



Committee on

Tax Policy

**Report to the
COLORADO
LEGISLATIVE COUNCIL**

**Colorado Legislative Council
Research Publication No. 390
December 1993**

RECOMMENDATIONS FOR 1994

COMMITTEE ON TAX POLICY

**Report to the
Colorado General Assembly**

**Research Publication No. 390
December 1993**

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December 30, 1993

To Members of the Fifty-ninth Colorado General Assembly:

Submitted herewith is the report of the 1993 Interim Committee on Tax Policy. House Bill 93-1246 directed the Executive Committee of the Legislative Council to, in the absence of the adoption of a study resolution during the regular session, determine the interim studies and provide for the conduct of such studies. The Interim Committee Study Resolution adopted by the Executive Committee of the Legislative Council on May 25, 1993, created the Interim Committee on Tax Policy. In accordance with the resolution, the committee reported its recommendations to the Executive Committee of the Legislative Council on December 17, 1993.

Respectfully submitted,

Representative Paul D. Schauer
Chair, Colorado Legislative Council

PS/LE/pn

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TAX POLICY COMMITTEE

Members of the Committee

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EXECUTIVE SUMMARY

Committee Charge

The Interim Committee on Tax Policy was charged with studying the tax policies of Colorado state and local governments and make recommendations which ensure the fair application of tax laws to all Colorado state taxpayers.

Committee Activities

The committee held seven meetings at the State Capitol and six meetings around the state. During meetings held outside the Capitol, testimony concentrated primarily on the interaction of the Gallagher and the TABOR amendments to the Colorado State Constitution, and the resulting impact on local communities.

Committee Recommendations

The Interim Committee on Tax Policy recommended four bills for consideration by the Legislative Council. On December 17, 1993, the Executive Committee of Legislative Council approved the four bills summarized below.

Bill 1 — Optional County Personal Property Tax Deferrals. Bill 1 allows each county the option of granting property tax deferrals to taxpayers who otherwise receive tax bills for personal property for less than \$25. The deferral is payable when the total accumulated tax exceeds the lesser of the value of the property or \$75, or when the property is sold, whichever comes first.

Bill 2 — Tax Policy Committee. Bill 2 creates a Tax Policy Committee consisting of thirteen members: five members appointed each from the House of Representatives and the Senate, and three members appointed by the Governor. The committee is to review and make recommendations regarding state and local government tax policy. The bill also creates an advisory committee of nine members with expertise and knowledge in state and local taxes. Both committees sunset July 1, 2000.

Bill 3 — Definition of "Hotels and Motels" for Property Tax Purposes. Bill 3 specifies that establishments which constitute hotels and motels include any residential condominium units, residential time share estates, and other residential real property which operate as part of an establishment primarily engaged in providing lodging or actually renting on an overnight or weekly basis for more than 30 calendar days per year.

Bill 4 — Concerning Property Taxes. Bill 4 eliminates the "unusual condition" provision for revaluing real property during the "intervening year" of an assessment cycle when property value change is greater than 10 percent of actual value. It raises the income eligibility requirements for elderly and disabled property tax grants, and reclassifies one acre of farm land underlying or adjacent to a farm residence from agriculture to residential property.

Bill 4 also allows taxpayers 12 months, rather than 30 days, to protest and appeal their valuations of real and personal property. Overvaluation is eliminated as grounds for an abatement or refund of taxes. In addition, the bill reduces the filing time period for an abatement or refund petition.

Advisory Committee

The Interim Committee on Tax Policy was assisted by a nine-member citizen advisory committee. The committee held six meetings and discussed state and local tax policy issues. The advisory committee presented its observations and master list of possible solutions to the Interim Committee on Tax Policy on October 18, 1993.

COMMITTEE REPORT

Committee Charge

The Interim Committee on Tax Policy was created on May 25, 1993, by the Executive Committee of the Legislative Council with the adoption of the Interim Committee Study Resolution. The study resolution stated that the charge and the membership of the Interim Committee on Tax Policy was to be developed later. On June 14, 1993, the executive committee adopted the resolution establishing the Interim Committee on Tax Policy and its respective charge. The study resolution provided the committee consist of fourteen members: five senators appointed by the President of the Senate; six representatives appointed by the Speaker of the House; one member of the executive branch of state government; one representative of county governments; and one county assessor. Later amendments to the resolution allowed for the appointment of an additional member from the House of Representatives and the Senate. The resolution directed the committee to undertake a study of the tax policies of Colorado state and local governments which were to include:

- the appropriate valuation for assessment ratio for each class of taxable real and personal property;
- exemptions from taxation of various classes of real and personal property, including recommendations regarding the implementation of a homestead exemption;
- changes in tax policy generally; and
- any other changes which would ensure the fair application of tax laws to all taxpayers in the State of Colorado.

