

2021-2022 #147 – Final Text

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

SECTION 1. In the constitution of the state of Colorado, **amend** section 3 of article X as follows:

Section 3. Uniform taxation – exemptions. (1)(a) Each property tax levy shall be uniform upon all real and personal property not exempt from taxation under this article located within the territorial limits of the authority levying the tax. The actual value of all real and personal property not exempt from taxation under this article shall be determined under general laws, which shall prescribe such methods and regulations as shall secure just and equalized valuations for assessments of all real and personal property not exempt from taxation under this article. ~~Valuations for assessment shall be based on appraisals by assessing officers to determine the actual value of property in accordance with provisions of law, which laws shall provide that actual value be determined by appropriate consideration of cost approach, market approach, and income approach to appraisal. However, the actual value of residential real property shall be determined solely by consideration of cost approach and market approach to appraisal; and, however,~~†The actual value of agricultural lands, as defined by law, shall be determined solely by consideration of the earning or productive capacity of such lands capitalized at a rate as prescribed by law.

SECTION 2. In Colorado Revised Statutes, **add** 39-1-102.5 as follows:

39-1-102.5. ADDITIONAL DEFINITIONS. AS USED IN SECTIONS 103 AND 104, UNLESS THE CONTEXT OTHERWISE REQUIRES:

- (1) “INFLATION” MEANS THE ANNUAL PERCENTAGE CHANGE IN THE UNITED STATES BUREAU OF LABOR STATISTICS CONSUMER PRICE INDEX FOR DENVER-AURORA-LAKEWOOD, ALL ITEMS, ALL URBAN CONSUMERS, OR ITS SUCCESSOR INDEX, LIMITED TO 3%.
- (2) “SALE” MEANS THE TRANSFER OF MORE THAN 50% OWNERSHIP OF REAL PROPERTY MADE EITHER: (1) IN THE ORDINARY COURSE OF BUSINESS FOR FULL AND ADEQUATE CONSIDERATION AND A TRANSACTION THAT IS (a) BONA FIDE, (b) AT ARM’S LENGTH, (c) FREE FROM ANY DONATIVE INTENT; OR (2) UPON THE DEATH OF THE PROPERTY’S OWNER, IF THE PROPERTY PASSES AT DEATH TO ANYONE OTHER THAN THE DECEASED’S SPOUSE.
- (3) “SUBSTANTIALLY IMPROVED” MEANS HAVING CHANGED THE SQUARE FOOTAGE OF ANY EXISTING STRUCTURES OR BUILDINGS ON THE REAL PROPERTY OR HAVING ADDED ANY NEW STRUCTURES OR BUILDINGS TO THE REAL PROPERTY. PROPERTY THAT IS RECONSTRUCTED OR REPAIRED AFTER BEING DAMAGED OR DESTROYED BY NATURAL DISASTER OR OTHER UNFORESEEN EVENT IS NOT CONSIDERED TO BE SUBSTANTIALLY IMPROVED SO LONG AS THE RECONSTRUCTED OR REPAIRED PROPERTY DOES NOT EXCEED 120% OF THE SQUARE FOOTAGE OF THE PROPERTY BEFORE THE DAMAGE OR DESTRUCTION.

SECTION 3. In Colorado Revised Statutes, 39-1-103 **amend** (5)(a) and (15) and **add** (15.5) as follows:

39-1-103. Actual value determined – when. (5)(a) All real and personal property shall be appraised and the actual value thereof for property tax purposes determined by the assessor of the county wherein such property is located. The actual value of such property, other than agricultural lands exclusive of building improvements thereon ~~and other than residential real property~~ and other than producing mines and lands or leaseholds producing oil or gas, shall be that value determined by appropriate consideration of the cost approach, the market approach, and the income approach to appraisal, BUT NOT BY CONSIDERING THE PROPERTY’S HIGHEST AND BEST USE; EXCEPT THAT ACTUAL VALUE FOR REAL PROPERTY SHALL NOT BE INCREASED ANNUALLY BY MORE THAN INFLATION, LIMITED TO 3%, AND THAT THE ACTUAL VALUE OF REAL PROPERTY SHALL EQUAL THE AMOUNT OF THE PROPERTY’S MOST RECENT SALE, (ALTHOUGH THE ACTUAL VALUE OF REAL PROPERTY THAT HAS NOT SOLD SINCE JUNE 30, 2020, SHALL BE EQUAL TO THE ACTUAL VALUE USED TO CALCULATE THE PROPERTY’S 2021 PROPERTY TAXES), UNLESS THE PROPERTY IS SUBSTANTIALLY IMPROVED IN WHICH CASE THE PROPERTY’S ACTUAL VALUE SHALL BE REAPPRAISED ACCORDING TO SECTION 39-1-104 (10.2) AND DETERMINED BY CONSIDERATION OF THE COST APPROACH, THE MARKET APPROACH, AND THE INCOME APPROACH TO APPRAISAL. The assessor shall consider and document all elements of such approaches that are applicable prior to a determination of actual value. Despite any orders of the state board of equalization, no assessor shall arbitrarily increase the valuations for assessment of all parcels represented within the abstract of a county or within a class or subclass of parcels on that abstract by a common multiple in response to the order of said board. If an assessor is required, pursuant to the order of said board, to increase or decrease valuations for assessment, such changes shall be made only upon individual valuations for assessment of each and every parcel, using each of the approaches to appraisal specified in this paragraph (a), if applicable. The actual value of agricultural lands, exclusive of building improvements thereon, shall be determined by consideration of the earning or productive capacity of such lands during a reasonable period of time, capitalized at a rate of thirteen percent. Land that is valued as agricultural and that becomes subject to a perpetual conservation easement shall continue to be valued as agricultural notwithstanding its dedication for conservation purposes; except that, if any portion of such land is actually used for nonagricultural commercial or nonagricultural residential purposes, that portion shall be valued according to such use. Nothing in this subsection (5) shall be construed to require or permit the reclassification of agricultural land or improvements, including residential property, due solely to subjecting the land to a perpetual conservation easement. The actual value of residential real property shall NOT be INCREASED ANNUALLY BY MORE THAN INFLATION, LIMITED TO 3%, AND SHALL EQUAL THE AMOUNT OF THE PROPERTY’S MOST RECENT SALE, UNLESS THE PROPERTY IS SUBSTANTIALLY IMPROVED IN WHICH CASE THE PROPERTY’S ACTUAL VALUE SHALL BE REAPPRAISED, PURSUANT TO SECTION 39-1-104 (10.2), AND determined solely by consideration of the market approach to appraisal. A gross rent multiplier may be considered as a unit of comparison within the market approach to appraisal. The valuation for assessment of producing mines and of lands or leaseholds producing oil or gas shall be determined pursuant to articles 6 and 7 of this title. NOTHING REGARDING HOW THE ACTUAL VALUE OF A PROPERTY IS DETERMINED SHALL BE CONSTRUED AS A TAX CHANGE OR AS A CHANGE TO A PROPERTY’S MILL LEVY RATE OR PROPERTY TAX RATE. NOR SHALL ANYTHING REGARDING HOW THE ACTUAL VALUE OF A PROPERTY IS DETERMINED BE CONSTRUED TO CHANGE THE APPLICABILITY OF THE HOMESTEAD EXEMPTION

FOR QUALIFYING SENIORS AND QUALIFYING DISABLED VETERANS AS SET FORTH IN SECTION 3.5 OF ARTICLE X.

