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TAX INCREMENT FINANCING - COLORADO

Kaiser v. Aurora Urban Renewal Authority

Supreme Court of Colorado - January 22, 2024 - P.3d - 2024 WL 220401 - 2024 CO 4

City urban renewal authority, metropolitan districts, and limited liability company (LLC) brought action for declaratory and injunctive relief against county assessor and state Property Tax Administrator, alleging that Administrator's methodology for implementing tax increment financing (TIF) violated the Urban Renewal Law (URL).

The District Court, Arapahoe County, entered summary judgment for county assessor. Urban renewal authority, metropolitan districts, and LLC appealed. The Court of Appeals affirmed in part, reversed in part, and remanded. Administrator and county assessor sought certiorari review.

The Supreme Court held that:

- Under the URL, Administrator could require county assessors, when proportionately adjusting the base and increment values of properties located in an urban renewal area, to use methodology that credited base value with all property valuation increases that could not be directly attributed to redevelopment activities, and
- Colorado's TIF scheme requires a direct relationship between an urban renewal authority's redevelopment efforts and the tax revenues it receives; overruling *E. Grand Cnty. Sch. Dist. No. 2 v. Town of Winter Park*, 739 P.2d 862, and *Northglenn Urb. Renewal Auth. v. Reyes,* 300 P.3d 984.

Under the Urban Renewal Law (URL), state Property Tax Administrator could require county assessors, when proportionately adjusting the base and increment values of properties located in an urban renewal area, to use methodology that credited base value with all property valuation increases that could not be directly attributed to redevelopment activities, which meant that local government entities other than the urban renewal authorities would receive the property tax revenue derived from those increases in value; the URL explicitly and unambiguously adopted the "direct relationship" approach, i.e., the requirement of a direct relationship between an urban renewal authority's redevelopment efforts and the tax revenues it received, by virtue of requiring proportionate adjustments whenever there was a general reassessment, and it entrusted the Administrator with crafting the methodology to determine how to make those adjustments.

Colorado's tax increment financing (TIF) scheme requires a direct relationship between an urban renewal authority's redevelopment efforts and the tax revenues it receives; overruling *E. Grand Cnty. Sch. Dist. No. 2 v. Town of Winter Park,* 739 P.2d 862, and *Northglenn Urb. Renewal Auth. v. Reyes*, 300 P.3d 984.

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