurred by the Denver Urban Renewal Authority or any downtown development authority within the city; or

b. any revenue derived from any abatement or refund levy as authorized by law.

Denver's Mill Levy Distribution



2A Capped and Uncapped Funds

	2021 Total Mill	% of Total
Total City Mill Levy	25.120	100%
City 2A Capped	15.098	60%
General Fund	7.911	31%
Cap Improvement	1.909	8%
Social Services	2.586	10%
Fire Pension	1.039	4%
Police Pension	1.238	5%
Affordable Housing	0.415	2%
City Not Capped	10.022	40%
Dev. Disabled	1.009	4%
Cap Maintenance	2.513	10%
Bond Principal/Int	6.500	26%

Senate Bill 21-293

Purpose and why it happened:

- At the time of its passing in 2021, Initiative #27 was poised to be on the Nov. 2021 ballot which would have significantly and permanently reduced assessment rates and property taxes.
- While some relief was thought to be beneficial to taxpayers, the financial impact to taxing authorities (schools, counties, special districts, etc.) would have been devastating throughout the State.
- Senate Bill 21-293 was written in a way to temporarily blunt the impact of this initiative while still providing modest relief, particularly for residential property owners.

SB21-293 Impact on Denver's 2023 Property Tax

Fund	Y/Y $ Decrease in 2023
General Fund	(1,168,331)
Capital Improvement Fund	(447,533)
Human Services	(526,429)
Fire Pension	(220,937)
Police Pension	(263,725)
Affordable Housing	(86,309)
Developmentally Disabled	(205,676)
Capital Maintenance	(600,110)
Bond Principal/Interest	(1,760,438)
TOTAL	**(5,279,488)**
Y/Y % Decrease	**-1.0%**

Impact Over the Next Five Years

2023	2024	2025	2026	2027	Total
(5,279,488)	(5,664,996)	(5,893,909)	(5,982,879)	(6,012,794)	(28,834,066)

- SB21-293 has carry-over impacts beyond the life of the bill by reducing the base.
- Over the next five years, the city will cumulatively collect $28.8 million less in property tax revenues unless we restore mills in 2022 to neutralize the bill's impact.

Proposal: Restore .246 Mills in 2022

Mill	Impact of SB21-293 to Mills	Amount Proposing to Restore	Mill Restoration
General Fund	(1,168,331)	3,734,555	0.174
Capital Improvement Fund	(447,533)	447,533	0.021
Human Services	(526,429)	526,429	0.025
Fire Pension	(220,937)	220,937	0.010
Police Pension	(263,725)	263,725	0.012
Affordable Housing	(86,309)	86,309	0.004
Developmentally Disabled*	(205,676)		n/a
Capital Maintenance*	(600,110)		n/a
Bond Principal/Interest*	(1,760,438)		n/a
TOTAL	**(5,279,488)**	5,279,488	**0.246**

***Uncapped or Unaffected Funds = $2,566,224 – propose to dedicate this amount to TRUA in 2023 through General Fund.**

Augment TRUA in 2023

- Use the $2,566,224 restored mill revenue generated from the uncapped funds to augment the city's **Temporary Rental and Utility Assistance** (TRUA) program in 2023.
- This will mitigate some of the effects of the federal and state emergency rental assistance program terminating in 2023.
- Note: There is no mechanism to restore mill revenue to the uncapped funds.

Taxpayer Impact

- Analysis of Impact to Median Homeowner ($469k Home Value)

		Savings from Prior Assessment Rate
Tax under prior assessment rate	$2,502	n/a
Tax under SB21-293	$2,432	$70
Tax with 0.246 restored mills	$2,440	$62

Taxpayer Impact from Neutralizing SB21-293's Impact on Denver

Property Tax Payable in 2023

2022 Prelim Non-TIF Assessed Valuation*	$21,767,180,025
Enter # of mills to restore	0.246
Property Tax Generated in 2023	$5,279,488
2021 Median Residential Home Value	$469,000
Residential Assessment Rate	6.95%
2021 Median Residential Assessed Valuation	$32,596
Impact on Median Residential Homeowner in 2023	$8
Enter Commercial Value	$1,000,000
Commercial Assessment Rate	29%
2021 Commercial Assessed Valuation	$290,000
Impact on Commercial Property Owner in 2023	$71

Requested Council Action

22-1597: The Department of Finance requests City Council approve the establishment of the 2022 City mill levy for property taxes due in 2023.

Questions?

Appendix

Credited Mills

Reassessment Year	Credit (+)/ Restore (-)	New Credit	Notes
2012	-4.000	2.222	2A passes and we restore 4.000 of our 6.222 credited mills.
2013	0.000	2.222	Non-TIF A.V. growth only 5.3%, so 2A cap not triggered and no mills credited or restored.
2014	0.000	2.222	Non-reassessment year
2015	2.848	5.070	25.7% A.V. growth prompts City to credit 2.848 mills
2016	-0.500	4.570	0.500 mills restored to establish Affordable Housing Fund
2017	2.178	6.748	23.1% A.V. growth prompts City to credit 2.178 mills
2018	0.000	6.748	Non-reassessment year
2019	1.944	8.692	23.2% A.V. growth prompts City to credit 1.944 mills
2020	-0.758	7.933	COVID impact prompts City to restore 0.758 mills across the GF, CIF, HS, and Affordable Housing
2021	0.000	7.933	Non-TIF A.V. growth only 4.5%, so 2A cap not triggered and no mills credited or restored.

The city can “credit” mills beyond the growth limitations of 2A- like banking mills

The city can “restore” mills up to the growth limitation in non-reassessment years