(15) The general assembly hereby finds and declares that assessing officers shall give appropriate consideration to the cost approach, market approach, and income approach to appraisal, AND SHALL NOT CONSIDER THE PROPERTY'S HIGHEST AND BEST USE, as required by section 3 of article X of the state constitution in determining the actual value of taxable property. In the absence of evidence shown by the assessing officer that the use of the cost approach, market approach, and income approach to appraisal requires the modification of the actual value of taxable property the first year of a reassessment cycle in order to result in uniform and just and equal valuation for the second year of a reassessment cycle, the assessing officer shall consider the actual value of any taxable property for the first year of a reassessment cycle, as may have been adjusted as a result of protests and appeals, if any, prior to the assessment date of the second year of a reassessment cycle, to be the actual value of such taxable property for the second year of a reassessment cycle. HOWEVER, THE ACTUAL VALUE OF REAL PROPERTY SHALL EQUAL THE AMOUNT OF THE PROPERTY'S MOST RECENT SALE, UNLESS THE PROPERTY IS SUBSTANTIALLY IMPROVED, OR THE VALUE HAS BEEN PROTESTED IN ACCORDANCE WITH SECTION 39-5-121 (1)(a)(I) OR APPEALED IN ACCORDANCE WITH SECTION 39-5-122 (2), IN WHICH CASE THE PROPERTY SHALL BE REAPPRAISED AND THE ASSESSING OFFICERS SHALL GIVE APPROPRIATE CONSIDERATION TO THE COST APPROACH, MARKET APPROACH, AND INCOME APPROACH TO REAPPRAISAL, AND SHALL NOT CONSIDER THE PROPERTY'S HIGHEST AND BEST USE, IN DETERMINING THE ACTUAL VALUE OF TAXABLE PROPERTY.

(15.5)(a) IF A REAL PROPERTY SUFFERS A DECLINE IN VALUE, THE TAXPAYER MAY PROTEST THE ACTUAL VALUE OF THE PROPERTY IN ACCORDANCE WITH SECTION 39-5-121 (1)(a)(I) OR MAY APPEAL THE ACTUAL VALUE OF THE PROPERTY IN ACCORDANCE WITH SECTION 39-5-122 (2). IF THE PROTEST OR APPEAL RESULTS IN AN ACTUAL VALUE THAT IS LESS THAN THE VALUE OF THE REAL PROPERTY'S MOST RECENT SALE OR REAPPRAISAL, OR THAT IS LESS THAN THE ACTUAL VALUE USED TO CALCULATE THE PROPERTY'S 2021 PROPERTY TAXES IF THE PROPERTY HAS NOT SOLD SINCE JUNE 30, 2020, AS DEFINED IN SECTION 39-1-102.5(2), THEN THE PROPERTY SHALL BE REAPPRAISED, PURSUANT TO SECTION 39-1-104 (10.2), ANNUALLY AND THE ACTUAL VALUE SHALL BE THE REAPPRAISED VALUE UNTIL THE PROPERTY RECOVERS ALL ITS VALUE, CALCULATED AS THE ACTUAL VALUE OF THE PROPERTY PRIOR TO WHEN THE PROTEST OR APPEAL CONCLUDED, ADJUSTED FOR INFLATION TO THE CURRENT YEAR.

(b) IF AN ASSESSOR DETERMINES THAT THE COUNTY HAS SUFFERED A SUSTAINED ECONOMIC DOWNTURN, THE ASSESSOR MAY CONDUCT A COUNTYWIDE REAPPRAISAL OF ALL REAL PROPERTIES IN THE COUNTY. IF THE REAPPRAISAL RESULTS IN AN ACTUAL VALUE THAT IS LESS THAN THE VALUE OF THE REAL PROPERTY'S MOST RECENT SALE OR REAPPRAISAL, OR THAT IS LESS THAN THE ACTUAL VALUE USED TO CALCULATE THE REAL PROPERTY'S 2021 PROPERTY TAXES IF THE PROPERTY HAS NOT SOLD SINCE JUNE 30, 2020, AS DEFINED IN SECTION 39-1-102.5(2), THEN THE PROPERTY SHALL BE REAPPRAISED, PURSUANT TO SECTION 39-1-104 (10.2), ANNUALLY AND THE ACTUAL VALUE SHALL BE THE REAPPRAISED VALUE UNTIL THE PROPERTY RECOVERS ALL ITS VALUE, CALCULATED AS THE ACTUAL VALUE OF THE PROPERTY PRIOR TO THE SUSTAINED ECONOMIC DOWNTURN ADJUSTED FOR INFLATION TO THE CURRENT YEAR.

