



COLORADO

LEGISLATIVE COUNCIL

Legislative Council
Research Publication No. 343

Committee on
Tax Policy

December, 1989

**COLORADO LEGISLATIVE COUNCIL
RECOMMENDATIONS FOR 1990**

**COMMITTEE ON
TAX POLICY**

**Legislative Council
Report to the
Colorado General Assembly**

**Research Publication No. 343
December, 1989**

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November 28, 1989

To Members of the Fifty-seventh Colorado General Assembly:

Submitted herewith is the final report of the Committee on Tax Policy. The committee was appointed by the Legislative Council pursuant to House Joint Resolution No. 1030, 1989 session.

At its meeting on November 9, the Legislative Council reviewed this report. A motion to forward the report and recommended bills of the Committee on Tax Policy to the Fifty-seventh General Assembly was also approved.

Respectfully submitted,

/s/ Representative Chris Paulson
Chairman, Colorado Legislative Council

CP/bj

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SUMMARY OF RECOMMENDATIONS

The interim Committee on Tax Policy was directed to study the tax base of the state and local governments and the relationship of taxes to the long-term economic growth of the state and its communities. (House Joint Resolution 1030). The interim Committee on Tax Policy recommends a concurrent resolution and four bills.

Senate Concurrent Resolution A -- Constitutional Amendment -- Property Taxation

Senate Concurrent Resolution A submits to the voters of Colorado a proposed amendment to the state constitution. The amendment specifies the value for assessment of residential property to be 50 percent of market value. The value for assessment of all other property is 100 percent of market value.

This proposal also amends the state constitution to give the power of initiative to the citizens of counties, school districts, and special districts. The resolution limits the power of the initiative to changes in the property tax mill levy. No more than 15 percent of the registered voters, the actual percentage to be specified by statute, may be required to initiate a ballot proposal to either increase or decrease mill levies of counties, school districts, and special districts.

Bill 1 -- Sales and Use Taxes -- Out-of-State Retailers

Bill 1 provides for the collection of sales or use taxes imposed by the state on personal property purchased by Colorado residents from out-of-state retailers. The bill requires out-of-state retailers to collect local sales or use tax on these purchases. The authority to enforce collection is contingent upon federal enabling legislation.

Bill 2 -- Study of State and Local Taxes

Bill 2 authorizes a comprehensive study of state and local taxes. An advisory committee of ten members appointed by the President of the Senate and Speaker of the House of Representatives directs the study. The research director of the Legislative Council administers the contract for the performance of the study, which is to be delivered to the General Assembly by January 1, 1992.

Bill 3 -- Certification of County Assessors

Bill 3 requires assessors to be certified by the Board of Assessor Certification within two years of taking office. The bill creates the Board of Assessor Certification in the Department of Local Affairs. Members of the board will be compensated at the standard rate for boards and commissions.

The program is cash funded by fees paid by assessors seeking certification. (The bill also has an appropriations clause.) Assessor certification requires 55 hours of training and the successful completion of an examination. The bill establishes additional requirements for optional certification of assessors as residential appraisers or general appraisers.

Bill 4 -- Property Taxes

Bill 4 contains several changes to Colorado property tax laws. Changes are made in the schedule for protests and appeals. The bill clarifies when a property owner should use the abatement procedure rather than the appeals procedure. Assessors must give written explanation for an increase in actual value in an intervening year of more than 75 percent from the previous year. The price of new or used mobile homes must be provided when an application for certificate of title is made. The use of discount factors in valuing vacant land is extended up to 30 years from ten years under current law.

SUMMARY OF COMMITTEE ACTIVITY

Committee Charge

House Joint Resolution 1030 charged the interim Committee on Tax Policy with studying the tax base of the state and local governments and the relationship of taxes to the long-term economic growth of the state and its communities. HJR 1030 directed the study to include, but not be limited to, the following:

- examination of the changing tax burdens on individuals and businesses imposed by the major state and local taxes;
- consideration of the changing burdens on the state and local governments in financing the provision of public services to the residents of Colorado;
- analysis of the optimum combination of broad-based state taxes and other state and local taxes in the financing of state and local government activities;
- identification of future trends which will create financial impacts on state and local governments within the next ten years and the ability of the tax base of state and local governments to respond to these trends; and
- examination of the rates, bases, credits, and exemptions of each major state and local tax.

Committee Activities and Findings

The committee met eight times and heard from state and local officials, administrators, and interested persons knowledgeable about state and local taxes and expenditures. The first six meetings were fact-finding hearings and the last two meetings concerned recommended legislation. The committee found the following issues to be relevant to the examination of the tax policy of the state.

Property Taxes

Consideration was given to assessment rates on residential and nonresidential properties and the use of the initiative to limit or increase property taxes at the local level. The committee evaluated two potential problem areas, the taxation of personal property and the taxation of vacant land. The need for the certification of assessors was also addressed.

Assessment rates. The committee reviewed the constitutional requirements for the assessment of residential and nonresidential property. Article X, section 3 of the Colorado Constitution requires that residential real property be assessed at a rate that ensures that the percentage of residential to total assessed value remains the same as it was in the year

preceding a reappraisal. This provision, added to the constitution in 1982, is commonly referred to as the "Gallagher Amendment." The effect of the provision is to require residential real property to total approximately 45 percent of total assessed property in the state. In 1982, the residential assessment rate was set at 21 percent of market value, while the assessment rate for all other properties, except oil and gas production, was set at 29 percent. Oil and gas properties are assessed at 87.5 percent of the value of annual production.

Since 1982, the rate at which residential property is assessed has steadily dropped in order to maintain its 45 percent share of total assessed value. The residential assessment rate was reduced to 18 percent in 1987 and to 16 percent in 1988 and was 15 percent for 1989. While the residential assessment rate has dropped, the assessment rate for other types of property has remained at 29 percent of actual value.

The decline in the residential assessment rate has resulted in an assessment rate on nonresidential properties nearly twice as high as on residential properties. Further declines in the residential assessment rate would place residential assessments below 50 percent of nonresidential assessments, a situation that could prove unhealthy for the continued economic development of the state because of the adverse impact of high assessments on small businesses and newly established enterprises.

The committee considered assessing all property at 100 percent of market value with a homestead exemption of 50 percent of market value up to a maximum of \$50,000. For other types of residential property, such as rental property, another type of exemption tied to income tax credits was discussed. These changes would require an amendment to the state constitution.

The committee reviewed the income approach to determining the value of apartments. Testimony suggested that the income approach would improve the accuracy of valuing apartments, but the use of the income approach in valuing rental property would also require a constitutional change.

The committee recommends a concurrent resolution that recognizes a two-to-one ratio between the assessment rates of nonresidential and residential property. Establishing a fixed assessment rate for residential and nonresidential properties at 50 and 100 percent respectively will reduce some of the uncertainty in property taxes. As noted below, the concurrent resolution also provides for the use of the initiative in setting local government property tax mill levies.

The initiative power in property taxation. Testimony was provided on the 1988 initiative to limit state and local revenues and the expected initiative in 1990. Committee concerns were expressed that a statewide limitation on property tax revenues could be inappropriate if the problem was confined to certain districts or counties within the state. The committee recommends the power of the initiative be extended to residents of all local governments. Because residents of municipalities already have this right, the committee's proposal brings this right to residents of counties, school districts, and special districts. The initiative to change property tax mill levies is included in Senate Concurrent Resolution A.

Valuation of vacant land. Another topic addressed was the assessment of vacant land. Vacant land falls into several different categories, and administrative practices should take this into account.

After testimony regarding assessor practices in valuing platted vacant land, the committee voted to extend the time that assessors may use. Current law allows the use of present worth factors (discount factors) in valuing vacant land below 80 percent of buildout. However, section 39-1-103, C.R.S., states that the "time period shall not generally exceed ten years." Since market absorption rates can easily exceed ten years, the committee voted to recommend a 30 year maximum horizon.

Taxation of personal property. Personal property tax collections are a problem for county administrators and businesses because a large percentage of the tax bills are for small amounts of money. County treasurers, assessors, and business interests suggested that the first \$200 of taxes due on personal property be exempt from taxation. This exemption would reduce administrative costs and, to a lesser degree, compliance costs. Personal property is approximately eight percent of total taxable property in the state.

The committee asked the Office of Legislative Legal Services for clarification on the constitutionality of a partial exemption on personal property taxes. Legislative Legal Services staff said that the courts have ruled that exemptions must be explicitly granted in the constitution. Thus, an exemption for personal property having a value of less than a specified amount probably would require an amendment to the state constitution.

Certification of assessors. In order to improve the professionalism of county assessors, the committee recommends that a certification program be required of assessors to be administered by a board in the Department of Local Affairs. At the time of the committee deliberations, a similar bill which applied to real estate appraisers was being considered in the Sunrise/Sunset Committee.

The bill does not require a candidate for the office of assessor to have a background in assessment or appraisal. However, the assessor must have taken course work and passed an examination on these topics within two years of taking office.

Trends in State and Local Taxes

The committee reviewed the level of Colorado state and local taxes in comparison with other states and the trends in General Fund revenues by tax category.

Colorado taxes compared with other states. Compared with other states, Colorado ranks low in the amount of state taxes collected and high in the amount of local taxes collected. In fiscal year 1987, the latest year for which statistics are available, Colorado ranked 41st among the states in state government tax collections per capita and 7th in local government tax collections per capita.

Rankings of state government tax collections per \$1,000 of personal income show Colorado to be 47th. In contrast, Colorado placed 6th in local government tax collections

per \$1,000 of personal income. In the overall rankings considering state and local taxes together, Colorado ranked 34th.[†]

The advisability of greater state government funding of programs now financed by local governments was also discussed. Several members said that increases in state support should be tied to reductions in local government reliance on property taxes. A greater state role in K-12 education and social services was reviewed. The committee recognized that local government discretion in tax and spending decisions is also an important consideration.

General Fund revenues. Colorado is increasingly reliant on individual income taxes to fund the General Fund. In fiscal year 1975-76, individual income taxes accounted for 38.8 percent of General Fund revenues. In fiscal year 1988-89, this proportion had increased to 52.7 percent of General Fund revenues. During the same period, revenues from excise taxes fell as a percent of General Fund revenues. In fiscal year 1975-76, excise taxes were 42.6 percent of General Fund revenues. In fiscal year 1988-89, excise taxes comprised 33.6 percent of General Fund revenues.

**Gross General Fund Receipts by Tax Sources
(in percent)**

Fiscal Year	Excise Tax	Individual Income Taxes	Corporate Income Taxes	Other Receipts	Total
1976	42.6%	38.8%	8.0%	10.6%	100.0%
1977	43.7	38.8	8.4	9.2	100.0
1978	44.0	39.1	7.9	9.0	100.0
1979	44.3	36.8	8.4	10.5	100.0
1980	44.4	34.4	8.7	12.6	100.0
1981	45.9	36.4	6.4	11.2	100.0
1982	44.9	40.9	5.9	8.3	100.0
1983	44.6	45.1	4.3	6.1	100.0
1984	46.6	42.5	5.0	5.9	100.0
1985	41.9	46.7	4.0	7.4	100.0
1986	39.6	47.2	6.0	7.2	100.0
1987	37.2	49.7	6.3	6.8	100.0
1988	35.6	52.3	4.9	7.1	100.0
1989	33.6	52.7	6.7	6.9	100.0

Source: Controller's Annual Reports; Accounts and Control.