Legislative Council required a committee report and presentation of recommended legislation on or before January 1, 1994. The resolution also allowed for the interim committee to appoint a citizens advisory group consisting of nine members with expertise and knowledge of state and local taxes. The advisory committee was charged with studying tax policy issues and making recommendations to the interim committee. Appended to this report are the advisory committee recommendations.

Committee Activities

The committee held seven meetings at the State Capitol Building and conducted six meetings outside the Capitol in the cities of Durango, Grand Junction, Colorado Springs, Pueblo, Fort Collins, and Greeley. Meetings outside the Capitol allowed committee members to receive testimony from citizens and local officials regarding

perceived problems with the state's current tax structure. Testimony at the committee meetings focused on providing background information on the state's overall tax structure. Attention primarily focused on the application of property taxes; however, there were also presentations regarding sales tax, income tax, and tax increment financing.

Property Tax

The committee devoted portions of its meetings to reviewing the history and evolution of property taxes in Colorado and attempts made over the years to equalize the property tax burden. Primarily, the committee focused its attention on understanding the combined impact of the "Gallagher Amendment" (Article X, Section 3, Colorado Constitution) and the "TABOR Amendment" (Article X, Section 20, Colorado Constitution). The Gallagher Amendment was a constitutional amendment enacted by the voters in 1982. The amendment requires that for each year in which the level of value changes, the General Assembly must adjust the residential assessment rate. The adjustment must ensure that the proportion of statewide total valuation of residential property, in relation to all other taxable property in Colorado, remains essentially the same as in the prior year (approximately 45 percent).

During the November election of 1992, the electorate passed a constitutional amendment referred to as "Amendment 1" or the "Taxpayer's Bill of Rights" (TABOR). TABOR limits taxing, spending, and revenue-raising by state and local governments. In terms of taxing, TABOR requires prior voter approval for "any new tax, tax rate increase, mill levy above that for the prior year, valuation for assessment ratio increase for a property class, or extension of an expiring tax, or a tax policy change directly causing a net tax revenue gain."

Since 1982, the residential assessment rate, as enacted by the General Assembly, has declined from 21 percent to 12.86 percent in 1993. To compensate for the decline, and to hold revenues constant, counties have tended to raise mill levies. However, discussions with the Tax Policy Committee revealed that the effect of the TABOR Amendment is taxing entities cannot increase mill levies without voter approval. Local officials expressed concern that although home values have increased, the continued lowering of the residential assessment rate, along with TABOR limitations, will reduce revenue to local governments. Testimony from the Tax Policy Advisory Committee reiterated that the TABOR Amendment, combined with the Gallagher Amendment, is particularly difficult for small communities as their tax base is almost exclusively composed of residential property.

The impacts of the Gallagher and TABOR amendments on school finance were also addressed by the committee. Information submitted to the committee indicated that the lowering of the residential assessment rate from 14.34 percent in 1991 to 12.86 percent in 1993 will result in a \$50.1 million funding decrease for schools from property tax revenue.

Other property tax matters examined by the committee are described below.

Homestead Exemption. One alternative was the implementation of a homestead exemption, particularly in the mountain resort areas. Statements made to the committee indicated that property values were increasing because non-residents were buying residential properties at very high prices. In Aspen, for instance, approximately 70 percent of the county residential properties are owned by non-residents. As a result, the valuation for the local residents has increased dramatically, and some residents find it difficult to pay the associated increased taxes. One suggestion was to give local residents a homestead exemption for their primary residence.

Annual Assessment. Smaller communities expressed concerns about the anticipated increased costs from the change from biennial to annual assessments. The change is to occur in 1997.

Agricultural Designation. The agricultural land designation applies to both the burdens on taxpayers when agricultural land is reclassified to vacant land and the tax break afforded individuals whose land is classified as agricultural when, in fact, the designation should be vacant land or residential. Testimony tended to indicate that there was no consistency among the counties in the application of the agricultural assessment.

Simplifying Property Tax Process. Options were presented for simplifying the property tax process: 1) multiply both the current non-residential rates of 29 percent and the residential rate of 12.86 percent by a factor of 3.45. This would readily identify that non-residential property is taxed at 100 percent of its value, while residential property is taxed at 44.34 percent of its value; 2) divide the current mill levy in each county by a factor of 3.45; 3) accept the 40 percent ratio for residential property versus non-residential property. However, from this point forward apply a fixed ratio to both for any increases or decreases in assessments; and 4) freeze the current 100 percent non-residential property assessment and 44 percent residential property assessment and abandon the Gallagher Amendment.

Property Tax Appeals Process. The property valuation appeals process was examined to determine the fairness to the taxpayer and the local governments. Changes discussed with the committee were:

- require that a petitioner, agent, or attorney submit information supporting the appealed value to the assessor and to the county board of equalization. Failure to present information at the assessor and county board of equalization levels would prohibit a petitioner from appealing beyond the local level;
- if a county board of equalization, county board of commissioners, or property tax administrator and a petitioner reach a stipulated value, then the written stipulation is submitted to the county treasurer. This written stipulation would have the same force and effect as the filing of an order of the Board of Assessment Appeals;

- require a \$25 filing fee on all abatement petitions filed with the Board of Assessment Appeals. *Pro se* taxpayers, representing themselves, are exempt from a filing fee; and
- require that to be eligible for an abatement on overvaluation, taxpayers must have pursued their administrative remedies set forth in Section 39-5-122, C.R.S.

