

Bond Case Briefs

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TAX INCREMENT FINANCING - COLORADO

Northglenn Urban Renewal Authority v. Gil Reyes, in His Official Capacity As Adams County Assessor; and Board of County Commissioners of the County of Adams

Colorado Court of Appeals, Div. V - February 28, 2013 - P.3d - 2013 WL 781920

Appeals court rejects county assessor's TIF calculation that included property in the base value while removing that same property from the newly assessed value.

City council approved an urban renewal plan created by for the redevelopment of blighted areas. The plan included tax increment financing (TIF). "TIF is a form of public funding that allows for the sale of municipal bonds to raise money for public improvements pursuant to the Colorado Urban Renewal Law."

The city council subsequently passed a resolution that substantially amended the urban renewal plan, adding several tracts of new property to the Urban Renewal Area. No significant redevelopment activity occurred, however, on much of the newly added property. Therefore, the city council passed another resolution to suspend TIF for those properties within the renewal area without active urban renewal projects.

The county assessor later calculated the TIF revenue by removing the suspended property from the total assessed value but including the suspended property in the base value. The Assessor also concluded that the TIF period for all properties, including the later added properties, would expire in 2017, a date twenty-five years after the effective date of the original 1992 renewal plan.

The urban renewal authority filed a complaint alleging that, a) the assessor improperly calculated the base value of the property in the urban renewal area, and b) the assessor improperly shortened the duration of the applicable TIF period for the additional properties.

The court of appeals agreed, concluding that a calculation that creates an imbalance in an authority's TIF by including property in the base value while removing the same property from the new assessed value impedes the goals of addressing and financing renewal of blighted areas.