[†]Colorado Public Expenditure Council, How Colorado Compares, 1989 Edition.

Sales and Use Taxes

The need for a uniform sales and use tax base for the state and local governments within the state was evaluated. The committee also discussed taxing catalogue sales made to Colorado residents.

Sales and use tax base. Counties and municipalities have a sales tax base similar to the state, with exceptions in the taxation of food, residential utilities, and machine tools. A minority of counties and municipalities relying on sales tax revenues exempt the same items as the state.

Business and local government representatives testified on the advisability of a uniform sales tax base. Businesses favor a uniform base because the costs of compliance will be lower. Local governments oppose a uniform base because the large number of exemptions granted by the state has reduced the base on which the tax is collected.

A draft bill that would have broadened the state sales tax base by repealing most exemptions to sales and use taxes was considered but not recommended. The fiscal impact of ending the exemption on food sales, with restoration of an income tax credit for low-income families, was estimated to be \$58.8 million. The estimated fiscal impact of repealing most other sales tax exemptions was \$129.6 million. Extending the sales tax to cable television services, long-distance telephone calls, computer software, and recreational admissions would increase sales tax revenues an estimated \$41.5 million. The bill was split into two bills so that the exemption on food for home consumption could be considered separately. Both bills later failed in committee.

Catalogue sales. Although sales taxes are due on out-of-state mail order purchases by Colorado residents, the collection of these taxes is rare because the state cannot require out-of-state retailers to collect sales and use taxes. The Supreme Court held in National Bellas Hess vs. the Illinois Department of Revenue that states could not compel out-of-state retailers to collect these taxes.

This decision would be overturned in a bill currently before Congress. The bill would allow states to require out-of-state firms to collect sales tax on purchases made to residents of their state. The committee recommends Bill 1 to allow the Department of Revenue to collect these taxes should Congress enact the enabling legislation. Should Bill 1 become law, Colorado would become one of approximately ten states to require the collection of sales taxes on catalogue sales.

Tax Policy Committee Advisory Committee

An advisory committee was formed to assist the committee in its charge to study state and local government tax issues. Members of the Tax Policy Committee nominated people to serve on the advisory committee and members of the committee were appointed by Senator Strickland from the list of nominees.

The advisory committee met eight times and discussed a wide range of tax policy issues. In October, the advisory committee voted to recommend a concurrent resolution and a bill to the Tax Policy Committee. The recommendations and background report of the advisory committee are appended to this report.

Other Topics Considered by the Tax Policy Committee

The Joint Rules of the Senate and House limited the number of bills to be recommended by the committee to four. The committee initially voted to recommend two bills, summarized below, before selecting the four recommended bills described in this report. The two bills that could not be recommended will be carried by individual members of the committee.

Limitation on state spending. The committee reviewed the current seven percent limit on state appropriations and voted to replace the fixed-percent limitation to a limitation tied to growth in Colorado personal income. The seven percent restriction on General Fund appropriations growth is found in section 24-75-201.1, C.R.S. This bill is not committee recommendation, however.

Truth in taxation. The committee reviewed the procedures for increasing property tax revenues by more than 5.5 percent by statutory municipalities and county governments under section 29-1-303, C.R.S. These procedures, called "truth in taxation," are scheduled for repeal January 1, 1990. After testimony from the Colorado Municipal League, Colorado Counties, Inc., and the Division of Local Government, the committee voted that the truth-in-taxation statutes should be continued. This bill is not committee recommendation, however.

COMMITTEE RECOMMENDATIONS

The following concurrent resolution and four bills are recommended for action in the 1990 session of the Colorado General Assembly.

Senate Concurrent Resolution A- Concerning the Power of the Initiative with Respect to Increases or Decreases in General Fund Mill Levies and Providing for the Valuation for Assessment of Residential and Non-residential Land

Senate Concurrent Resolution A submits an amendment to the Colorado Constitution to the voters. If approved, the amendment will change current law in two areas.

Initiatives on Property Tax Mill Levies

Articles V and IX of the Colorado Constitution are amended to give the power of the initiative to the citizens of counties, school districts, and special districts. The initiative power is limited to changes in the property tax mill levy. Provisions for exercising the initiative power are to be specified by statute. No more than 15 percent of the registered voters will be required to propose a change in the mill levy.

The amendment also provides that if voters of a school district vote to decrease the mill levy, the state has no responsibility to make up the **decrease** in revenues. If the voters of a school district vote to **increase** the mill levy, the state has no responsibility to increase appropriations in order to equalize expenditures among school districts.

Property Tax Assessment Rates

Article X of the Colorado Constitution is amended to change the assessment rates of residential and nonresidential property. Residential property is to be assessed at 50 percent of actual value and all other types of property are to be assessed at 100 percent of actual value. Currently, real residential property tax are assessed at 15 percent of actual value and all other property is assessed at 29 percent of actual value. Oil and gas property is currently assessed at 87.5 percent of the value of its annual production.

Under the current law, the assessment rate on real residential property varies from year to year. Each reappraisal year the residential assessment rate must be set so that the assessed value of residential property is a fixed percentage of the total assessed value of all types of property. The proposed amendment ends this requirement. Residential property is assessed at a lower rate than other property, providing an exemption for homesteads and rental property.

Bill 1-- Concerning the Collection of Sales and Use Taxes on Purchases by Colorado Residents from Out-of-State Retailers

Catalogue sales to Colorado residents by out-of-state firms are subject to sales and use taxes. However, the state cannot compel out-of-state retailers to collect these taxes. The U.S. Supreme Court, in a 1967 decision, National Bellas Hess v. Illinois Department of Revenue, 87 S.Ct. 1389, held that states could not require out-of-state mail order companies to collect sales and use taxes if the company had a limited presence in that state. Because out-of-state mail order companies do not collect sales taxes in these states, the mail order companies may have a competitive advantage compared to companies located within the state.

The strong growth of the mail order industry, coupled with innovations in telemarketing and cable television sales, means that increasing amounts of sales are not subject to Colorado sales taxes. Led by the National Conference of State Legislatures and the National Governors' Association, many states have moved to close the Bellas Hess loophole.

Bill 1 allows state and local governments to collect taxes due on catalogue sales, contingent upon federal enabling legislation. Several states have recently enacted legislation to enhance the tax compliance of out-of-state vendors including Arkansas, California, Florida, Louisiana, Nebraska, North Dakota, Ohio, Oklahoma, South Carolina, and South Dakota. A bill by Representative Jack Brooks of Texas (House Resolution 2230) authorizing states to require mail order companies to collect sales and use taxes will probably be debated in Congress in 1990.

Bill 1 has been drafted to use federal guidelines for in-lieu tax payments if the federal legislation allows this type of payment. The bill has a sunset provision that repeals the authority to require the collection of sales and use taxes on catalogue sales 24 months after the effective date of the federal legislation. If Bill 1 and federal legislation are enacted, the estimated increase in Colorado sales tax receipts is \$22.8 million.

Bill 2-- Concerning a Study of State and Local Taxes

Bill 2 authorizes a comprehensive review of state and local taxes, open to bid by public and private researchers. An advisory committee of ten members is appointed by the President of the Senate and Speaker of the House of Representatives. The research director of the Legislative Council administers the contract. The last comprehensive overview of state and local taxes in Colorado was the 1959 McNichols Study, named after then-Governor Stephen McNichols. According to the National Conference of State Legislatures, most states have conducted a tax study during the past ten years.

The advisory committee recommended the comprehensive review of state and local taxes. The advisory committee believes that a study of trends in state and local taxes will show an erosion of the tax base. The Tax Policy Committee voted to fund a comprehensive analysis with the following goals:

- to study the relationship of state and local taxes to long-term economic growth;
- to evaluate the tax burdens on individuals and businesses and how these burdens have changed over time;
- to examine the changing burdens on the state and local governments in providing government services;
- to analyze and recommend the best combination of broad-based and equitable taxes needed by the state and local governments of the state;
- to identify trends that will affect state and local government finances in the next ten years;
- to examine rates, bases, credits, and exemptions of state and local taxes; and
- to examine potential revenue and expenditure limitations for state and local governments.

The bill has a blank appropriations clause. The cost of the study could be between \$350,000 and \$500,000. The range of costs of recent studies in other states has been between \$350,000 and \$1,500,000. The study must be completed and delivered to the General Assembly by January 1, 1992.

Bill 3- Concerning the Certification of Assessors

Bill 3 creates the Board of Assessor Certification in the Department of Local Affairs and requires the certification of county assessors. Assessors do not need certification to run for office but must obtain certification from the Board of Assessor Certification within two years of taking office. The intent of the proposed legislation is to improve the professionalism of county assessors. Although many assessors are well trained and participate in professional organizations such as the International Association of Assessing Officers, this bill would set a minimum standard for all assessors.

The bill requires 55 hours of training, and assessors must pass an examination in order to receive certification. Additional requirements for optional certification of assessors as residential appraisers or general appraisers are established. The certification program is cash funded by fees paid by assessors seeking certification. Members of the board will be compensated at the standard rate for boards and commissions of \$50.00 per day, plus expenses.

Bill 4- Concerning Property Taxes

Bill 4 combines several committee concerns relating to property taxes under a broad title.

Sales data on manufactured homes. Under current law, the sales price of real property must be reported when the conveyance document is filed for recording. Bill 4 extends this

requirement to manufactured homes. The price of a new or used manufactured home must be provided when an application for a certificate of title is made.

Vacant land. The use of discount factors in valuing vacant land is extended to 30 years from 10 years under current law. The vacant land must be within an approved plat. Discounting may be used until 80 percent of the lots are sold. Although up to 30 years can be used, the period should reflect the expected market absorption rate.

Notices of valuation. Assessors must give written explanation for an increase in actual value in years between reassessment years of more than 75 percent from the previous year. Notices of Valuation (NOVs) must be mailed by May 1 of each year rather than May 15 under current law.

Schedule changes. Several sections of the bill change the schedule for protests and appeals of the assessed value of real property.

Activity	Existing Deadline	New Deadline
Mailing of NOVs	May 15	May 1
Notice of Appeal to Assessor by Mail	June 10	May 27
in Person	June 15	June 1
Assessors' Last Day to Hear Appeals	June 15	Last working day in June
Notice of Appeal to County Board of Equalization	July 10	Third Monday in July
Audit of Assessments	August 15	September 15
Review of Abstracts by State Board of Equalization	September 5	September 20

Court appeals. Appeals made under current law to the District Court are changed to the Court of Appeals. The appeal procedure is specified by Colorado Appellate Rules and section 24-4-106(9), C.R.S.

Abatements. The bill clarifies the procedures for abatements and abatement appeals. Abatements are allowed when taxes have been levied illegally or erroneously, as defined in the bill.

EXTRACT FROM THE ADVISORY COMMITTEE REPORT

An advisory committee to the interim Committee on Tax Policy was formed to assist the interim committee in its charge to study the tax base of the state and local governments and the relationship of taxes to the long-term economic growth of the state and its communities. The paragraphs which follow summarize the two recommendations to the interim Committee on Tax Policy.