Tax Policy Proposals. The committee discussed the merits of various tax policy proposals. In discussing the contents of any tax proposal recommended by the committee, it decided that the common themes of any proposal be: 1) simplicity; 2) fairness; and 3) stability. The assorted proposals considered by the committee consisted of a combination of changes to property tax, income tax, and sales tax, with the bottom line goal being revenue neutral. The various proposals and their projected economic impacts are available from Legislative Council staff.

Sales Tax

When discussing sales tax issues, the committee focused primarily on three areas: 1) implementing a tax on services; 2) instituting a state-collected, locally-shared sales tax revenue system; and 3) eliminating all state sales tax exemptions. The committee received an overview and history of the state's sales tax structure from the Department of Revenue. The department noted that a state sales tax was first imposed as an emergency measure in 1935 at a rate of 2 percent. The tax became a permanent part of the tax base by a constitutional amendment in 1936 that required the revenue first fund the Old Age Pension Fund and that any remaining funds be transferred to the state's General Fund. The tax rate remained at 2 percent until 1965 when the rate increased to 3 percent. Since that time, the only rate change has been a temporary 15-month increase of one-half percent to provide relief for a state budget deficit. In 1935, there were only five sales tax exemptions, but the state now has over 50 specific exemptions.

With regard to the administration of the sales tax statewide, 242 governmental entities collected \$1.8 billion in sales tax revenue in 1991. The Department of Revenue processes and collects sales tax revenue for 156 cities, 39 counties, and three special districts. Forty-three home rule cities administer their own tax and are not subject to the statutory requirements of the state sales tax. Home rule cities collect 68 percent of all local government sales taxes and 36 percent of all sales taxes collected in the state.

The Department of Revenue submitted a report to the committee entitled "An Examination of Colorado's Current Sales Tax System". The committee discussed the concepts in the report concerning a statewide uniform rate system and distribution, as well as taxes on services.

Income Tax

The committee's work in the area of state income taxes focused on gaining an overall perspective of the history of the state income tax and its revenue raising potential. As a source of revenue to the state, the committee was informed that the General Fund has become more reliant upon the income tax. The state's income tax is progressive but becomes less progressive at the higher income levels. As an historical perspective, a state income tax was first implemented in 1937 with a range of one percent on the first \$1,000 of income to six percent on incomes over \$10,000. Since that time, the tax rate changed five times to the current flat tax rate of five percent. Information presented to the committee from the Governor's Office of State Planning and Budgeting noted that from 1978 to 1990, taxes kept pace with personal income, but did not exceed personal income.

Tax Increment Financing

The committee discussed the merits and fiscal impacts of tax increment financing (TIF). As authorized in Colorado's statutes, TIF involves the creation of a special fund comprised of certain revenue increases in ad valorem property taxes, municipal sales taxes, or both, generated within an area of urban redevelopment. Tax revenue increases, which are due to development of the area, are pledged to pay debt service on the bonds issued to finance the redevelopment. In theory, the urban area needs a means to stimulate private development. In addressing a sales tax TIF versus a property tax TIF, it was stated that property taxes are much more stable as they are not as dependent on the economy. On another note, the Colorado Supreme Court has considered the issue of tax increment financing and has ruled it is not an indebtedness to the public entity. Rather, TIF is a form of revenue bond financing.

Individuals speaking on behalf of TIF indicated that the funding mechanism provided a development tool for communities to accomplish three basic goals: 1) to meet civic objectives of communities; 2) to provide incentives to bring new jobs to a community; and 3) to balance the disproportionate share of property tax burden carried by one taxpayer versus another. Tax increment financing has been a part of the nation's urban development strategy since the federal Model Cities programs of the 1960s. Historically, TIF projects were designed to save or rejuvenate downtowns. Testimony indicated that the financing mechanism is the cornerstone of public-private partnerships whereby the community seeks to make a strategic investment that serves a genuine civic purpose but which needs private sector investment of a magnitude far greater than the community can afford.

Those raising concerns about TIF pointed out that the state is not a player in the negotiations, yet the state "backfills" school finance. Consequently, the state must provide additional funding for schools for property tax dollars diverted to tax increment financing to pay off urban renewal bonds. Further, testimony reflected a belief that counties should be full partners in urban renewal infrastructure projects and funding

decisions. County representatives stated that they are not fully apprised about TIF agreements and are left out of the decision-making process. They also noted that with the passage of TABOR, counties do not have the ability to replace the funds diverted to the tax increment financing without voter approval.

