

2023-2024 #304 – Final

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

**SECTION 1.** In Colorado Revised Statutes, 39-1-102, **add** (15.7), as follows:

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

(15.7) “SUBSTANTIAL CHANGE OF USE” MEANS A CHANGE IN CLASSIFICATION.

**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 SECTION 39-1-104 (1) AND IN SECTION 39-1-104.2 (3) (q) AND (3) (r) IS PROJECTED TO INCREASE BY MORE THAN 4 PERCENT OVER THE PRECEDING YEAR, STATEWIDE VOTER APPROVAL IS NEEDED FOR LOCAL GOVERNMENT ENTITIES TO RETAIN THE ADDITIONAL REVENUE.

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

(3) NOTHING IN THIS SECTION 39-1-103.9 SHALL BE CONSTRUED AS ALTERING OR LIMITING IN ANY WAY THE RIGHT OF LOCAL GOVERNMENT ENTITIES TO ASK VOTERS FOR MILL LEVY OVERRIDES TO FUND THE PROJECTS OR PRIORITIES OF LOCAL GOVERNMENT ENTITIES. LOCALLY-APPROVED MILL LEVY INCREASES APPROVED AFTER JANUARY 1, 2025, 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) EXCEPT AS OTHERWISE PROVIDED IN THIS SUBSECTION (1), FOR PROPERTY TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2025, THE VALUATION FOR ASSESSMENT OF TAXABLE NONRESIDENTIAL PROPERTY IN THE STATE SHALL BE DECREASED FROM TWENTY-NINE PERCENT TO TWENTY-FIVE AND ONE-HALF PERCENT OF THE ACTUAL VALUE THEREOF AS DETERMINED BY THE ASSESSOR AND THE ADMINISTRATOR IN THE MANNER PRESCRIBED BY LAW, AND THAT PERCENTAGE SHALL BE UNIFORMLY APPLIED, WITHOUT EXCEPTION, TO THE ACTUAL VALUE, SO DETERMINED, OF THE 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, AGRICULTURAL PROPERTY, OR RENEWABLE ENERGY PRODUCTION PROPERTY.

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

**39-1-104.2. Residential real property – valuation for assessment – legislative declaration – definitions.** (3) (q) FOR PROPERTY TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2025, THE VALUATION FOR ASSESSMENT FOR MULTI-FAMILY RESIDENTIAL REAL PROPERTY IS REDUCED FROM 7.15 PERCENT OF THE ACTUAL VALUE OF THE PROPERTY TO 5.7 PERCENT OF THE AMOUNT EQUAL TO THE ACTUAL VALUE OF THE PROPERTY MINUS THE LESSER OF FIFTY-FIVE THOUSAND DOLLARS OR THE AMOUNT THAT CAUSES THE VALUATION FOR ASSESSMENT OF THE PROPERTY TO BE ONE THOUSAND DOLLARS.

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

**SECTION 5.** In Colorado Revised Statutes, **add** 39-3-211, as follows:

**39-3-211. Protection of school district revenue – reimbursement of local districts.** (1) IN ORDER TO INSULATE SCHOOL DISTRICTS FROM ANY REVENUE LOSS DUE TO THE REDUCED VALUATIONS FOR ASSESSMENT SET FORTH IN SECTION 39-1-104 (1) AND IN SECTION 39-1-104.2 (3) (q) AND (3) (r) OR THE STATEWIDE PROPERTY TAX REVENUE LIMIT SET FORTH IN SECTION 39-1-103.9, ANY REVENUE LOSS ATTRIBUTED TO SUCH REDUCTIONS OR REVENUE LIMIT SHALL NOT REDUCE FUNDING SCHOOL DISTRICTS RECEIVE UNDER ARTICLE 54 OF TITLE 22, OTHERWISE KNOWN AS THE PUBLIC SCHOOL FINANCE ACT OF 1994.

(2) NO LATER THAN APRIL 15 OF EACH YEAR, THE STATE TREASURER SHALL ISSUE A WARRANT TO BE PAID YEARLY TO REIMBURSE LOCAL GOVERNMENT ENTITIES FOR LOST REVENUE AS A RESULT OF THE REDUCED VALUATIONS FOR ASSESSMENT SET FORTH IN SECTION 39-1-104 (1) AND IN SECTION 39-1-104.2 (3) (q) AND (3) (r) OR THE STATEWIDE PROPERTY TAX REVENUE LIMIT SET FORTH IN SECTION 39-1-103.9. REIMBURSEMENTS SHALL BE MADE BY THE GENERAL ASSEMBLY TO THE MAXIMUM EXTENT PRACTICABLE.

(3) AS USED IN THIS SECTION AND SECTION 39-1-103.9, UNLESS THE CONTEXT OTHERWISE REQUIRES: “LOCAL GOVERNMENTAL ENTITY” MEANS A GOVERNMENTAL ENTITY AUTHORIZED BY LAW TO IMPOSE AD VALOREM TAXES ON TAXABLE PROPERTY LOCATED WITHIN ITS TERRITORIAL LIMITS; EXCEPT THAT THE TERM EXCLUDES SCHOOL DISTRICTS.

**SECTION 6. Effective date.**

This act takes effect on January 1, 2025.