

Conservation Easement Appeals in the Colorado Courts

Quarterly Report Prepared Pursuant to C.R.S. § 39-22-522.5(13)

June 14, 2017

Prepared by the Colorado State Court Administrator's Office



This report will describe (a) the number of taxpayers electing to appeal pursuant to C.R.S. § 39-22-522.5(2); (b) the number of cases pending before the district courts or on appeal before other courts; (c) the number of cases finally resolved; (d) the amount of money estimated to have been expended by the courts in administering the appeals; and (e) the amount of deficient taxes, interest, and penalties determined to be owed or waived in connection with the appeals. This will be the last regular quarterly report from the State Court Administrator’s Office to the General Assembly on conservation easement tax credit appeals in the trial courts because the reporting requirements in C.R.S. § 39-22-522.5 were eliminated by House Bill 17-1137. The State Court Administrator’s Office will send a final report once the last two conservation easement cases are concluded.

A. The number of taxpayers electing to appeal pursuant to C.R.S. § 39-22-522.5(2)

There are approximately 420 named Tax Matters Representatives (“TMR”) and 450 conservation easements involved in the appeals filed before the district courts.

This number is based on the TMRs named and the facts set forth in the Plaintiffs’ Notices of Appeal. The Tax Matters Representatives represents and binds all transferees with respect to all issues regarding the credit claim.

There are 235 entities named as Tax Matters Representatives. Approximately 149 of the TMR entities are pass-through entities, which have separate individual taxpayers claiming the credits or selling the credits to transferee taxpayers.

Conservation Easement Tax Credit Appeal Taxpayer Summary

	Number of Named Tax Matters Representatives
Individuals	185
Pass-Through Entities	149
Other Business Entities, Trusts and Estates	86
Total	420

B. The number of cases pending before the district courts or on appeal before other courts and the number of cases finally resolved

The table below contains a summary of the number of cases filed, cases closed, cases pending, and cases on appeal. Please note that the number of cases on appeal is a subset of the total open cases.

Conservation Easement Tax Credit Appeal Case Summary as of June 14, 2017

Region	Cases Filed	Cases Closed	Total Open Cases To Date	Cases on Appeal
Region 1	41	40	1	1
Region 2	130	129	1	0
Region 3	24	24	0	0
Total	195	193	2	0

As of June 14, 2017, 195 conservation easement tax credit appeals had been filed in the district courts. There are two open cases. The remaining open case in Region 1 is somewhat more complicated than usual because it started as thirteen separate cases that were later consolidated into a single case. The cases were consolidated because all had the same tax matters representative. While consolidation has aided in the administration of the case, it is anticipated to take longer than normal to resolve.

The other active case is on appeal. An opinion was issued by the Court of Appeals in Jackson County case 2011CV14, Court of Appeals case number 2015CA1514 on October 20, 2016. A Petition for Writ of Certiorari is currently pending in this matter before the Colorado Supreme Court in 2017SC33.

C. The amount of money estimated to have been expended by the courts in administering the appeals

Type	Amount
Personal Services	\$613,653
Operating	\$6,322
Total	\$619,975

D. The amount of deficient taxes, interest, and penalties determined to be owed or waived in connection with the appeals

There has been no change in the amount of judgements entered by the court since the quarterly report submitted in December of 2015. The Court has entered \$1,122,675.30 in judgments for tax, interest and penalties in favor of the Department of Revenue in 20 cases. The Court has also entered approximately \$2,639,226.17 in judgments in favor of Tax Matters Transferees and third party intervenors, resulting in a total of \$3,761,901.47 of judgments entered by the Court in 24 cases. In cases resolved through settlement where parties have not sought a judgment, the Court retains jurisdiction to enforce the settlement agreements and enter judgment in event of a party's failure to comply.

Office of the State Court Administrator



June 16, 2017

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Senator Kent Lambert
Chair, Joint Budget Committee
Legislative Services Building
200 E. 14th Avenue, 3rd Floor
Denver, CO 80203

Dear Senator Lambert:

The passage of HB 11-1300 required the State Court Administrator to provide a quarterly report to the Joint Budget Committee and the Finance Committees of the General Assembly on the following issues [see C.R.S. § 39-22-522.5(13)]:

- The number of taxpayers who appeal to the district courts a notice of deficiency, disallowance, or rejection of refund claim from the Colorado Department of Revenue in connection with a conservation easement;
- The number of cases pending before the district courts or on appeal before other courts;
- The number of cases finally resolved;
- The amount of money estimated to have been expended by the courts in administering appealed cases; and
- The amount of deficient taxes, interest, and penalties determined to be owed or waived in connection with the appeals.

The current report is attached to this letter. This is the last regular quarterly report that will be produced because HB 17-1137 eliminated the reporting requirements. The State Court Administrator's Office will send a final report once the final two conservation easement cases are concluded. If you have questions, please feel free to contact me at (720) 625-5000 or by e-mail at christopher.ryan@judicial.state.co.us.

Sincerely,

Christopher T. Ryan
Acting State Court Administrator

Office of the State Court Administrator



June 16, 2017

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Senator Tim Neville
Chair, Senate Finance Committee
Colorado State Capitol
200 E. Colfax Avenue
Denver, CO 80203

Dear Senator Neville:

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Representative Dan Pabon
Chair, House Finance Committee
Colorado State Capitol
200 E. Colfax Avenue
Denver, CO 80203

Dear Representative Pabon:

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