Committee Recommendations

Bill 1 authorizes the board of county commissioners in each county to create a program that grants a tax deferral to personal property taxpayers who owe less than \$25 in personal property tax in a year. A resolution adopted by the county commissioners begins the program, effective the year immediately following the year in which the resolution is adopted. Thirty days after adopting the resolution, the county commissioners must notify the county treasurer. The county treasurer is to receive a certificate of deferral with the name of the taxpayer granted the deferral, the amount of the tax deferral, the year of the grant deferral, and the taxing entities levying a property tax on the property. Copies of the deferral certificate are to be sent to the commissioners and the taxpayer. The county commission can repeal the program upon the adoption of another resolution.

Taxes will be paid when the personal property is sold, when the total amount of personal property tax deferral exceeds \$75, or when the total deferral exceeds the market value of the personal property, minus the total amount of any liens filed against the property. County assessors determine the market value of the personal property. The bill does not allow for interest, charges or penalties for the deferrals granted.

If the tax deferral exceeds the limits allowed, the county treasurer is to notify the taxpayer of the amount of deferred taxes due for the most recent property tax year. The county treasurer may use any method for collecting such deferred taxes as the law authorizes. The bill requires county treasurers to distribute the deferred taxes to authorized entities in the year the tax is paid as though no deferrals were granted.

Bill 2 creates the Tax Policy Committee and authorizes the committee to review any phase of state and local tax policy. Specifically, the committee is to:

- review the valuation for assessment ratio for each class of taxable real property to determine its appropriateness;
- examine the advisability of creating a homestead exemption for property taxation;
- review any tax exemption;
- examine the difficulties in the current operations of state and local tax systems and make recommendations to reduce or eliminate the problems;

- ensure an equitable state and local tax burden;
- recommend legislation concerning state and local tax policy;
- create subcommittees and appoint members that are not on the Tax Policy Committee to subcommittees; and
- appoint a tax policy advisory committee and review the advisory committee's recommendations.

The Tax Policy Committee would consist of thirteen members: three appointed by the Governor; five members of the Senate; and five members of the House of Representatives. Of the House and Senate appointees, no more than three are to be from the same political party. The advisory committee is to consist of nine members elected by majority vote of the Tax Policy Committee. The sunset date of the committee is July 1, 2000, unless the General Assembly extends the date.

Bill 3, concerning the definition of hotel and motel property tax purposes, modifies the tax procedures for "condo-hotels." The bill includes properties currently assessed as residential properties under the definition of hotels and motels for property tax purposes. These properties include residential condominium units, residential time share estates, and other residential real property if the property is under common ownership or control and the primary activity is to provide lodging. Lodging provided could be by the day, week, or month. The expanded definition applies to those properties rented for more than 30 days per year.

The bill requires property owners to keep a record of rentals of the property for each tax year and submit the rental records to the county assessor no later than February 1 of the following year. If the owner fails to provide the records, the property receives a hotel or motel property classification for the property tax year. "Common ownership" means that all the real property owned by the same owner or an affiliate of the owner that is under common control with the owner. "Control" means that the separate owners of the real property are required to make the property available for rent for a portion of a year and must use an exclusive agent.

Bill 4, concerning property taxes, makes several changes to the property tax system. The bill allows county assessors to adjust the level of value for taxable real property with data from the last day of the five-year period prior to the July 1 preceding the assessment period. The bill also eliminates the requirement that county assessors revalue property in the intervening year if the value of property changes by more than 10 percent.

The bill eliminates the annual reappraisal requirement beginning in 1997. Time frames in which taxpayers may protest and appeal valuations of taxable property changes from the current 30 days to one full year after the mailing of notices of valuation. Postmarks for written protests for real property are accepted no later than April 27, and protests made in person must be made by May 1 of the year immediately

following the year the notice was mailed. Deadlines for protesting personal property appeals are June 10 for written protests and June 15 for protests made in person for the year immediately following the year of the notice mailing. All hearings on protests are to conclude within 20 days of the protest filing or by June 1 of the year following the year of the protest filing. The bill requires assessors to submit a written decision concerning the complaint within 30 days after receiving the complaint or by July 20 in the year following the year the notice of valuation was given.

An overvaluation of property no longer is grounds for filing for abatements or refunds. The bill reduces the time frame for applying for such an abatement for real and personal property taxes to one year after January 1 of the year following the year in which the taxes were levied.

The bill also changes the classification of a one acre parcel of land underlying and adjacent to any residential improvements and land underlying certain farm and ranch improvements from the agriculture classification to the residential classification. Taxpayers who purchase agricultural land for more than twice the market value bear the burden of proof if the land is still to be considered as agricultural land.

Last, the bill raises the qualifying eligibility requirements for the old age income tax credit by the rate of inflation for elderly and disabled persons. The adjustment would increase the 1980 rate by inflation factors to the present. Single taxpayers qualify for the full credit with incomes at or below \$8,600 and \$15,000 for married taxpayers. The credit decreases by 20 percent for incomes in excess of the income limits. Taxpayers will not receive any credit with incomes in excess of \$12,900 for single taxpayers and \$19,300 for married taxpayers. Future increases in the qualifying income levels would change based on changes in the Denver-Boulder Consumer Price Index. The amount of the credit in future years would remain at \$500.

