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TOWN COUNCIL AGENDA COMMUNICATIONS

AGENDA DATE: February 21, 2024

SUBJECT: Resolution 2024-09 Authorizing Property Tax Rebate to Residential Property Owners

ACTION PROPOSED: Consider Resolution 2024-09

ATTACHMENTS:

1. Resolution 2024-09
2. February 5, 2024 Presentation

PRESENTED BY: Devon McCarty, Finance Director

AGENDA ITEM DESCRIPTION:

Enclosed for your review and consideration is a resolution authorizing a residential property tax refund for the 2023 tax year. At the Council meeting on February 5, 2024, Staff provided comprehensive details regarding the adjustments made to property values based on SB23B-001 and the resulting residential property tax revenues for the Town. Various options were presented for consideration for a residential property tax refund, all of which took into consideration the changes in tax calculations and revenues that occurred between the Town's budgeting timeframe and the end of the year. Factors influencing the presented options included reassessment periods, the preliminary nature of the property values used for budgeting, and the financial impact of adopted state initiatives on both citizens and the Town.

Reassessments of property values occur every other year, in odd years. In August 2023, Larimer and Weld Counties presented preliminary estimates to the Town revealing a 35.64% increase in residential property values, including new construction. If implemented these values would have generated \$4,554,824 in revenues for the Town, an increase of approximately \$1.19 million compared to residential property tax revenues in 2022 (excluding the 3.3 mills designated for the library).

The Community that Cares

During the budget work sessions with the Council in September and October, Staff presented these preliminary estimates to the Town Council. At that time, in response to the increase in preliminary property assessments and the consequent increase in residential property taxes, the Council requested that Staff prepare to implement a residential property tax rebate totaling \$1 million, which was subsequently included in the budget.

Then in November 2023, the state legislature introduced Senate Bill 23B-001 which reduced the assessment rate for residential property from 6.765% of the actual value minus \$15,000, to 6.7% of the actual value minus \$55,000. The passage of this bill reduced residential property tax rates from the preliminary 35.64% to 24.42% and decreased residential property tax revenue for the Town of Johnstown by \$376,948, bringing it to \$819,972. (It is important to note that the Town's percentage increase of 24.42% exceeds the 15% property tax limitation specified in the bill, therefore the Town anticipates no reimbursement for the lost revenues resulting from the enactment of this legislation).

Therefore, when the Council initially reviewed the preliminary residential tax revenue increase totaling \$1.19 million, they proposed allocating \$1 million for refunds. This would have led to an increase in residential property tax revenue for the Town amounting to \$196,920, or 5.86% for residential property owners. However, following the introduction and adoption of SB23B-001, the actual increase in residential property tax revenue for the Town was reduced to \$819,972. Subsequently, during the Council meeting on February 5, the Council requested that Staff facilitate a residential property tax refund of \$650,000. This rebate will result in a residential property tax increase of \$169,972 for the Town, or 5.06% to taxpayers, which is even lower than the original plan and encompasses revenues from new construction. The application of this rebate is only for residential property taxes assessed by the Town of Johnstown and does not include and/or obligate any other taxing entity who assesses a mill levy to participate or provide a rebate.

Due to the complicated nature of this task and the dependence on County offices and personnel, some guidelines that Staff would like to implement to aid in the facilitation of this refund include the following:

- Residential property owners must pay their 2023 taxes on or before the June 15, 2024, due date to be eligible for a property tax refund.
- Checks will be prepared using the property owner information provided by Weld and Larimer Counties. Checks will not be sent to anyone not listed on the reports provided by the Counties.
- All tax reporting obligations are the responsibility of the property owner.
- Property owners will have 180 days to cash their checks before they will no longer be valid. Once a check is invalid, it will not be reprocessed.
- Checks will be mailed to property owners no later than September 15, 2024.

The total anticipated cost to the Town to process the rebate is approximately \$19,000.

STRATEGIC PLAN ALIGNMENT:

Organizational Excellence & Public Trust

- *Strengthen public trust and confidence.*

LEGAL ADVICE:

The Town Attorney drafted the Resolution.

FINANCIAL ADVICE:

NA

RECOMMENDED ACTION: Staff supports approval of Resolution 2024-09.

SUGGESTED MOTIONS:

For Approval: I move to approve Resolution 2024-09 Authorizing a Property Tax Rebate to Residential Property Owners as presented.

For Denial: I move to deny Resolution 2024-09 Authorizing a Property Tax Rebate to Residential Property Owners.

Reviewed and Approved for Presentation,



Town Manager