Recommendation 1

The Tax Policy Advisory Committee voted to recommend that the interim Committee on Tax Policy adopt a concurrent resolution which would submit to the registered electors of the State of Colorado an amendment to section 1 of Article V, section 2 of Article IX, and section 3 of Article X of the constitution of the State of Colorado.

Background

The 1982 amendment to the Colorado Constitution, commonly referred to as the "Gallagher Amendment," establishes an assessed valuation relationship of 45 percent for property classified as residential and 55 percent for all other classes of property. At the time the amendment was approved by the voters, assessed valuation was set at 21 percent of actual value for residential property and 29 percent of actual value for nonresidential classes of property. The exceptions to these rates are oil and gas properties, which are assessed at 87.5 percent of the prior year's production.

Since 1982, the rate at which residential property is assessed has steadily dropped in order to maintain the overall relationship required by the constitutional amendment. The residential assessment rate was reduced to 18 percent in 1987, 16 percent in 1988, and was further reduced to 15 percent for 1989. Many people believe that this reduction has resulted in a shift of an ever increasing property tax burden to nonresidential classes of property. Certain exemptions and assessed valuation reductions have been granted to some nonresidential properties during the past seven years. However, the market value of existing nonresidential properties has fallen at a rate proportionately faster than the market value decline of existing residential properties.

The consensus of the Tax Policy Advisory Committee is that this trend will likely continue, further reducing the residential assessment rate in order to be in compliance with the Gallagher amendment. While the Gallagher amendment has had the effect which was originally intended, continued increased reliance on nonresidential properties is unhealthy for the economic well-being of the state. Therefore, a constitutional amendment which freezes the relationship of assessed valuations for residential properties at one-half the nonresidential rate is in the best interest of both the residential and business communities.

The Tax Policy Advisory Committee is also of the opinion that the citizens of the state at any level of local government should be given additional authority to adjust local mill levies in either direction in order to fund desired levels of local services. Currently, the electorate may vote to increase property taxes, but may not vote to decrease property taxes. This would be accomplished through the initiative and election process.

Recommendation 2

The Tax Policy Advisory Committee recommends that the interim Committee on Tax Policy adopt the bill entitled **CONCERNING A STUDY OF STATE AND LOCAL TAXES**.

Background

The last comprehensive analysis of financing government in Colorado was submitted to former Governor Steve McNichols by the Governor's Tax Study Group in 1959. Since that time, a number of tax profile studies have been conducted under the direction of Legislative Council with a primary emphasis on the individual income tax.

An independent analysis of the Colorado tax structure which goes beyond the scope of recent tax studies is necessary in order to plan for the financing of state and local governments into the twenty-first century. Over the past 30 years, individual legislative actions, while well intended at the time, have eroded the tax base and complicated the process of financing all units of government within the state. For this reason, a fresh look at where the state is, and where the state is going, is necessary to carry out sound fiscal policy in the future.

According to Steve Gold, National Conference of State Legislatures, most states have conducted a tax study during the past ten years. The cost of these tax studies varied greatly, depending on the content and depth of the study. The table below identifies selected states which have conducted recent tax studies and related statistical research.

State	Cost	Study Group	Duration
Arizona	\$600,000	Economics Professors	14 months
Minnesota	\$625,000	In-house/Academic	18 months
Nebraska	\$381,371	Syracuse University	12 months
Nevada	\$450,000	Price Waterhouse	18 months
New Jersey	\$1,500,000	Select Committee	24 months
Texas	\$350,000	Tax Equity Committee	18 months
Utah	N/A	In-House/Consulting	N/A
Washington	\$450,000	Peat Marwick	12 months

APPENDIX

LEGISLATIVE COUNCIL

Tax Policy Advisory Committee

Members of the Committee

Senator Ted Strickland, Chairman
**Max Arnold, Max Arnold &
Associates**
Ray Baker, Apartment Owners
**Vern Bickel, Colorado Union of
Taxpayers**
**Ken Bueche, Colorado Municipal
League**
Eldon Cooper, AFL CIO
**Phil Fox, Colorado Association
of School Executives**
**Dodie Gale, Special District
Association**

Representative Paul Schauer
**Bob Kirscht, Colorado Counties,
Inc.**
**Dean Kittle, Colorado Farm
Bureau**
**Lyle Kyle, Colorado Public
Expenditures Council**
Frank Miles, Citizen
Bernard Neff, Citizen
**Robert Robinson, Colorado
Senior Lobby**
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Interim Committee on Tax Policy

SENATE CONCURRENT RESOLUTION

1 SUBMITTING TO THE REGISTERED ELECTORS OF THE STATE OF COLORADO
2 AN AMENDMENT TO SECTION 1 OF ARTICLE V, SECTION 2 OF
3 ARTICLE IX, AND SECTION 3 OF ARTICLE X OF THE
4 CONSTITUTION OF THE STATE OF COLORADO, RESERVING TO THE
5 REGISTERED ELECTORS OF EVERY COUNTY, SCHOOL DISTRICT, AND
6 SPECIAL DISTRICT THE INITIATIVE POWER WITH RESPECT TO
7 INCREASES OR DECREASES IN GENERAL FUND MILL LEVIES,
8 MODIFYING THE STATE'S OBLIGATION TO PROVIDE A THOROUGH
9 AND UNIFORM SYSTEM OF FREE PUBLIC EDUCATION UNDER CERTAIN
10 CIRCUMSTANCES, AND PROVIDING THAT THE VALUATION FOR
11 ASSESSMENT OF RESIDENTIAL PROPERTY SHALL BE FIFTY PERCENT
12 OF ACTUAL VALUE AND THAT THE VALUATION FOR ASSESSMENT FOR
13 ALL OTHER PROPERTY SHALL BE ONE HUNDRED PERCENT OF ACTUAL
14 VALUE.

Resolution Summary

(Note: This summary applies to this resolution as introduced and does not necessarily reflect any amendments which may be subsequently adopted.)

Amends section 1 of article V of the state constitution to reserve the initiative power to the registered electors of

every county, school district, and special district with respect to an increase or decrease in the general fund mill levy. Allows the general assembly to establish by law the manner for exercising such initiative power. Sets the percentage of registered electors required to propose an initiated measure at fifteen percent. Requires the election on any initiated measure to be held on general election day in even-numbered years or on the second Tuesday in November in odd-numbered years. Amends section 2 of article IX of the state constitution to provide that the state has no responsibility to increase state appropriations to equalize expenditures in school districts where the registered electors have approved an initiated mill levy increase or to supplant lost property tax revenues in school districts where the registered electors have approved an initiated mill levy decrease.

Amends section 3 of article X of the state constitution to set the valuation for assessment for residential property at fifty percent of actual value and to set the valuation for assessment for all other property at one hundred percent of actual value. Eliminates procedures for adjustment of the valuation for assessment for residential property based on the percentage of the aggregate statewide valuation for assessment which is attributable to residential real property.

1 Be It Resolved by the Senate of the Fifty-seventh General
2 Assembly of the State of Colorado, the House of
3 Representatives concurring herein:

4 SECTION 1. At the next general election for members of
5 the general assembly, there shall be submitted to the
6 registered electors of the state of Colorado, for their
7 approval or rejection, the following amendment to the
8 constitution of the state of Colorado, to wit:

9 Section 1 (9) of article V of the constitution of the
10 state of Colorado is amended to read:

11 Section 1. General assembly - initiative and referendum.
12 (9) (a) The initiative and referendum powers reserved to the
13 people by this section are hereby further reserved to the

1 registered electors of every city, town, and municipality as
2 to all local, special, and municipal legislation of every
3 character in or for their respective municipalities. The
4 manner of exercising said powers shall be prescribed by
5 general laws; except that cities, towns, and municipalities
6 may provide for the manner of exercising the initiative and
7 referendum powers as to their municipal legislation. Not more
8 than ten percent of the registered electors may be required to
9 order the referendum nor more than fifteen per cent to propose
10 any measure by the initiative in any city, town, or
11 municipality.

12 (b) THE INITIATIVE POWER RESERVED TO THE PEOPLE BY THIS
13 SECTION IS HEREBY FURTHER RESERVED TO THE REGISTERED ELECTORS
14 OF EVERY COUNTY, SCHOOL DISTRICT, AND SPECIAL DISTRICT AS TO
15 THE INCREASE OR DECREASE IN THE GENERAL FUND MILL LEVY. FOR
16 ANY FUTURE BUDGET YEAR, THE REGISTERED ELECTORS MAY PROPOSE AN
17 INCREASE OR DECREASE IN THE GENERAL FUND MILL LEVY FROM THE
18 MILL LEVY FOR THE CURRENT BUDGET YEAR. THE MANNER OF
19 EXERCISING SAID POWER SHALL BE PRESCRIBED BY THE GENERAL
20 ASSEMBLY BY GENERAL LAWS. NOT MORE THAN FIFTEEN PERCENT OF
21 THE REGISTERED ELECTORS MAY BE REQUIRED TO PROPOSE AN INCREASE
22 OR DECREASE IN THE GENERAL FUND MILL LEVY IN ANY COUNTY,
23 SCHOOL DISTRICT, OR SPECIAL DISTRICT. ANY ELECTION HELD ON AN
24 INITIATED MEASURE PURSUANT TO THIS PARAGRAPH (b) SHALL BE HELD
25 AT THE GENERAL ELECTION IN EVEN-NUMBERED YEARS OR AT A SPECIAL
26 ELECTION HELD ON THE FIRST TUESDAY AFTER THE FIRST MONDAY IN
27 NOVEMBER IN ODD-NUMBERED YEARS.

1 Section 2 of article IX of the constitution of the state
2 of Colorado is amended to read:

3 Section 2. Establishment and maintenance of public
4 schools. (1) The general assembly shall, as soon as
5 practicable, provide for the establishment and maintenance of
6 a thorough and uniform system of free public schools
7 throughout the state, wherein all residents of the state,
8 between the ages of six and twenty-one years, may be educated
9 gratuitously. One or more public schools shall be maintained
10 in each school district within the state, at least three
11 months in each year; any school district failing to have such
12 school shall not be entitled to receive any portion of the
13 school fund for that year.

14 (2) (a) THE REQUIREMENT OF SUBSECTION (1) OF THIS
15 SECTION FOR THE ESTABLISHMENT AND MAINTENANCE OF A THOROUGH
16 AND UNIFORM SYSTEM OF FREE PUBLIC SCHOOLS THROUGHOUT THE STATE
17 IN REGARD TO GENERAL FUND MILL LEVIES OF A SCHOOL DISTRICT
18 SHALL BE SUBJECT TO THE DECISION OF THE REGISTERED ELECTORS IN
19 ANY SCHOOL DISTRICT TO INCREASE OR DECREASE ITS GENERAL FUND
20 MILL LEVY IN AN ELECTION HELD PURSUANT TO SECTION 1 (9) (b) OF
21 ARTICLE V OF THE STATE CONSTITUTION.