MATERIALS AVAILABLE

The materials listed below are available upon request from the Legislative Council staff.

- 1) Summaries of the 1993 interim Tax Policy Committee meetings held on July 21, August 2, September 1, September 13, September 22, September 27, October 18, November 3, November 4, November 18, and December 8.
- 2) *1992 Colorado State and Local Finance Study*, Office of State Planning and Budget, Office of the Governor.
- 3) *Current State Tax Trends in the United States*, National Conference of State Legislators, February, 1992.
- 4) *State and Local Tax Levels: Fiscal Year 1991*, National Conference of State Legislators, July 21, 1993.
- 5) *Taxpayer Report: Restructuring Government in Colorado*, Colorado Public Expenditure Council, February 22, 1993.
- 6) *Taxpayer Report: State Government Tax and Spending Comparisons for 1991*, Colorado Public Expenditure Council, December 30, 1992.
- 7) *Colorado as a Percent of National Per Capita Income and Per Capita State and Local Taxes, 1960-1991*, Colorado Public Expenditure Council, August, 1993.
- 8) *1992 Annual Report*, Colorado Department of Revenue.
- 9) *Overview and History of Colorado Individual Income Tax*, August 2, 1993, Department of Revenue.
- 10) *Overview and History of Sales Tax Structure in Colorado*, August 2, 1993, Department of Revenue.
- 11) *Overview and History of Specific Ownership Tax in Colorado*, August 2, 1993, Department of Revenue.
- 12) *Tax Increment Financing in Colorado*, Rothgerber, Appel, Powers, and Johnson, August 5, 1993.
- 13) *Five-Year Projection of Revenues and Expenditures*, Joint Budget Committee, October 15, 1993.
- 14) *Homestead Exemption*, October 27, 1993, Tom Isaac, Pitkin County Assessor.

- 15) *Committee Report on Potential Legislative Changes, Property Valuation Appeals Process Advisory Committee, October 1, 1993.*
- 16) *Survey Information on Mandated Costs, November 18, 1993, Colorado Counties, Inc.*
- 17) *Agriculture Assessment Recommendations, November 18, 1993, Peter King, Colorado Counties, Inc.*
- 18) *Questions Regarding Article X, Section 20 of the Colorado Constitution, Office of Legislative Legal Services memorandum, September 10, 1993,*
- 19) *Constitutional Questions Raised at the Ft. Collins Meeting, Office of Legislative Legal Services memorandum, October 18, 1993.*
- 20) *Enactment of a Corporate Alternative Minimum Tax, Office of Legislative Legal Services memorandum, October 18, 1993.*
- 21) *Procedural Questions Regarding the Presentation to the Voters of Proposed Changes to the State and Local Tax System, Office of Legislative Legal Services memorandum, October 18, 1993.*
- 22) *Tax Policy Advisory Committee Report, Legislative Council staff, October 14, 1993.*
- 23) *Highlights: Revenue and Economic Forecast, Colorado Legislative Council staff, June 1993.*
- 24) *Property Tax Overview, Legislative Council staff memorandum, August 2, 1993.*
- 25) *Effects of "Gallagher Amendment" on School Finance, Legislative Council staff memorandum, August 17, 1993.*
- 26) *Tax Policy Proposal #1 Revenue Impact, Legislative Council staff memorandum, November 3, 1993.*
- 27) *Tax Policy Proposal #2A Revenue Impact, Legislative Council staff memorandum, November 17, 1993.*
- 28) *Tax Policy Proposal #3 Revenue Impact, Legislative Council staff memorandum, November 3, 1993.*
- 29) *Tax Policy Proposal #4 Revenue Impact, Legislative Council staff memorandum, November 3, 1993.*