(c) NOTWITHSTANDING THE PROVISIONS OF SUBSECTIONS 15(a) AND 15(b) OF THIS SECTION, IF A REAL PROPERTY IS SOLD, AS DEFINED IN SECTION 39-1-102.5(2), BEFORE IT RECOVERS ALL ITS VALUE, CALCULATED AS THE ACTUAL VALUE OF THE PROPERTY PRIOR TO THE PROTEST OR APPEAL ADJUSTED FOR INFLATION TO THE CURRENT YEAR, THEN THE PROPERTY'S ACTUAL VALUE SHALL BE THE VALUE OF THE SALE AND THE PROPERTY SHALL NO LONGER BE REAPPRAISED UNLESS IT IS SUBSTANTIALLY IMPROVED.

SECTION 4. In Colorado Revised Statutes, 39-1-104 **amend** (10.2) as follows:

39-1-104. Valuation for assessment - definitions. (10.2)(a) Except as otherwise provided in ~~subsection~~ SUBSECTIONS (10.2)(c) AND (12) of this section, beginning with the property tax year which commences January 1, 1989, a reassessment cycle shall be instituted with each cycle consisting of two full calendar years. At the beginning of each reassessment cycle, the level of value to be used during the reassessment cycle in the determination of actual value of real property in any county of the state as reflected in the abstract of assessment for each year in the reassessment cycle shall advance by two years over what was used in the previous reassessment cycle; except that the level of value to be used for the years 1989 and 1990 shall be the level of value for the period of one and one-half years immediately prior to July 1, 1988; except that, if comparable valuation data is not available from such one-and-one-half-year period to adequately determine the level of value for a class of property, the period of five years immediately prior to July 1, 1988, shall be utilized to determine the level of value. Said level of value shall be adjusted to the final day of the data gathering period.

(b) During the two years of each reassessment cycle, in preparation for implementation in the succeeding reassessment cycle, the respective assessors shall conduct revaluations of all taxable real property utilizing the level of value for the period which will be used to determine actual value in such succeeding reassessment cycle and the manuals and associated data published for the period which will be used to determine actual value in such succeeding reassessment cycle.

(c) Repealed.

(d) For the purposes of this article and article 9 of this title, "level of value" means the actual value of taxable real property as ascertained by the applicable factors enumerated in section 39-1-103 (5) for the one-and-one-half-year period immediately prior to July 1 immediately preceding the assessment date for which the administrator is required by this article to publish manuals and associated data. Beginning with the property tax year commencing January 1, 1999, if comparable valuation data is not available from such one-and-one-half-year period to adequately determine such actual value for a class of property, "level of value" means the actual value of taxable real property as ascertained by said applicable factors for such one-and-one-half-year period, the six-month period immediately preceding such one-and-one-half-year period, and as many preceding six-month periods within the five-year period immediately prior to July 1 immediately preceding the assessment date as are necessary to obtain adequate comparable valuation data. Said level of value shall be adjusted to the final day of the data-gathering period.

(e) Repealed.

