

Initiative 2023-24 #248
Property Tax Revenue

Received by Legislative Council Staff
3/8/24 at 4:29 pm

2023-2024 # ____

Be it Enacted by the People of the State of Colorado:

SECTION 1. In Colorado Revised Statutes, 39-1-102 **add** (7.6) and (15.7); and **repeal and reenact with amendments** (14.5) as follows:

39-1-102. Definitions. As used in articles 1 to 13 of this title 39, unless the context otherwise requires:

(7.6) “LOCAL DISTRICT” MEANS POLITICAL SUBDIVISION, INCLUDING A COUNTY, MUNICIPALITY, SPECIAL DISTRICT, OR SCHOOL DISTRICT.

(14.5) “RESIDENTIAL REAL PROPERTY” MEANS RESIDENTIAL LAND AND RESIDENTIAL IMPROVEMENTS, INCLUDING MULTI-FAMILY RESIDENTIAL REAL PROPERTY AS DEFINED IN SECTION 39-1-104.2(1)(a), BUT DOES NOT INCLUDE HOTELS AND MOTELS AS DEFINED IN SUBSECTION (5.5) OF THIS SECTION.

(15.7) “SUBSTANTIAL CHANGE OF USE” MEANS A CHANGE IN CLASSIFICATION OR INCLUSION IN A NEW LOCAL DISTRICT THAT IS FINANCED THROUGH TAX INCREMENT FINANCING OR ANOTHER PROPERTY TAX FINANCING MECHANISM.

SECTION 2. In Colorado Revised Statutes, **add** 39-1-103.9 as follows:

39-1-103.9. Statewide property tax revenue limit – affirming local control over future mill levy increases – ensuring applicability of valuations of assessment to future mills.

(1) IF THE TOTAL OF STATEWIDE PROPERTY TAX REVENUE ATTRIBUTABLE TO PROPERTY SUBJECT TO THE VALUATION FOR ASSESSMENTS SET FORTH IN SECTIONS 39-1-104(1) AND 39-1-104.2(3)(r) IS PROJECTED TO INCREASE BY MORE THAN 4% OVER THE PRECEDING YEAR, VOTER APPROVAL IS NEEDED FOR LOCAL DISTRICTS TO COLLECT AND RETAIN THE ADDITIONAL REVENUE.

(2) FOR THE PURPOSE OF CALCULATING ANY STATEWIDE PROPERTY TAX LIMIT, A TAX INCREASE ON PROPERTY WITH A SUBSTANTIAL CHANGE OF USE SHALL BE EXEMPTED FROM THE CALCULATION IN THE FIRST YEAR OF THE SUBSTANTIAL CHANGE. THEREAFTER, ANY INCREASE FROM THE DIFFERENTIAL BETWEEN THE PRIOR USE AND NEW USE SHALL BE INCLUDED IN THE CALCULATION.

(3) NOTHING IN THIS SECTION 39-1-103.9 SHALL BE CONSTRUED AS ALTERING OR LIMITING IN ANY WAY THE RIGHT OF LOCAL DISTRICTS TO ASK VOTERS FOR MILL LEVY OVERRIDES TO FUND THE PROJECTS OR PRIORITIES OF LOCAL DISTRICTS. LOCALLY-APPROVED MILL LEVY INCREASES APPROVED AFTER JANUARY 1, 2025, AND WHEN APPROVED BY VOTERS, SHALL NOT COUNT TOWARD ANY STATEWIDE PROPERTY TAX LIMIT.

SECTION 3. In Colorado Revised Statutes, 39-1-104 **repeal and reenact with amendments** (1) as follows:

39-1-104. Valuation for assessments - definitions.

(1) THE VALUATION FOR ASSESSMENT OF ALL TAXABLE PROPERTY IN THE STATE SHALL BE DECREASED FROM TWENTY-NINE PERCENT TO TWENTY-FIVE AND ONE-HALF PERCENT OF THE ACTUAL VALUE OF THE PROPERTY FOR PROPERTY TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2025. THE ACTUAL VALUE THEREOF AS DETERMINED BY THE ASSESSOR AND THE ADMINISTRATOR IN THE MANNER PRESCRIBED BY LAW, AND SUCH PERCENTAGE SHALL BE UNIFORMLY APPLIED, WITHOUT EXCEPTION, TO THE ACTUAL VALUE, SO DETERMINED, OF THE VARIOUS CLASSES AND SUBCLASSES OF REAL AND PERSONAL PROPERTY LOCATED WITHIN THE TERRITORIAL LIMITS OF THE AUTHORITY LEVYING A PROPERTY TAX, AND ALL PROPERTY TAXES SHALL BE LEVIED AGAINST THE AGGREGATE VALUATION FOR ASSESSMENT RESULTING FROM THE APPLICATION OF SUCH PERCENTAGE. THIS SUBSECTION (1) SHALL NOT APPLY TO RESIDENTIAL REAL PROPERTY, PRODUCING MINES, LANDS OR LEASEHOLDS PRODUCING OIL OR GAS, AND AGRICULTURAL LANDS EXCLUSIVE OF BUILDING IMPROVEMENTS THEREON.

SECTION 4. In Colorado Revised Statutes, 39-1-104.2 **repeal and reenact with amendments** (3)(r) as follows:

39-1-104.2. Residential real property – valuation for assessment – legislative declaration – definitions.

(3)(r) FOR PROPERTY TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2025, THE VALUATION FOR ASSESSMENT FOR RESIDENTIAL REAL PROPERTY IS DECREASED FROM 7.15 PERCENT TO 5.7 PERCENT OF THE ACTUAL VALUE OF THE PROPERTY, MINUS THE LESSER OF FIFTY-FIVE THOUSAND DOLLARS OR THE AMOUNT THAT CAUSES THE ACTUAL VALUE FOR THE ASSESSMENT OF THE PROPERTY TO BE ONE THOUSAND DOLLARS.

SECTION 5. In Colorado Revised Statutes, 39-3-210 **repeal and reenact with amendments** as follows:

39-3-210. ~~Reporting of property tax revenue reductions~~Protection of school district revenue - reimbursement of local governmental entities – definitions – local government backfill cash fund – creation – repeal.

(1) IN ORDER TO INSULATE SCHOOL DISTRICTS FROM ANY REVENUE LOSS DUE TO THE STATEWIDE PROPERTY TAX REVENUE LIMIT SET FORTH IN SECTION 39-1-103.9, ANY REDUCTION IN REVENUE ATTRIBUTED TO THE STATEWIDE PROPERTY TAX REVENUE LIMIT SHALL NOT REDUCE FUNDING FOR THE STATE EDUCATION FUND AS CREATED IN SECTION 17 (4) OF ARTICLE IX OF THE STATE CONSTITUTION.

(2) NO LATER THAN APRIL 15 OF EACH YEAR, THE STATE TREASURER SHALL ISSUE A WARRANT, TO BE PAID YEARLY TO REIMBURSE LOCAL DISTRICTS FOR LOST REVENUE AS A RESULT OF THE PASSAGE OF THIS MEASURE. REIMBURSEMENTS SHALL BE APPROPRIATED BY THE GENERAL ASSEMBLY TO THE MAXIMUM EXTENT PRACTICABLE.

SECTION 6. Effective date. (1) Sections 1 through 4 of this act take effect on January 1, 2025.

(2) Section 5 of this act takes effect on July 1, 2025.