- 30) *Comparison of Property Tax Proposals 2A and 4*, Legislative Council staff memorandum, November 17, 1993.
- 31) *Impact of Applying the Provisions of Property Tax Proposal 2A to 1988 Property Tax Valuations*, Legislative Council staff memorandum, December 8, 1993.
- 32) *Old Age Credit -- Adjusted for Inflation*, Legislative Council staff memorandum, November 9, 1993.
- 33) *Colorado Property Tax Deferral and Grant Program*, Legislative Council staff memorandum, October 15, 1993.
- 34) *Impact of a Full Market Value Property Tax Assessment System with a Homestead Exemption for Owner-Occupied Residences*, Legislative Council staff memorandum, November 3, 1993.
- 35) *Estimated Impacts on Statewide Assessed Valuation and School District Property Taxes for Insurance Reserve and Capital Reserve from Statutory Changes and Court Rulings Since Adoption of the "Gallagher Amendment" in 1982*, Legislative Council staff memorandum, March 11, 1993.
- 36) *Estimated Impacts of a K-12 Levy versus a Return to the Method of Calculating School District Levies Prior to the Passage of Amendment No. 1*, Legislative Council staff memorandum, November 10, 1993.
- 37) *Preliminary Data -- Fees Collected by State Departments*, Legislative Council staff memorandum, October 14, 1993.
- 38) *Cash Funds and the Colorado State Budget*, Legislative Council staff memorandum, August 2, 1993.
- 39) *Tax Increment Financing*, Legislative Council staff memorandum, October 15, 1993.
- 40) *Federal Alternative Minimum Tax*, Legislative Council staff memorandum, October 14, 1993.
- 41) *Social Services Costs at the County Level*, Legislative Council staff memorandum, November 9, 1993.
- 42) *Tax Assessment on Services*, Legislative Council staff memorandum, November 11, 1993.
- 43) *Election Issues on the November 2nd Ballot with TABOR Amendment Implications*, Legislative Council staff memorandum, October 15, 1993.

- 44) *Revenue Impacts from changes in Various Tax Laws*, Legislative Council staff memorandum, October 27, 1993.
- 45) *Preliminary Fiscal Analysis of Proposed Interim Committee Bill Creating the Tax Policy Committee*, Legislative Council staff memorandum, December 1, 1993.
- 46) *Estimated Fiscal Impact of Adjusting the Old Age Credit for Inflation*, Legislative Council staff memorandum, December 7, 1993.
- 47) *Revenue Impacts of Imposing a 5 Percent Sales Tax on 900 Prefix Services and Products*, Legislative Council staff memorandum, December 1, 1993.
- 48) *Three Bill Proposals Presented to the Tax Policy Committee*, Legislative Council staff memorandum, December 2, 1993.
- 49) *Impact of an Additional Homestead Exemption for the Elderly and Disabled*, Legislative Council staff memorandum, November 29, 1993.
- 50) *Proposal 2A - Combined Effect on Property and Income Taxes*, Legislative Council staff memorandum, December 2, 1993.

TAX POLICY ADVISORY COMMITTEE

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TAX POLICY ADVISORY COMMITTEE REPORT

Committee Charge

The nine-member Tax Policy Advisory Committee was established by the Tax Policy Committee to study tax policy issues and make recommendations to the Interim Committee on Tax Policy. The appointments were approved by the Tax Policy Committee at its meeting on July 21, 1993.

The mission of the Tax Policy Advisory Committee was to critically review the State of Colorado's approach to raising revenue and expending funds. Based upon its review, the advisory committee would provide alternatives to the committee to improve the state's ability to raise revenue fairly and to expend the revenues equitably. The mission statement included short-term and long-term components.

- A. **Short-Term Statement of Mission.** The Tax Policy Advisory Committee will define the state's fiscal problems and provide specific alternative solutions to those problems, including adjusting state and local revenue and expenditures. Particular attention will be paid to increased efficiencies in government.
- B. **Long-Term Statement of Mission.** The Tax Policy Advisory Committee will provide specific alternatives to the interim committee regarding how the state's approach to raising revenue and expending state funds, and its interrelationship with local governments should be evaluated and revised to meet the long-term economic and social goals of the State of Colorado.

The advisory committee adopted a two-track approach to the analysis of the state's current policies relating to state and local government tax and expenditure issues. First, the advisory committee reviewed and discussed the current fiscal conditions of the state and identified potential fiscal problems. Second, the committee reviewed the fiscal relationship between the state and units of local government and identified long term issues and possible solutions.

Committee Activities

The advisory committee held a total of six meetings from August through October, 1993, drawing upon staff research, expert testimony, and internal discussions designed to address the specific provisions in its charge.

Committee Recommendations

The advisory committee presented its observations and list of possible alternatives to the interim committee on October 18, 1993 (see Appendix A). The advisory committee report expressed the viewpoint that the primary fiscal problem facing the state today is a result of the combined effects of the 1982 Gallagher Amendment and the 1992 TABOR Amendment. These two constitutional amendments have impacted the stability, certainty, sufficiency, and equity of the property tax as the major source of local government revenue. Additionally, the committee recognized that school funding will be competing with escalating fixed cost statutory requirements at the state level to fund Medicaid, social services programs, and prison overcrowding.

The advisory committee report questioned whether the present structure of government in Colorado is capable of responding to the long-term service obligations required by the public. It is possible that certain functions of government should be centralized for greater equity and efficiency, while other functions should be decentralized for greater local government accountability.

The advisory committee report also provides an overview of certain issues and identifies possible alternatives which might improve the workings of each level of local government. Specifically, discussions are provided regarding school districts, counties, municipalities, and special districts. Additionally, structural issues associated with property, sales, and income taxes are discussed within the body of the report.

As a long-term alternative, the advisory committee identified the need to either establish a local government policy council or to create a statutory tax policy review committee. The committee would study, review, and recommend legislative changes to the General Assembly.