22 (b) IF THE REGISTERED ELECTORS OF A SCHOOL DISTRICT VOTE
23 IN AN ELECTION HELD PURSUANT TO SECTION 1 (9) (b) OF ARTICLE V
24 OF THE STATE CONSTITUTION TO INCREASE THE GENERAL FUND MILL
25 LEVY, NEITHER THE STATE NOR THE GENERAL ASSEMBLY SHALL BE
26 REQUIRED TO INCREASE STATE APPROPRIATIONS TO MATCH SUCH
27 INCREASE IN THE GENERAL FUND MILL LEVY IN WHOLE OR IN PART OR

1 TO EQUALIZE EXPENDITURES OF OTHER SCHOOL DISTRICTS IN RELATION
2 TO THE SCHOOL DISTRICT WHICH VOTED TO INCREASE ITS GENERAL
3 FUND MILL LEVY. IF THE REGISTERED ELECTORS OF A SCHOOL
4 DISTRICT VOTE TO DECREASE THE GENERAL FUND MILL LEVY, NEITHER
5 THE STATE NOR THE GENERAL ASSEMBLY SHALL BE REQUIRED TO
6 INCREASE STATE APPROPRIATIONS TO SUPPLANT THE LOST PROPERTY
7 TAX REVENUES WITH STATE REVENUES.

8 Section 3 (1) (b) of article X of the constitution of the
9 state of Colorado is amended to read:

10 Section 3. Uniform taxation - exemptions.

11 (1) (b) Residential real property, which shall include all
12 residential dwelling units and the land, as defined by law, on
13 which such units are located, and mobile home parks, but shall
14 not include hotels and motels, shall be valued for assessment
15 at ~~twenty-one~~ FIFTY percent of its actual value. ~~For the~~
16 ~~property tax year commencing January 1, 1985, the general~~
17 ~~assembly shall determine the percentage of the aggregate~~
18 ~~statewide valuation for assessment which is attributable to~~
19 ~~residential real property. For each subsequent year, the~~
20 ~~general assembly shall again determine the percentage of the~~
21 ~~aggregate statewide valuation for assessment which is~~
22 ~~attributable to each class of taxable property, after adding~~
23 ~~in the increased valuation for assessment attributable to new~~
24 ~~construction and to increased volume of mineral and oil and~~
25 ~~gas production. For each year in which there is a change in~~
26 ~~the level of value used in determining actual value, the~~
27 ~~general assembly shall adjust the ratio of valuation for~~

1 ~~assessment for residential real property which is set forth in~~
2 ~~this paragraph (b) as is necessary to insure that the~~
3 ~~percentage of the aggregate statewide valuation for assessment~~
4 ~~which is attributable to residential real property shall~~
5 ~~remain the same as it was in the year immediately preceding~~
6 ~~the year in which such change occurs. Such adjusted ratio~~
7 ~~shall be the ratio of valuation for assessment for residential~~
8 ~~real property for those years for which such new level of~~
9 ~~value is used. All other taxable property shall be valued for~~
10 ~~assessment at twenty-nine ONE HUNDRED percent of its actual~~
11 ~~value. However, The valuation for assessment for producing~~
12 ~~mines, as defined by law, and lands or leaseholds producing~~
13 ~~oil or gas, as defined by law, shall be a portion of the~~
14 ~~actual annual or actual average annual production therefrom,~~
15 ~~based upon the value of the unprocessed material, according to~~
16 ~~procedures prescribed by law for different types of minerals.~~
17 ~~Nonproducing unpatented mining claims, which are possessory~~
18 ~~interests in real property by virtue of leases from the United~~
19 ~~States of America, shall be exempt from property taxation.~~

20 SECTION 2. Each elector voting at said election and
21 desirous of voting for or against said amendment shall cast
22 his vote as provided by law either "Yes" or "No" on the
23 proposition: "An amendment to section 1 of article V, section
24 2 of article IX, and section 3 of article X of the
25 constitution of the state of Colorado, reserving to the
26 registered electors of every county, school district, and
27 special district the initiative power with respect to

1 increases or decreases in general fund mill levies, modifying
2 the state's obligation to provide a thorough and uniform
3 system of free public education under certain circumstances,
4 and providing that the valuation for assessment of residential
5 property shall be fifty percent of actual value and that the
6 valuation for assessment for all other property shall be one
7 hundred percent of actual value."

8 SECTION 3. The votes cast for the adoption or rejection
9 of said amendment shall be canvassed and the result determined
10 in the manner provided by law for the canvassing of votes for
11 representatives in Congress, and if a majority of the electors
12 voting on the question shall have voted "Yes", the said
13 amendment shall become a part of the state constitution.

Interim Committee on Tax Policy

A BILL FOR AN ACT

1 CONCERNING THE COLLECTION OF SALES AND USE TAXES ON PURCHASES
2 OF TANGIBLE PERSONAL PROPERTY BY PERSONS IN COLORADO FROM
3 OUT-OF-STATE RETAILERS.

Bill Summary

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments which may be subsequently adopted.)

Provides for the collection of sales or use taxes imposed by the state or a political subdivision thereof on sales of tangible personal property purchased by and delivered to a person in Colorado from an out-of-state retailer. Provides that provisions relating to the collection and remittance of sales and use taxes by retailers are applicable to out-of-state retailers collecting sales or use taxes. Provides a mechanism for the collection of the local sales or use tax and for the distribution of the moneys collected.

Makes these collection procedures contingent on passage of federal legislation authorizing states to require collection of sales or use taxes by out-of-state retailers.

4 Be it enacted by the General Assembly of the State of Colorado:
5 SECTION 1. Article 26 of title 39, Colorado Revised
6 Statutes, 1982 Repl. Vol., as amended, is amended BY THE
7 ADDITION OF A NEW PART to read:

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PART 3

SALES AND USE TAX -

COLLECTION OF TAX BY OUT-OF-STATE RETAILERS

39-26-301. Legislative declaration. The general assembly hereby declares that the purpose of this part 3 is to implement federal legislation authorizing states to require out-of-state retailers to collect the sales or use tax imposed on the sale of tangible personal property by such retailers to persons in this state.

39-26-302. Definitions. For purposes of this part 3, unless the context otherwise requires:

(1) "Local sales or use tax" means a sales or use tax imposed by a political subdivision of the state.

(2) "Out-of-state retailer" means a retailer subject to the provisions of this part 3 as determined by the executive director of the department of revenue.

(3) "Sales or use tax" means the state sales or use tax and the local sales or use tax.

(4) "State sales or use tax" means the sales or use tax imposed by the state pursuant to parts 1 and 2 of this article.

39-26-303. Out-of-state retailer - collection of sales or use tax. (1) An out-of-state retailer subject to the provisions of this part 3 shall file an application for a license pursuant to section 39-26-103 and shall collect and remit the state sales or use tax and the local sales or use tax imposed on sales of tangible personal property by such

1 retailer.

2 (2) (a) Except as otherwise provided in paragraph (b) of
3 this subsection (2), the sales or use tax required to be
4 collected by such out-of-state retailer pursuant to the
5 provisions of subsection (1) of this section shall be
6 collected and remitted to the state in the manner provided in
7 part 1 of this article for the collection and remittance of
8 sales taxes collected by retailers, and all such out-of-state
9 retailers shall be subject to the provisions of part 1 of this
10 article which apply to retailers collecting sales taxes except
11 for those provisions determined by the executive director of
12 the department of revenue by rule and regulation to be
13 inapplicable to out-of-state retailers collecting the sales or
14 use tax pursuant to the provisions of subsection (1) of this
15 section.

16 (b) The provisions of sections 39-26-105 and 39-26-109
17 relating to the time periods for reporting and remitting sales
18 taxes shall not be applicable to out-of-state retailers
19 collecting and remitting the sales or use tax pursuant to the
20 provisions of subsection (1) of this section, and the time
21 periods for reporting and remitting the sales or use tax shall
22 be established by the executive director of the department of
23 revenue by rule and regulation.

24 39-26-304. Out-of-state retailer - collection of set fee
25 in lieu of actual local sales or use tax - distribution of
26 local sales or use taxes collected. (1) Except as otherwise
27 provided in subsection (2) of this section, an out-of-state

1 retailer required to collect a local sales or use tax shall
2 collect such local sales or use tax at the actual local sales
3 or use tax rate, and the moneys collected shall be distributed
4 to the affected political subdivision in accordance with
5 procedures adopted by the executive director of the department
6 of revenue by rule and regulation.

7 (2) (a) In lieu of collecting the local sales or use tax
8 at the actual local sales or use tax rate, the out-of-state
9 retailer may elect to collect an in-lieu fee at the in-lieu
10 rate established in accordance with paragraph (b) of this
11 subsection (2). Such out-of-state retailer shall notify the
12 executive director of the department of revenue whether he
13 intends to collect the in-lieu fee, and once such election has
14 been made the out-of-state retailer shall use such method for
15 the collection of the local sales or use tax on all sales of
16 tangible personal property made to persons in this state.

17 (b) The executive director of the department of revenue
18 shall establish the in-lieu rate in accordance with a formula
19 based upon federal legislation and adopted by such executive
20 director by rule and regulation.

21 (c) The in-lieu fees remitted to the department of
22 revenue pursuant to the provisions of paragraph (a) of this
23 subsection (2) shall be distributed to political subdivisions
24 in accordance with a formula based upon federal legislation
25 and adopted by the executive director by rule and regulation
26 and within the time period established by such executive
27 director by rule and regulation.

1 39-26-305. Applicability. (1) The provisions of this
2 part 3 shall be applicable following the passage of federal
3 legislation authorizing states to require out-of-state
4 retailers to collect sales or use taxes in connection with
5 sales of tangible personal property.

6 (2) The provisions of section 39-26-304 (2) relating to
7 the collection of an in-lieu fee shall not be applicable
8 unless the federal legislation includes a provision
9 authorizing such fee in lieu of collection of the local sales
10 or use tax at the actual local sales or use tax rate.

11 39-26-306. Repeal of part. This part 3 is repealed,
12 effective on the December 31 following the end of the
13 twenty-four month period beginning on the effective date of
14 the federal legislation authorizing states to require
15 out-of-state retailers to collect sales or use taxes in
16 connection with sales of tangible personal property.

17 SECTION 2. 29-2-106 (3) (a), Colorado Revised Statutes,
18 1986 Repl. Vol., is amended to read:

19 29-2-106. Collection, administration, enforcement.
20 (3) (a) The executive director of the department of revenue
21 shall, at no charge, except as provided in paragraph (b) of
22 this subsection (3), administer, collect, and distribute any
23 sales tax imposed in conformity with this article. The
24 executive director shall make monthly distributions of sales
25 tax collections to the appropriate official in each county and
26 in each incorporated city or town in the amount determined
27 under the distribution formula established in accordance with

1 this article. Except as provided in section SECTIONS
2 39-26-208 AND 39-26-304, C.R.S., any use tax imposed pursuant
3 to section 29-2-109 shall be collected, administered, and
4 enforced by the city, town, or county as provided by ordinance
5 or resolution.

6 SECTION 3. Safety clause. The general assembly hereby
7 finds, determines, and declares that this act is necessary
8 for the immediate preservation of the public peace, health,
9 and safety.