(f) BEGINNING WITH THE PROPERTY TAX YEAR WHICH COMMENCES JANUARY 1, 2023, THE ACTUAL VALUE OF REAL PROPERTY SHALL BE EQUAL TO THE AMOUNT OF THE PROPERTY'S MOST RECENT SALE. THE PROPERTY'S ACTUAL VALUE IN SUBSEQUENT TAX YEARS AFTER THE TAX YEAR IN WHICH THE PROPERTY SOLD SHALL BE EQUAL TO THE AMOUNT OF THE PROPERTY'S MOST RECENT SALE PLUS AN ANNUAL ADJUSTMENT FOR INFLATION, LIMITED TO 3%. THE ACTUAL VALUE OF REAL PROPERTY THAT HAS NOT SOLD SINCE JUNE 30, 2020, SHALL BE EQUAL TO THE ACTUAL VALUE USED TO CALCULATE THE PROPERTY'S 2021 PROPERTY TAXES. THE PROPERTY'S ACTUAL VALUE IN SUBSEQUENT PROPERTY TAX YEARS SHALL BE EQUAL THE ACTUAL VALUE USED TO CALCULATE THE PROPERTY'S 2021 PROPERTY TAXES PLUS AN ANNUAL ADJUSTMENT FOR INFLATION, LIMITED TO 3%. IF REAL PROPERTY IS SUBSTANTIALLY IMPROVED, THE PROPERTY'S ACTUAL VALUE SHALL BE REAPPRAISED. THE PROPERTY'S ACTUAL VALUE SHALL SUBSEQUENTLY BE EQUAL TO THE REAPPRAISED VALUE PLUS AN ANNUAL ADJUSTMENT FOR INFLATION, LIMITED TO 3%.

SECTION 5. In Colorado Revised Statutes, 39-5-121 **amend** (1)(b)(I) and (1.2) as follows:

39-5-121. Notice of valuation – legislative declaration – repeal. (1)(b)(I) Commencing as provided in subparagraph (II) of this paragraph (b), the notice of valuation ~~the first year of each reassessment cycle~~ that is mailed to each person who owns land or improvements pursuant to paragraph (a) of this subsection (1) shall include, in addition to the information specified in paragraph (a) of this subsection (1), an itemized listing of the land and improvements and the characteristics that are germane to the value of such land and improvements.

(1.2) A notice of valuation included with the tax bill shall fulfill the requirements of subsection (1) of this section. The general assembly hereby finds and declares that the notice procedure set forth in this subsection (1.2) facilitates the efficient and economic operation of local governments, consistent with the expressed purpose of section 20 of article X of the state constitution to reasonably restrain most the growth of government, and ~~still~~ fulfills the purposes of section 20 (8)(c) of said article X ~~in the intervening year of each reassessment cycle when there is no change in the value for the property in such year.~~

SECTION 6. In Colorado Revised Statutes, **add** 39-1-125 as follows:

39-1-125. EXPIRATION. ON DECEMBER 31, 2032, THE PROVISIONS IN THE COLORADO REVISED STATUTES AND THE CONSTITUTION OF THE STATE OF COLORADO AFFECTED BY THIS INITIATIVE WILL RETURN TO AS THEY WERE BEFORE THE INITIATIVE WAS ORIGINALLY PASSED ON NOVEMBER 8, 2022, EXCEPT AS TO ANY CHANGES THAT WERE MADE TO THOSE PROVISIONS SUBSEQUENT TO THE PASSAGE OF THIS INITIATIVE. BEGINNING IN 2028, THE LEGISLATIVE AUDIT COMMITTEE SHALL DIRECT AN ANNUAL AUDIT TO BE PERFORMED FOR PURPOSES OF ASCERTAINING THE PROPERTY TAX SAVINGS TO REAL PROPERTY OWNERS AND THE ANNUAL RATE OF INCREASE IN PROPERTY TAX REVENUES TO SCHOOL DISTRICTS, FIRE DISTRICTS, AND OTHER LOCAL DISTRICTS, INCLUDING COUNTY AND MUNICIPAL GOVERNMENTS, AS A RESULT OF THE CHANGES IMPLEMENTED BY THIS INITIATIVE. THE AUDIT SHALL BE PRESENTED TO THE LEGISLATIVE AUDIT COMMITTEE IN DECEMBER OF EVERY YEAR THROUGH DECEMBER 31, 2032.

SECTION 7. Effective date.

THIS INITIATIVE SHALL BECOME EFFECTIVE UPON THE EARLIER OF THE OFFICIAL DECLARATION OF THE VOTE HEREON BY PROCLAMATION OF THE GOVERNOR OR THIRTY DAYS AFTER THE VOTE HAS BEEN CANVASSED, PURSUANT TO SUBSECTION (4) OF SECTION 1 OF ARTICLE V OF THE COLORADO CONSTITUTION.