

2021-2022 #71 – 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 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 AND determined by appropriate consideration of cost approach, market approach, and income approach to appraisal. However, 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 AND determined solely by consideration of ~~cost approach and~~ THE 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. NOTHING IN THIS SUBSECTION (1)(a) OF SECTION 3 OF ARTICLE X OF THE COLORADO CONSTITUTION SHALL 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 OF THE COLORADO CONSTITUTION.

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, AND FOR PURPOSES OF INTERPRETATING SECTION 3 OF ARTICLE X OF THE COLORADO CONSTITUTION, 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-LAKESIDE, ALL ITEMS, ALL URBAN CONSUMERS, OR ITS SUCCESSOR INDEX, LIMITED TO 3%.

(2) “SALE” MEANS THE TRANSFER OF MORE THAN 50% OWNERSHIP OF 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 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 ACCORDING TO SECTION 39-1-104 (10.2) AND ~~that value~~ determined by appropriate 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.

(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~~ REAPPRAISAL as required by section 3 of article X of the state constitution in determining the actual value of taxable property THAT HAS BEEN SUBSTANTIALLY IMPROVED, OR THAT HAS BEEN PROTESTED IN ACCORDANCE WITH SECTION 39-5-121 (1)(a)(I) OR APPEALED IN ACCORDANCE WITH SECTION 39-5-122 (2). ~~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.~~

(15.5)(a) IF A 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 PROPERTY'S MOST RECENT SALE OR REAPPRAISAL, OR THAT IS LESS THAN THE ACTUAL VALUE LISTED ON THE PROPERTY'S 2020 NOTICE OF VALUATION 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 PROPERTIES IN THE COUNTY. IF THE REAPPRAISAL RESULTS IN AN ACTUAL VALUE THAT IS LESS THAN THE VALUE OF THE PROPERTY'S MOST RECENT SALE OR REAPPRAISAL, OR THAT IS LESS THAN THE ACTUAL VALUE LISTED ON THE PROPERTY'S 2020 NOTICE OF VALUATION 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 THIS SUBSECTION 15(a) AND (b), IF A 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 (12) of this section, beginning with the property tax year which commences January 1, 1989 2023~~;~~, 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.~~

(a) 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, AS DEFINED IN SECTION 39-1-102.5(2), SHALL BE EQUAL TO THE AMOUNT OF THE PROPERTY'S MOST RECENT SALE PLUS AN ANNUAL ADJUSTMENT FOR INFLATION, LIMITED TO 3%.

(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.~~ THE ACTUAL VALUE OF REAL PROPERTY THAT HAS NOT SOLD SINCE JUNE 30, 2020, AS DEFINED IN SECTION 39-1-102.5(2), SHALL BE EQUAL TO THE ACTUAL VALUE LISTED ON THE PROPERTY'S 2020 NOTICE OF VALUATION. THE PROPERTY'S ACTUAL VALUE IN SUBSEQUENT PROPERTY TAX YEARS SHALL BE EQUAL TO THE AMOUNT OF THE PROPERTY'S MOST RECENT SALE PLUS AN ANNUAL ADJUSTMENT FOR INFLATION, LIMITED TO 3%.

(c) ~~Repealed.~~ 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%.

(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.~~

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

39-5-121. Notice of valuation – legislative declaration – repeal. (1)(a)(I) No later than May 1 in each year, the assessor shall mail to each person who owns land or improvements a notice OF VALUATION setting forth the valuation of such land or improvements, WHICH SHALL BE EQUAL TO THE ACTUAL VALUE OF THE PROPERTY ACCORDING TO SECTION 39-1-104 (10.2). For agricultural property, the notice must separately state the actual value of such land or improvements in the previous year, the actual value in the current year, and the amount of any adjustment in actual value. For all other property, the notice must state the total actual value of such land and improvements together in the previous year, the total actual value in the current year, and the amount of any adjustment in total actual value. The notice must not state the valuation for assessment of such land or improvements or combination of land and improvements. Based upon the classification of such taxable property, the notice must also set forth either the ratio of valuation for assessment to be applied to said actual value of all taxable real property other than residential real property prior to the calculation of property taxes for the current year or the projected ratio of valuation for assessment to be applied to said actual value of residential real property prior to the calculation of property taxes for the current year and that any change or adjustment of the projected ratio of valuation for assessment for residential real property must not constitute grounds for the protest or abatement of taxes. With the approval of the board of county commissioners, the assessor may include in the notice an estimate of the taxes owed for the current property tax year. If such estimate is included, the notice must clearly state that the tax amount is merely an estimate based upon the best available information. The notice must state, in bold-faced type, that the taxpayer has the right to protest any adjustment in valuation but not the estimate of taxes if such an estimate is included in the notice, the classification of the property that determines the assessment percentage to be applied, and the dates and places at which the assessor will hear such protest. The notice must also set forth the following: That, to preserve the taxpayer’s right to protest, the taxpayer shall notify the assessor either in writing or in person of the taxpayer’s objection and protest; that such notice must be delivered, postmarked, or given in person no later than June 1; and that, after such date, the taxpayer’s right to object and protest the adjustment in valuation is lost. The notice must be mailed together with a form that, if completed by the taxpayer, allows the taxpayer to explain the basis for the taxpayer’s valuation of the property. Such form may be completed by the taxpayer to initiate an appeal of the assessor’s valuation. However, in accordance with section 39-5-122 (2), completion of this form does not constitute the exclusive means of appealing the assessor’s valuation. For the years that intervene between changes in the level of value, if the difference between the actual value of such land or improvements in the previous year and the actual value of such land or improvements in the intervening year as set forth in such notice constitutes an increase in actual

value of more than seventy-five percent, the assessor shall mail together with the notice an explanation of the reasons for such increase in actual value-

(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. Effective date.

THIS MEASURE 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.