Interim Committee on Tax Policy

A BILL FOR AN ACT

1 CONCERNING A STUDY OF STATE AND LOCAL TAXES, AND, IN
2 CONNECTION THEREWITH, MAKING AN APPROPRIATION.

Bill Summary

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments which may be subsequently adopted.)

Creates a state and local tax advisory committee. Provides for appointment of one-half of the members of the advisory committee by the president of the senate and one-half by the speaker of the house of representatives. Sets forth the duties of said advisory committee. Requires that the director of research of the legislative council, with the advice of the advisory committee, contract for a comprehensive study of state and local taxes. Specifies objectives of said study. Provides that the study shall be completed and the final report submitted to the general assembly by January 1, 1992. Sunsets the advisory committee on July 1, 1992. Makes an appropriation.

3 Be it enacted by the General Assembly of the State of Colorado:

4 SECTION 1. Article 21 of title 39, 1982 Repl. Vol., as
5 amended, is amended BY THE ADDITION OF A NEW SECTION to read:

6 39-21-115.5. State and local tax policy advisory
7 committee created - comprehensive study of state and local

8 taxes. (1) (a) There is hereby created a state and local tax

1 advisory committee. Said advisory committee shall consist of
2 ten members, to be appointed as follows: Five of the members
3 of the advisory committee shall be appointed by the president
4 of the senate; and five of the members shall be appointed by
5 the speaker of the house of representatives. Members of said
6 advisory committee shall include, but shall not be limited to,
7 individuals with knowledge or experience in finance,
8 economics, or public tax policy. No member of said advisory
9 committee shall be an elected official.

10 (b) The advisory committee shall make recommendations to
11 the director of research of the legislative council in regard
12 to the contracting for and the conducting of the comprehensive
13 study of state and local taxes specified in subsection (2) of
14 this section.

15 (c) Members of the advisory committee shall receive no
16 compensation for their services but shall be reimbursed for
17 actual and necessary expenses incurred in the performance of
18 their duties.

19 (2) The director of research of the legislative council
20 shall, with the advice and recommendations of the advisory
21 committee, contract to conduct a comprehensive study of state
22 and local taxes and to prepare a report to the general
23 assembly concerning findings, conclusions, and
24 recommendations.

25 (3) The state and local tax study shall be completed and
26 the final report to the general assembly shall be submitted on
27 or before January 1, 1992.

1 (4) The objectives of the study of state and local taxes
2 shall include, but shall not be limited to, the following:

3 (a) To study the relationship of state and local taxes
4 to the long-term economic growth and prosperity of the state,
5 its communities, and its citizens;

6 (b) To evaluate the burdens on individuals and
7 businesses resulting from taxes imposed by the state and by
8 local governments and to determine how these burdens have
9 changed over time;

10 (c) To examine the changing burdens on the state and
11 local governments in financing the provision of public
12 services to the residents of Colorado;

13 (d) To analyze and make recommendations concerning the
14 optimum combination of broad-based state and other state and
15 local taxes to adequately finance future needs for state and
16 local government services and equitably distribute the burdens
17 on taxpayers;

18 (e) To identify future trends which will create
19 financial impacts on the state and local governments within
20 the next ten years and to evaluate the ability of the tax base
21 of the state and local governments to respond to these trends;

22 (f) To examine the rates, bases, credits, and exemptions
23 of each state and local tax; and

24 (g) To examine potential revenue and expenditure
25 limitations for state and local governments, including, but
26 not limited to, the indexing of the maximum annual increase in
27 state expenditures to indicators of growth.

1 (5) (a) This section is repealed, effective July 1,
2 1992.

3 (b) Prior to said repeal, the committee appointed
4 pursuant to this section shall be reviewed as provided in
5 section 2-3-1203, C.R.S.

6 SECTION 2. 2-3-1203 (3) (e), Colorado Revised Statutes,
7 1980 Repl. Vol., as amended, is amended BY THE ADDITION OF A
8 NEW SUBPARAGRAPH to read:

9 2-3-1203. Sunset review of advisory committees.
10 (3) (e) (XI) The state and local tax advisory committee,
11 appointed pursuant to section 39-21-115.5, C.R.S.

12 SECTION 3. Appropriation. In addition to any other
13 appropriation, there is hereby appropriated, out of any moneys
14 in the general fund not otherwise appropriated, to the
15 legislative department, for allocation to the legislative
16 council, for the fiscal year beginning July 1, 1990, the sum
17 of _____ dollars (\$), or so much thereof as
18 may be necessary, for the implementation of this act.

19 SECTION 4. Safety clause. The general assembly hereby
20 finds, determines, and declares that this act is necessary
21 for the immediate preservation of the public peace, health,
22 and safety.

Interim Committee on Tax Policy

A BILL FOR AN ACT

1 CONCERNING THE CERTIFICATION OF COUNTY ASSESSORS.

Bill Summary

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments which may be subsequently adopted.)

Effective January 1, 1991, requires assessors to be certified by the board of assessor certification within two years of taking office and to maintain such certification while holding office. Allows assessors to receive additional certification.

Creates the board of assessor certification in the department of local affairs. Specifies the qualifications of members of the board and provides for the appointment of such members. Creates the board of assessor certification cash fund in the state treasury for moneys collected from fees for certifying assessors and specifies that moneys in such fund shall be appropriated for the administration of the article. Provides for the issuance of assessors' certificates and the renewal of thereof.

2 Be it enacted by the General Assembly of the State of Colorado:

3 SECTION 1. 24-1-125, Colorado Revised Statutes, 1988

4 Repl. Vol., as amended, is amended BY THE ADDITION OF A NEW

5 SUBSECTION to read:

6 24-1-125. Department of local affairs - creation.

7 (7) The board of assessor certification created by article

1 2.5 of title 39, C.R.S., shall constitute a part of the
2 department of local affairs and shall exercise its powers and
3 perform its duties and functions under the department as if it
4 were transferred to said department by a type 1 transfer.

5 SECTION 2. Part 8 of article 10 of title 30, Colorado
6 Revised Statutes, 1986 Repl. Vol., as amended, is amended BY
7 THE ADDITION OF A NEW SECTION to read:

8 30-10-801.5. Additional qualifications - certification.

9 (1) On and after January 1, 1991, in addition to any
10 qualifications specified in section 30-10-801, any assessor
11 shall become certified by the board of assessor certification
12 pursuant to the provisions of section 39-2.5-105 (1), C.R.S.,
13 within two years from the date on which such assessor was
14 sworn into office and shall maintain said certification while
15 holding office. Any costs and expenses incurred by any
16 assessor in obtaining and maintaining said certification shall
17 be deemed reasonable and necessary expenses of the assessor
18 incurred in the performance of his duties and shall be allowed
19 by the board of county commissioners and paid out of the
20 county treasury.

21 (2) On and after January 1, 1991, upon becoming
22 certified pursuant to the provisions of section 39-2.5-105
23 (1), C.R.S., any assessor may become certified as a
24 residential appraiser or as a general appraiser, or both, by
25 the board of assessor certification pursuant to the provisions
26 of section 39-2.5-105 (2) or (3), C.R.S.

27 SECTION 3. Title 39, Colorado Revised Statutes, 1982

1 Repl. Vol., as amended, is amended BY THE ADDITION OF A NEW
2 ARTICLE to read:

3 ARTICLE 2.5

4 Board of Assessor Certification

5 39-2.5-101. Definition. As used in this article, unless
6 the context otherwise requires:

7 (1) "Board" means the board of assessor certification
8 created in section 39-2.5-102.

9 39-2.5-102. Board of assessor certification - creation -
10 compensation - immunity. (1) There is hereby created in the
11 department of local affairs the board of assessor
12 certification. Said board shall be comprised of five members
13 appointed by the governor with the consent of the senate. Of
14 such members, three shall be real estate appraisers, one shall
15 be a county assessor currently holding office, and one shall
16 be a member of the public at large. Of the members of the
17 board appointed for terms beginning July 1, 1990, two of the
18 appraiser members and the public member shall be appointed for
19 terms of three years, and the county assessor member and the
20 remaining appraiser member shall be appointed for terms of one
21 year. Members of the board appointed after July 1, 1990,
22 shall hold office for terms of three years each. In the event
23 of a vacancy by death, resignation, removal, or otherwise, the
24 governor shall appoint a member to fill the unexpired term.
25 The governor shall have the authority to remove any member for
26 misconduct, neglect of duty, or incompetence.

27 (2) The board shall exercise its powers and perform its

1 duties and functions under the department of local affairs as
2 if it were transferred to said department by a type 1 transfer
3 as such transfer is defined in the "Administrative
4 Organization Act of 1968", article 1 of title 24, C.R.S.

5 (3) Each member of the board of assessor certification
6 shall receive the same compensation and reimbursement for
7 expenses as those provided for members of boards and
8 commissions in the division of registrations pursuant to
9 section 24-34-102 (13), C.R.S. Payment for all such per diem
10 compensation and expenses shall be made out of annual
11 appropriations from the board of assessor certification cash
12 fund created in section 39-2.5-104.

13 (4) Members of the board shall be immune from suit in
14 any civil action based upon any disciplinary proceedings or
15 other official acts they perform in good faith pursuant to
16 this article.

17 (5) A majority of the board shall constitute a quorum
18 for the transaction of all business, and actions of the board
19 shall require a vote of a majority of such members present in
20 favor of the action taken.

21 39-2.5-103. Powers and duties of the board. (1) In
22 addition to all other powers and duties imposed upon it by
23 law, the board has the following powers and duties:

24 (a) To promulgate and amend, as necessary, rules and
25 regulations pursuant to article 4 of title 24, C.R.S., for the
26 implementation and administration of this article;

27 (b) To charge application, examination, and renewal fees

1 in the amounts authorized pursuant to section 39-2.5-104 to
2 all assessors for certification, examination, and renewal
3 pursuant to the provisions of this article. No fees received
4 from assessors seeking certification, examination, or renewal
5 shall be refunded.

6 (c) (I) To keep all records of proceedings and
7 activities of the board conducted under authority of this
8 article, which records shall be open to public inspection at
9 such time and in such manner as may be prescribed by rules and
10 regulations formulated by the board.

11 (II) The board shall not be required to maintain or
12 preserve certification history records of any assessor
13 certified under the provisions of this article for any period
14 of time longer than seven years.

15 (d) To issue, deny, or refuse to renew a certificate
16 pursuant to the provisions of this article;

17 (e) Except as otherwise provided in section 39-2.5-105
18 (4), to develop or purchase any examination required for the
19 administration of this article, to offer each such examination
20 at least twice a year or, if demand warrants, at more frequent
21 intervals, and to establish a passing score for each
22 examination which reflects a minimum level of competency.

23 39-2.5-104. Board of assessor certification cash fund -
24 creation - use of funds - fee adjustments. (1) All fees
25 collected pursuant to the provisions of this article shall be
26 transmitted to the state treasurer, who shall credit the same
27 to the board of assessor certification cash fund, which fund

1 is hereby created. All interest derived from the deposit and
2 investment of moneys in the fund shall be credited to the
3 fund. All moneys in the fund shall be subject to
4 appropriation by the general assembly for the direct and
5 indirect costs of the activities of the board pursuant to this
6 article.