MATERIALS AVAILABLE

The materials listed below are available upon request from the Legislative Council staff.

- 1) Summaries of the 1993 Tax Policy Advisory Committee meetings held on August 2, August 18, September 2, September 20, October 7, and October 13.
- 2) Biographical sketch of the members of the Advisory Committee on Tax Policy.
- 3) *Checklist of State Taxes*, Legislative Council staff memorandum, October 1993.
- 4) *Goals of the Tax Policy Committee*, Legislative Council staff memorandum, November 2, 1993.
- 5) *Investigation into Cooperative Efforts Between Various Levels of Local governments in Order to Solve Certain Fiscal Problems*, Legislative Council staff memorandum, September 1, 1993,
- 6) *Principles of a High-Quality State Revenue System*, Lincoln Institute of Land Policy and the National Conference of State Legislatures,
- 7) *Financing Government in Colorado*, Table of Contents and Objectives of Study, General Summary and Conclusions, chapter of the 1959 Tax Study.
- 8) *Revenue Impacts of the 1993 Deficit Reduction Bill*, Legislative Council staff memorandum, August 25, 1993.

APPENDIX A
TAX POLICY ADVISORY COMMITTEE MISSION STATEMENT

- I. **PREAMBLE** Colorado must recognize the interrelationship of the state and local governments in both revenue needs and service obligations. The recognized standards of a sound tax system must be followed, including; (1) productivity; (2) equity in the distribution of tax burdens; (3) a recognition of the rights and problems of taxpayers; (4) adaptability of the tax program to the immediate and long-range needs of the economy as a whole and (5) the use of taxes that do not unduly interfere with rational economic decisions. Colorado needs to avoid competition between state and local governments for tax bases. Colorado should recognize the inequities between and among levels of government. The state and units of local government need to work together efficiently and effectively. Units of local governments also need to work together efficiently and effectively.
- II. **STATEMENT OF MISSION** The mission of the Tax Policy Advisory Committee ("TPAC") is to critically review the State of Colorado's approach to raising revenue and expending funds. Based upon its review the advisory committee would provide alternatives to the Interim Committee on Tax Policy to improve the state's ability to fairly raise revenue and administer the equitable expenditure of those revenues. This mission statement is comprised of the following short-term and long-term components.
- A. **Short-Term Statement of Mission.** The TPAC will define the state's fiscal problems and provide specific alternative solutions to those problems. Alternative solutions include adjusting revenues and adjusting or modifying state and local expenditures. Particular attention will be paid to increased efficiencies in government.
- B. **Long-Term Statement of Mission.** The TPAC will provide specific alternatives to the Interim Committee regarding how the state's approach to raising revenues and expending state funds and its interrelationship with local governments should be evaluated and revised to meet the long-term economic and social goals of the State of Colorado.
- III. **APPROACHING THE MISSION** The TPAC has adopted a two-track approach to the analysis of the State of Colorado's current policies relating to state and local government tax and expenditure issues.
- A. **Review and Discuss Current Fiscal Conditions.** First, the TPAC will review and discuss the current fiscal conditions of the state. The Gallagher Amendment and the Tabor Amendments, their impacts, and issues related to school finance and local government finance will be discussed. The TPAC will identify potential fiscal problems and the timing of those problems. Economic efficiencies and responsiveness to current demands will be identified.
- B. **Review Relationship Between State and Local Governments.** Secondly, the TPAC will review the fiscal relationship between the state and local units of government. Long term issues and possible solutions will be identified.

SO WHAT'S THE PROBLEM?

OVERVIEW

One of the primary principles of a high-quality revenue system is that the system should produce revenue in a reliable manner. In order to maintain a reliable source of revenue, a tax system must have **stability, certainty, sufficiency, and equity**.

Diversification of revenue sources over broad bases allows a revenue system to be more stable during periods of economic uncertainty. The six major sources of state and local taxes are the sales tax, personal income tax, property tax, excise taxes, business taxes, and user fees. The ability to collect revenues varies greatly between and among urban and rural jurisdictions of the state.

In Colorado, state services are funded primarily from sales tax, individual income tax, and user fees. Most counties and many special districts rely on the property tax as their primary source of revenue. Many municipalities rely heavily on the sales tax. Revenues for school districts are about evenly split between the property tax and intergovernmental transfers from the state.

Timing is a critical issue. As long as the economy remains strong in most parts of the state, potential funding problems may be delayed, but they will not be eliminated. The harder potential funding problems are to identify, the harder they will be to remedy.

THE PROBLEM

The combined effects of the 1982 Gallagher Amendment and the 1992 TABOR Amendment have impacted the stability, certainty, sufficiency, and equity of the property tax as the major source of local government revenue. The spiraling down of the residential assessment rate, combined with the inability of local governments to adjust the mill levies upward without a vote of the people to compensate for this fact will result in a reduction of property tax revenues for many local governments in the future. The services which are provided by local governments will most likely be adversely impacted.