7 (2) (a) The board shall propose, as part of its annual
8 budget request, an adjustment in the amount of each fee which
9 it is authorized by law to collect. The budget request and
10 the adjusted fees, when such fees are combined with other
11 revenue credited to the board of assessor certification cash
12 fund, shall reflect direct and indirect costs.

13 (b) Based upon the appropriation made and subject to the
14 approval of the property tax administrator, the board shall
15 adjust its fees so that the revenue generated from said fees,
16 when combined with other revenue credited to the board of
17 assessor certification cash fund, approximates the direct and
18 indirect costs of the board. Such fees shall remain in effect
19 for the fiscal year for which the budget request applies.

20 (c) For fiscal years beginning on or after July 1, 1990,
21 any unexpended and unencumbered moneys remaining in the fund
22 at the end of the prior fiscal year shall be included in the
23 appropriation to the board for the next fiscal year, and the
24 fees of the board, when adjusted for said next fiscal year,
25 shall be adjusted so that such amount is not raised from fees
26 collected by the board. If a supplemental appropriation is
27 made from the fund to the board for its activities, the fees

1 of the board, when adjusted for the fiscal year next following
2 that in which the supplemental appropriation was made, shall
3 be adjusted by an amount which is sufficient to compensate for
4 such supplemental appropriation.

5 (d) Moneys appropriated to the board in the annual
6 general appropriation act shall be designated as cash funds
7 and shall not exceed the amount anticipated to be credited to
8 the fund.

9 39-2.5-105. Qualifications for assessor certification.

10 (1) Any assessor applying for certification shall apply in
11 such form and manner as prescribed by the board. Applicants
12 shall have had at least fifty-five hours of education and
13 training in appraisal practice, as approved by the board, and
14 shall pass an examination developed or purchased by the board,
15 except as otherwise provided in subsection (4) of this section
16 for the initial examination pursuant to this section.

17 (2) Any assessor applying for certification as a
18 residential appraiser shall have met the qualifications of
19 subsection (1) of this section and shall apply in such form
20 and manner as prescribed by the board. Applicants shall have
21 had at least forty hours of appraisal education and training
22 or a college degree in a related field as approved by the
23 board, shall have at least two years of appraisal experience,
24 and shall pass an examination developed or purchased by the
25 board, except as otherwise provided in subsection (4) of this
26 section for the initial examination pursuant to this section.

27 (3) Any assessor applying for certification as a general

1 appraiser shall have met the qualifications of subsection (1)
2 of this section and shall apply in such form and manner as
3 prescribed by the board. Applicants shall have had at least
4 one hundred fifty hours of appraisal education and training or
5 a college degree in a related field as approved by the board,
6 shall have at least two years of appraisal experience, and
7 shall pass an examination developed or purchased by the board,
8 except as otherwise provided in subsection (4) of this section
9 for the initial examination pursuant to this section.

10 (4) The initial assessor appointee to the board shall
11 not participate in the development of the initial examinations
12 given pursuant to this section. Any other person who
13 participates in the development of an examination pursuant to
14 this section shall be prohibited from taking such examination
15 for a period of two years from the date the examination is
16 first given.

17 39-2.5-106. Expiration of certification - renewal. Any
18 certificate issued by the board shall expire on January 1 of
19 the third year following issuance if not timely renewed by the
20 assessor; except that the initial certificate issued to any
21 assessor shall expire January 1 of the year following issuance
22 and shall be renewed as provided in this section. Upon
23 compliance with this section and any applicable rules and
24 regulations of the board regarding renewal, including the
25 payment of a renewal fee plus a late payment penalty fee in
26 the amounts authorized pursuant to section 39-2.5-104, the
27 expired certificate shall be reinstated. No certificate which

1 has been expired for a period of time greater than two years
2 shall be reinstated, and such person shall be required to make
3 new application for certification.

4 39-2.5-107. Denial of certificate - renewal. (1) The
5 board is empowered to determine whether an applicant for
6 certification possesses the qualifications required by this
7 article.

8 (2) If the board determines that an applicant does not
9 possess the applicable qualifications required by this
10 article, or such applicant has violated any provisions of this
11 article or the rules and regulations promulgated by the board,
12 the board may deny the applicant a certificate or deny the
13 reinstatement of a certificate pursuant to section 39-2.5-106,
14 and, in such instance, the board shall provide such applicant
15 with a statement in writing setting forth the basis of the
16 board's determination that the applicant does not possess the
17 qualifications required by this article. Such applicant may
18 request a hearing on such determination as provided in section
19 24-4-104 (9), C.R.S.

20 SECTION 4. Appropriation. In addition to any other
21 appropriation, there is hereby appropriated, out of any moneys
22 in the board of assessor certification cash fund not otherwise
23 appropriated, to the department of local affairs for
24 allocation to the board of assessor certification, for the
25 fiscal year beginning July 1, 1990, the sum of _____
26 dollars (\$) and ___ FTE, or so much thereof as may
27 be necessary, for the implementation of section 3 of this act.

1 SECTION 5. Effective date. This act shall take effect
2 July 1, 1990.

3 SECTION 6. Safety clause. The general assembly hereby
4 finds, determines, and declares that this act is necessary
5 for the immediate preservation of the public peace, health,
6 and safety.

Interim Committee on Tax Policy

A BILL FOR AN ACT

1 CONCERNING PROPERTY TAXES.

Bill Summary

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments which may be subsequently adopted.)

Requires an application for certificate of title for a manufactured home to specify the new or resale price of such manufactured home, wherever is applicable, paid by such applicant. In the valuation of vacant land, changes the maximum time period for anticipated market absorption rates from 10 years to 30 years. Changes the date by which notices of valuation for real property are required to be mailed. Modifies the dates by which taxpayers must give notice of protest by mail and in person to assessors. Requires the assessor to give a taxpayer an explanation of the reasons why the actual value of property in an intervening year has increased by more than seventy-five percent from the previous year.

Changes the date by which assessors shall file public notice concerning the commencement of hearings of tax protests. Modifies the date by which assessors shall conclude such hearings. Changes the date by which assessors must report the valuation for assessment of real property and the protests of such valuations to county boards of equalization. Modifies the date by which taxpayers are required to file petitions for hearing regarding real property with county boards of equalization.

Defines certain terms for purposes of abatement or refund of property taxes. Allows taxpayers to appeal abatement and refund decisions. Specifies procedures for such appeals. Makes amendments to certain statutory provisions to conform to current law.

1 Be it enacted by the General Assembly of the State of Colorado:

2 SECTION 1. 38-29-107, Colorado Revised Statutes, 1982
3 Repl. Vol., as amended, is amended to read:

4 38-29-107. Applications for certificates of title. In
5 any case under the provisions of this article wherein a person
6 who desires or who is entitled to a certificate of title to a
7 manufactured home is required to make formal application to
8 the director therefor, such applicant shall make application
9 upon a form provided by the director in which appears a
10 description of the manufactured home, including the
11 manufacturer and model thereof, the manufacturer's number, the
12 date on which said manufactured home was first sold by the
13 dealer or manufacturer thereof to the initial user thereof,
14 and a description of any other distinguishing mark, number, or
15 symbol placed on said home by the manufacturer thereof for
16 identification purposes, as may by rule be required by the
17 director. Such application shall also show the applicant's
18 source of title, THE NEW OR RESALE PRICE OF SAID MANUFACTURED
19 HOME, WHICHEVER IS APPLICABLE, PAID BY SUCH APPLICANT, and
20 shall include a description of all known mortgages and liens
21 upon said manufactured home, each including the name of the
22 legal holder thereof, the amount originally secured, the
23 amount outstanding on the obligation secured at the time such
24 application is made, the name of the county or city and county
25 and state in which such mortgage or lien instrument is
26 recorded or filed, and proof of the fact that no property

1 taxes for previous years are due on such manufactured home.
2 Such proof shall be a certificate of taxes issued by the
3 county treasurer of the county in which the manufactured home
4 is located. Such application shall be affirmed by a statement
5 signed by the applicant and shall contain or be accompanied by
6 a written declaration that it is made under the penalties of
7 perjury in the second degree, as defined in section 18-8-503,
8 C.R.S.

9 SECTION 2. 39-1-103 (8) (a) (I) and (14) (b), Colorado
10 Revised Statutes, 1982 Repl. Vol., as amended, are amended to
11 read:

12 39-1-103. Actual value determined - when.

13 (8) (a) (I) Use of the market approach shall require a
14 representative body of sales sufficient to set a pattern, and
15 appraisals shall reflect due consideration of the degree of
16 comparability of sales, including the extent of similarities
17 and dissimilarities among properties which are compared for
18 assessment purposes. In order to obtain a reasonable sample
19 and to reduce sudden price changes or fluctuations, all sales
20 shall be included in the sample which reasonably reflect a
21 true or typical sales price during the ~~twenty-four--months~~
22 ~~preceding--the--date--of--taking--the--sample~~ PERIOD SPECIFIED IN
23 SECTION 39-1-104 (10.1), (10.2), OR (10.3), WHICHEVER IS
24 APPLICABLE. Sales of personal property exempt pursuant to the
25 provisions of sections 39-3-102, 39-3-103, and 39-3-119 to
26 39-3-122 shall not be included in any such sample.

27 (14) (b) The assessing officers shall give appropriate

1 consideration to the cost approach, market approach, and
2 income approach to appraisal as required by the provisions of
3 section 3 of article X of the state constitution in
4 determining the actual value of vacant land. When using the
5 market approach to appraisal in determining the actual value
6 of vacant land, assessing officers shall take into account,
7 but need not limit their consideration to, the following
8 factors: The anticipated market absorption rate, the size and
9 location of such land, the cost of development, any amenities,
10 any site improvements, access, and use. When using
11 anticipated market absorption rates, the assessing officers
12 shall use appropriate discount factors in determining the
13 present worth of vacant land until eighty percent of the lots
14 within an approved plat have been sold and shall include all
15 vacant land in the approved plat. The use of present worth
16 shall reflect the anticipated market absorption rate for the
17 lots within such plat, but such time period shall not
18 generally exceed ten THIRTY years.

19 SECTION 3. 39-1-104 (16) (a), Colorado Revised Statutes,
20 1982 Repl. Vol., as amended, is amended to read:

21 39-1-104. Valuation for assessment. (16) (a) During
22 each property tax year, beginning with the property tax year
23 which commences January 1, 1983, the director of research of
24 the legislative council shall contract with a private person
25 for a valuation for assessment study to be conducted as set
26 forth in this subsection (16). The study shall be conducted
27 in all counties of the state to determine whether or not the

1 assessor of each county has, in fact, used all manuals,
2 formulas, and other directives required by law to arrive at
3 the valuation for assessment of each and every class of real
4 and personal property in the county. The person conducting
5 the study shall sample each class of property in a
6 statistically valid manner, and the aggregate of such sampling
7 shall equal at least one percent of all properties in each
8 county of the state. The sampling shall show that the various
9 areas, ages of buildings, economic conditions, and uses of
10 properties have been sampled. Such study shall be completed,
11 and a final report of the findings and conclusions thereof
12 shall be submitted to the general assembly and the state board
13 of equalization by ~~August-15~~ SEPTEMBER 15 of the year in which
14 the study is conducted.

15 SECTION 4. The introductory portion to 39-1-104.2 (7)
16 (a), Colorado Revised Statutes, 1982 Repl. Vol., as amended,
17 is amended to read:

18 39-1-104.2. Legislative declaration - adjustment of
19 residential rate - role of state board of equalization.

20 (7) (a) Commencing January 1, 1989, for each year in which
21 there is a change in the level of value used in determining
22 actual value, the state board of equalization shall review,
23 prior to September ~~-5-~~ 20 of such year, the abstracts of
24 assessment submitted by the county assessors pursuant to
25 section 39-2-115. Utilizing such abstracts, the state board
26 of equalization shall ascertain:

27 SECTION 5. 39-2-117 (6), Colorado Revised Statutes, 1982

1 Repl. Vol., as amended, is amended to read:

2 39-2-117. Applications for exemption - review - annual
3 reports - procedures. (6) If the decision of the board is
4 against the petitioner, the petitioner may ~~within-thirty--days~~
5 ~~after-such-decision,-petition-the-district-court-of-the-county~~
6 ~~wherein--the-property-is-located~~ PETITION THE COURT OF APPEALS
7 for judicial review thereof ~~pursuant--to~~ ACCORDING TO THE
8 COLORADO APPELLATE RULES AND THE PROVISIONS OF section
9 24-4-106 (9), C.R.S. If the decision of the board is against
10 the respondent, the respondent, upon the recommendation of the
11 board that it is a matter of statewide concern, ~~and-within~~
12 ~~thirty-days-after-such-decision,~~ may petition the ~~district~~
13 ~~court--of-the-county-in-which-the-property-is-located~~ COURT OF
14 APPEALS for judicial review ~~pursuant--to~~ ACCORDING TO THE
15 COLORADO APPELLATE RULES AND THE PROVISIONS OF section
16 24-4-106 (9), C.R.S.

17 SECTION 6. 39-4-109, Colorado Revised Statutes, 1982
18 Repl. Vol., as amended, is amended to read:

19 39-4-109. Judicial review. (1) Any petitioner or any
20 other public utility, assessor, or board of county
21 commissioners adversely affected or the administrator may
22 appeal any decision of the board of assessment appeals denying
23 a petition in whole or in part to the ~~district--court--of--the~~
24 ~~judicial-district-in-which-the-property-in-question-is-located~~
25 ~~or--to--the--district--court--in-the-city-and-county-of-Denver~~
26 COURT OF APPEALS. No new or additional evidence may be
27 introduced in the ~~district~~ court OF APPEALS unless such other

1 public utility, assessor, or board of county commissioners
2 adversely affected has had no opportunity to present such
3 evidence at the hearing before the board of assessment
4 appeals; otherwise, the cause shall be heard on the record of
5 the board of assessment appeals, which shall be certified by
6 it to the court in which the appeal was taken. Whenever any
7 new or additional evidence is introduced, the court, in its
8 discretion, may remand the case to the board of assessment
9 appeals for rehearing.

10 (2) An appeal may be taken to the ~~district court at any~~
11 ~~time within thirty days~~ COURT OF APPEALS ACCORDING TO THE
12 COLORADO APPELLATE RULES AND THE PROVISIONS OF SECTION
13 24-4-106 (9), C.R.S.; after the decision of the board of
14 assessment appeals is issued, but, if the appeal is taken by
15 the public utility actually owning the property involved in
16 the petition to the board of assessment appeals, such public
17 utility shall pay the full amount of all taxes levied upon the
18 valuation for assessment of its property and plant to the
19 treasurer of the county in which the same is located prior to
20 taking its appeal.

21 (3) If, upon appeal to the ~~district court~~ COURT OF
22 APPEALS, the petitioner is sustained, in whole or in part,
23 then, upon presentation to the treasurer to whom the taxes
24 were paid of a certified copy of the order modifying the
25 valuation for assessment of its property and plant, the
26 treasurer shall forthwith make the appropriate refund of
27 taxes, together with ~~interest thereon at the rate of six~~

1 ~~percent-per-annum-from-the--date--of--payment--thereof~~ REFUND
2 INTEREST AT THE SAME RATE AS PENALTY INTEREST AS SPECIFIED IN
3 SECTION 39-10-104 (3) (a) AND (5) (a), and the petitioner
4 shall also be entitled to a refund of costs incurred in the
5 hearing before the board of assessment appeals and in the
6 appeal to the court or such portion thereof as the court may
7 decree; but, if judgment is for the board of assessment
8 appeals, then the board of assessment appeals shall receive
9 its costs from the appellant. SUCH REFUND INTEREST SHALL ONLY
10 ACCRUE FROM THE DATE ON WHICH PAYMENT OF TAXES WAS RECEIVED BY
11 THE TREASURER.

12 SECTION 7. 39-5-121 (1), Colorado Revised Statutes, 1982
13 Repl. Vol., as amended, is amended to read:

14 39-5-121. Notice of adjusted valuation. (1) No later
15 than May 15 1 in each year, the assessor shall mail to each
16 person whose land or improvements have been valued at an
17 amount different than the same were valued in the previous
18 year a notice setting forth the amount of such adjustment in
19 valuation. The notice shall state the actual value of such
20 land or improvements in the previous year, the actual value in
21 the current year, and the amount of such adjustment in actual
22 value. The notice shall not state the valuation for
23 assessment of such land or improvements. Based upon the
24 classification of such taxable property, the notice shall also
25 set forth either the ratio of valuation for assessment to be
26 applied to said actual value of all taxable real property
27 other than residential real property prior to the calculation

1 of property taxes for the current year or the projected ratio
2 of valuation for assessment to be applied to said actual value
3 of residential real property prior to the calculation of
4 property taxes for the current year and that any change or
5 adjustment of the projected ratio of valuation for assessment
6 for residential real property shall not constitute grounds for
7 the protest or abatement of taxes. With the approval of the
8 board of county commissioners, the assessor may include in the
9 notice an estimate of the taxes which shall be owed for the
10 current property tax year. If such estimate is included, the
11 notice shall clearly state that the tax amount is merely an
12 estimate based upon the best available information. The
13 notice shall state, in bold-faced type, that the taxpayer has
14 the right to protest such adjustment in valuation but not the
15 estimate of taxes if such an estimate is included in the
16 notice, the classification of the property which determines
17 the assessment percentage to be applied, and the dates and
18 places at which the assessor will hear such protest. Such
19 notice shall also set forth the following: THAT, to preserve
20 his right to protest, the taxpayer must notify the assessor
21 either by mail or in person of his objection and protest;
22 that, if notice is made by mail, such notice must be
23 postmarked no later than ~~June 10~~ MAY 27 and that, if notice is
24 made in person, such notice must be made no later than June 15
25 1; and that, after such date, the taxpayer's right to object
26 and protest the adjustment in valuation is lost. The notice
27 shall also state, in general terms, the administrative or

1 legal remedies available to the taxpayer. The notice shall be
2 mailed together with a form which, if completed by the
3 taxpayer, allows the taxpayer to explain the basis for his
4 valuation of the property. Such form may be completed by the
5 taxpayer to initiate an appeal of the assessor's valuation.
6 However, in accordance with section 39-5-122 (2), completion
7 of this form shall not constitute the exclusive means of
8 appealing the assessor's valuation. FOR THE YEARS WHICH
9 INTERVENE BETWEEN CHANGES IN THE LEVEL OF VALUE, IF THE
10 DIFFERENCE BETWEEN THE ACTUAL VALUE OF SUCH LAND OR
11 IMPROVEMENTS IN THE PREVIOUS YEAR AND THE ACTUAL VALUE OF SUCH
12 LAND OR IMPROVEMENTS IN THE INTERVENING YEAR AS SET FORTH IN
13 SUCH NOTICE CONSTITUTES AN INCREASE IN ACTUAL VALUE OF MORE
14 THAN SEVENTY-FIVE PERCENT, THE ASSESSOR SHALL MAIL TOGETHER
15 WITH THE NOTICE AN EXPLANATION OF THE REASONS FOR SUCH
16 INCREASE IN ACTUAL VALUE.

17 SECTION 8. 39-5-122 (1), (2), and (4), Colorado Revised
18 Statutes, 1982 Repl. Vol., as amended, are amended to read:

19 39-5-122. Taxpayer's remedies to correct errors.

20 (1) On or before May 15 of each year, the assessor shall
21 give public notice in at least one issue of a newspaper
22 published in his county that, beginning on the first working
23 day after notices of adjusted valuation are mailed to
24 taxpayers and until THE LAST WORKING DAY IN June, 15, he will
25 sit to hear all objections and protests concerning valuations
26 of taxable real property determined by him for the current
27 year; that, for a taxpayer's objection and protest to be

1 heard, notice must be given to the assessor; and that such
2 notice, if given by mail, must be by ~~June 10~~ MAY 27 or, if
3 given in person, must be by June 15 1. The notice shall also
4 state that objections and protests concerning valuations of
5 taxable personal property determined by him for the current
6 year will be heard commencing June 15; that, for a taxpayer's
7 objection and protest to be heard, notice must be given to the
8 assessor; and that such notice, if given by mail, must be by
9 June 30 or, if given in person, must be by July 5. If there
10 is no such newspaper, then such notice shall be conspicuously
11 posted in the offices of the assessor, the treasurer, and the
12 county clerk and recorder and in at least two other public
13 places in the county seat. The assessor shall send news
14 releases containing such notice to radio stations, television
15 stations, and newspapers of general circulation in the county.

16 (2) If any person is of the opinion that his property
17 has been valued too high, or has been twice valued, or is
18 exempt by law from taxation or that property has been
19 erroneously assessed to him, he may appear before the assessor
20 and object, he may complete the form mailed with his notice of
21 valuation pursuant to section 39-5-121 (1) or (1.5), or he may
22 file a written letter of objection and protest by mail with
23 the assessor's office before the last day specified in the
24 notice, stating in general terms the reason for the objection
25 and protest. Any change or adjustment of any ratio of
26 valuation for assessment for residential real property
27 pursuant to the provisions of section 39-1-104.2 shall not

1 constitute grounds for such objection. If the form initiating
2 an appeal or the written letter of objection and protest is
3 filed by mail, it shall be presumed that it was received as of
4 the day it was postmarked. If the form initiating an appeal
5 or the written letter of objection and protest is
6 hand-delivered, the date it was received by the assessor shall
7 be stamped on the form or letter. As stated in the public
8 notice given by the assessor pursuant to subsection (1) of
9 this section, if the taxpayer notifies the assessor of his
10 objection and protest to the adjustment in valuation by mail,
11 such notification shall be postmarked by ~~June-10~~ MAY 27 in the
12 case of real property and June 30 in the case of personal
13 property. If the taxpayer notifies the assessor in person,
14 such notice shall be given by June ~~15~~ 1 in the case of real
15 property and July 5 in the case of personal property. All
16 such forms and letters received from protestors shall be
17 presumed to be on time unless the assessor can present
18 evidence to show otherwise. The county shall not prescribe
19 the written form of objection and protest to be used. The
20 protestor shall have the opportunity on the days specified in
21 the public notice to present his objection by mail or protest
22 in person and be heard, whether or not there has been a change
23 in valuation of such property from the previous year and
24 whether or not any change is the result of a determination by
25 the assessor for the current year or by the state board of
26 equalization for the previous year. If the assessor finds any
27 valuation to be erroneous or otherwise improper, he shall

1 correct such error, but, if he declines to change any
2 valuation which he has determined, he shall state his reasons
3 in writing on the form described in section 39-8-106, shall
4 insert the information otherwise required by the form, and
5 shall, on or before the last regular working day of the
6 assessor in June in the case of real property and July 5 in
7 the case of personal property, mail two copies of such
8 completed form to the person presenting the objection and
9 protest so denied.

10 (4) The assessor shall continue his hearings from day to
11 day until all objections and protests have been heard, but all
12 such hearings shall be concluded by THE LAST REGULAR WORKING
13 DAY OF THE ASSESSOR IN June 15 in the case of real property
14 and July 5 in the case of personal property.

15 SECTION 9. 39-5-132 (2) (a) (I) (D) and (3), Colorado
16 Revised Statutes, 1982 Repl. Vol., as amended, are amended to
17 read:

18 39-5-132. Assessment and taxation of new construction.

19 (2) (a) (I) (D) In order to promote the most efficient
20 administration of this section, each county or municipality
21 shall ensure that any office or agency that received
22 information relative to the state of completion of new taxable
23 buildings shall promptly transmit such information to the
24 county assessor. After January 1, 1987, the property tax
25 administrator shall transmit to the assessor in July AUGUST of
26 each year both the assessed value of any newly constructed
27 buildings owned by public utility companies and their state of

1 completion on July 1 as well as their value on the previous
2 January 1.

3 (3) By ~~September--15~~ OCTOBER 10 of each year, the
4 assessor shall notify the board of county commissioners of the
5 amount of the growth valuation for assessment of the county
6 for that tax year, the percentage that such growth valuation
7 for assessment bears to the total valuation for assessment of
8 the county for such tax year, the portion of such growth
9 valuation for assessment which is attributable to newly
10 constructed taxable buildings within the boundaries of each
11 taxing authority in the county, and the percentage that such
12 portion bears to the total valuation for assessment of each
13 taxing authority in which such newly constructed taxable
14 buildings are located.

15 SECTION 10. 39-8-105 (1), Colorado Revised Statutes,
16 1982 Repl. Vol., is amended to read:

17 39-8-105. Reports of assessor. (1) At ~~the--first~~ A
18 meeting of the county board of equalization ON THE SECOND
19 MONDAY IN JULY, the assessor shall report the valuation for
20 assessment of all taxable real property in the county. He
21 shall submit a list of all persons who have appeared before
22 him to present objections or protests concerning real property
23 and his action in each case.

24 SECTION 11. 39-8-106 (1) (a), Colorado Revised Statutes,
25 1982 Repl. Vol., as amended, is amended to read:

26 39-8-106. Petitions for appeal. (1) (a) A statement
27 informing such person of his right to appeal, the time and

1 place at which the county board of equalization will hear
2 appeals from determinations of the assessor, and that, by
3 mailing or delivering one copy of the form to the county board
4 of equalization which is received or postmarked on or before
5 THE THIRD MONDAY IN July 10 of that year for real property and
6 July 15 of that year for personal property, such person will
7 be deemed to have filed his petition for hearing with the
8 county board of equalization. The date the form is received
9 by the county board of equalization shall be stamped on the
10 form. All such forms shall be presumed to be on time unless
11 the county board of equalization can present evidence to show
12 otherwise.

13 SECTION 12. 39-8-108 (2), Colorado Revised Statutes,
14 1982 Repl. Vol., as amended, is amended to read:

15 39-8-108. Decision - review - opportunity to submit case
16 to arbitration. (2) If the petitioner has appealed to the
17 board of assessment appeals and the decision of the board of
18 assessment appeals is against the petitioner, he may within
19 ~~thirty-days-after-such-decision,~~ petition the court of appeals
20 for judicial review ACCORDING TO THE COLORADO APPELLATE RULES
21 AND THE PROVISIONS OF SECTION 24-4-106 (9), C.R.S. If the
22 decision of the board is against the respondent, the
23 respondent, upon the recommendation of the board that it
24 either is a matter of statewide concern or has resulted in a
25 significant decrease in the total valuation for assessment of
26 the respondent county, may ~~within--thirty--days--after--such~~
27 ~~decision,~~ petition the court of appeals for judicial review

1 ACCORDING TO THE COLORADO APPELLATE RULES AND THE PROVISIONS
2 OF SECTION 24-4-106 (9), C.R.S. In addition, on and after
3 June 7, 1989, if the decision of the board is against the
4 respondent, the respondent may petition the court of appeals
5 for judicial review of alleged procedural errors or errors of
6 law within thirty days of such decision when the respondent
7 alleges procedural errors or errors of law by the board of
8 assessment appeals. If the board does not recommend its
9 decision to be a matter of statewide concern or to have
10 resulted in a significant decrease in the total valuation for
11 assessment of the respondent county, the respondent may
12 petition the court of appeals for judicial review of such
13 questions within thirty days of such decision.

14 SECTION 13. 39-10-114 (1) (a), Colorado Revised
15 Statutes, 1982 Repl. Vol., as amended, is REPEALED AND
16 REENACTED, WITH AMENDMENTS, to read:

17 39-10-114. Abatement, cancellation of taxes.
18 (1) (a) (I) If taxes have been levied erroneously or
19 illegally, whether due to erroneous valuation for assessment,
20 irregularity in levying, or clerical error, the treasurer or
21 the owner of the property shall report the amount thereof to
22 the board of county commissioners, which, after a hearing held
23 pursuant to section 39-1-113, shall proceed to abate such
24 taxes in the manner provided by law. If such taxes have been
25 collected by the treasurer, the board of county commissioners,
26 after the hearing, shall authorize refund of the same in the
27 manner provided by law. However, in no case shall an

1 abatement or refund of taxes be made unless the petition for
2 abatement or refund is filed within one year of the date upon
3 which the taxes were due or within one year of the issuance of
4 a final order or judgment in an appeal filed pursuant to
5 section 39-8-108, whichever is later.

6 (II) The change or adjustment of any ratio of valuation
7 for assessment for residential real property pursuant to the
8 provisions of section 39-1-104.2 shall not constitute grounds
9 for abatement of taxes as provided in subparagraph (I) of this
10 paragraph (a).

11 (III) The assessor shall certify the proportional amount
12 of the total amount of abatements and refunds granted pursuant
13 to the provisions of this section to the appropriate taxing
14 entities at the same time that the certification of valuation
15 for assessment is made pursuant to the provisions of section
16 39-5-128. Any taxing entity may adjust the amount of its tax
17 levy authorized pursuant to the provisions of section
18 29-1-301, C.R.S., by an additional amount which does not
19 exceed the proportional share of the total amount of
20 abatements and refunds made pursuant to the provisions of this
21 section. After calculating the amount of property tax
22 revenues necessary to satisfy the requirements of the "Public
23 School Finance Act of 1988", article 53 of title 22, C.R.S.,
24 any school district shall add an amount equal to the
25 proportional share of the total amount of abatements and
26 refunds granted pursuant to the provisions of this section
27 prior to the setting of the mill levy for such school

1 district. Any additional amount added pursuant to the
2 provisions of this subparagraph (III) shall not be included in
3 the total amount of revenue levied in said year for the
4 purposes of computing the limit for the succeeding year
5 pursuant to the provisions of section 29-1-301, C.R.S. Where
6 a final determination is made granting an abatement or refund
7 pursuant to the provisions of this section after the
8 certification of tax levies in any given year, the abatement
9 or refund granted shall be payable upon payment of property
10 taxes for the property tax year immediately following said
11 final determination. For the purposes of this subparagraph
12 (III), a taxing entity's proportional share of the total
13 amount of abatements and refunds granted shall be based upon
14 the amount of tax levied by a taxing entity on such real
15 property in proportion to the total amount of tax levied on
16 such real property by such taxing entities.

17 (IV) For purposes of this paragraph (a):

18 (A) "Clerical error" means a mistake or fact made by the
19 county assessor which is apparent on the face of the records
20 or any clerical error made by a taxpayer in completing any
21 declaration schedules pursuant to the provisions of article 5,
22 6, or 7 of this title. "Clerical error" does not include
23 misclassification of property.

24 (B) "Erroneous or illegal" means any valuation or tax
25 that is wholly or partially illegal; however, the term does
26 not include any excessive valuations or overvaluations.

27 (C) "Irregularity in levying" means an incorrect amount

1 of mills levied on a property being incorrectly included
2 within the territorial limits of an authority levying the tax.

3 SECTION 14. Article 10 of title 39, Colorado Revised
4 Statutes, 1982 Repl. Vol., as amended, is amended BY THE
5 ADDITION OF A NEW SECTION to read:

6 39-10-114.5. Decision - review - judicial review.

7 (1) If the board of county commissioners, pursuant to section
8 39-10-114 (1), or the property tax administrator, pursuant to
9 section 39-2-116, denies the petition for refund or abatement
10 of taxes in whole or in part, the petitioner may appeal to the
11 board of assessment appeals pursuant to the provisions of
12 section 39-2-125 within thirty days of the entry of any such
13 decision.

14 (2) If the petitioner has appealed to the board of
15 assessment appeals and the decision of the board of assessment
16 appeals is against the petitioner, he may petition the court
17 of appeals for judicial review according to the Colorado
18 appellate rules and the provisions of section 24-4-106 (9),
19 C.R.S. If the decision of the board is against the
20 respondent, the respondent, upon the recommendation of the
21 board that it either is a matter of statewide concern or has
22 resulted in a significant decrease in the total valuation for
23 assessment of the county wherein the property is located, may
24 petition the court of appeals for judicial review according to
25 the Colorado appellate rules and the provisions of section
26 24-4-106 (9), C.R.S. In addition, if the decision of the
27 board is against the respondent, the respondent may petition

1 the court of appeals for judicial review of alleged procedural
2 errors or errors of law when the respondent alleges procedural
3 errors or errors of law by the board of assessment appeals.
4 If the board does not recommend its decision to be a matter of
5 statewide concern or to have resulted in a significant
6 decrease in the total valuation for assessment of the county
7 in which the property is located, the respondent may petition
8 the court of appeals for judicial review of such questions.

9 SECTION 15. Repeal. 39-1-103 (8) (e), Colorado Revised
10 Statutes, 1982 Repl. Vol., as amended, is repealed.

11 SECTION 16. Effective date - applicability. This act
12 shall take effect upon passage; except that section 1 shall
13 take effect July 1, 1990, and sections 7, 10, and 11 shall
14 take effect January 1, 1991. Section 39-1-103 (14) (b), as
15 contained in section 2 of this act, shall apply to property
16 tax years commencing on and after January 1, 1991.

17 SECTION 17. Safety clause. The general assembly hereby
18 finds, determines, and declares that this act is necessary
19 for the immediate preservation of the public peace, health,
20 and safety.