The revenues of school districts, and any other unit of local government which is dependent upon property taxes for its revenue base will be specifically impacted. School districts will receive less revenue from the property tax due to the spiraling down of the residential assessment rate. The stability and sufficiency of the property tax as a revenue source will be jeopardized for all units of local government which rely on this revenue source, however, school districts face an additional uncertainty regarding state equalization funding. The spending limits placed on the state by the TABOR Amendment will limit the amount of state moneys available to fund all state services. **School funding will be competing with escalating fixed cost statutory requirements to fund Medicaid, social services programs, and prison overcrowding.** The state does not have the revenue necessary to fully fund all of these services. In addition, due to statutory spending limitations, the General Assembly will need to prioritize the funding of these and all other services.

THE STRUCTURE OF COLORADO STATE AND LOCAL GOVERNMENT

QUESTION

Is the present **STRUCTURE** of government in Colorado capable of responding to the long-term service obligations required by the public? If the answer is "NO", then the solutions are to either change the structure of government, and/or to modify the service obligations to fit the current government structure.

OVERVIEW

Colorado has created a complex system of state and local government over the past century. While the number of counties has remained fixed since 1913, many additional cities and towns have been created. School districts were consolidated during the 1950's, however, the number of special districts has risen dramatically over the past three decades. At the end of 1992, Colorado had: 1 state government; 63 counties; 266 municipalities; 176 school districts; and 1,467 special and other districts, for a total of 1,973 governmental units.

Since the early 1970's, Colorado has developed a financial system that could be described as one of "fiscal decentralization". Local governments receive more tax revenue than does the state. Each unit of government is dependent upon a major source of revenue, and resists encroachment by another public entity into their revenue source.

While this system may well serve the needs of the most populous areas of the state, factors like Federal mandates such as Medicaid and social services programs, plus court orders on school equalization and prison overcrowding, have placed even greater demands upon limited state government resources.

In a growing economy, increased revenues may adequately meet these demands. However, in a period of recession, combined with restrictions imposed by the 1992 TABOR Amendment, the state will be unable to meet these demands, and will be forced to cut services unless the voters approve tax increases. Faced with this scenario, is it possible to provide for a functional realignment of government services? That is, should some functions of government be centralized at the state level for greater equity and efficiencies, and other functions be decentralized to the local level for greater accountability? Could functional appropriateness supersede existing political boundaries?

THE STRUCTURE OF COLORADO STATE AND LOCAL GOVERNMENT
(continued)

POSSIBLE SOLUTION ALTERNATIVES

- I. Authorize the state to absorb various governmental functions. Functions to be considered for absorption would include social services programs and complete funding of K-12 education. The need for enhanced state revenue sources in order to provide these services would go along with absorption of a function;
- II. Expand county and municipal authority to create districts under the control of the existing governmental structure, thus reducing the proliferation of special districts. One result of this action would be to bring accountability for these functions under the direct control of county government;
- III. Consolidate governmental units, including counties, cities, school districts, and special districts;
- IV. Use the Regional Service Authority power to provide specified services, as provided for in statute. This would include the provision of services for items such as water, drainage, waste water treatment, transportation, and solid waste on a regional basis. The use of regional service authorities could result in a reduction in the number of special districts.

SCHOOL DISTRICTS

OVERVIEW

- I. The residential assessment rate is projected to continue to decline, as a result of the Gallagher Amendment. This will occur because residential values will increase and residential construction will continue to outpace non-residential construction.
- II. Under the TABOR Amendment, property mill levies are no longer allowed to automatically increase to compensate for a reduction in assessed valuations due to changes in the residential assessment rate.
- III. The majority of the state's school districts will face property tax revenue shortfalls as a result of the combination of these two factors.
- IV. School district revenue shortfalls will come at a time when the combination of spending limitations at the state level and fixed cost expenditure requirements in other areas of state government will limit the amount of funds available for state equalization to fund public education.

POSSIBLE SOLUTION ALTERNATIVES

- I. At the school district level:
 1. Reduce expenditures by reducing services;
 2. Seek voter approval for property tax increases to fund operating expenditures;
 3. Increase student fees or impose new student fees;
 4. Adopt developer impact fees on new residences or businesses;
 5. Utilize innovative funding and operational mechanisms, such as cooperative governmental revenue and operational agreements;
 6. Reduce administrative expenditures through possible school district consolidation and program efficiencies.
- II. At the state level:
 1. Fund state equalization of schools at CURRENT aggregate spending levels, resulting in decreased funding on a per pupil basis as the number of students increases;
 2. Increase state taxes in order to continue the current per pupil state equalization funding levels or to increase the funding levels;
 3. "Fully fund" state equalization of schools, thereby reducing funding for other state programs;
 4. Impose a statewide property tax to provide additional funding for schools;
 5. Fund public education exclusively at the state level, and expand the concept of schools of choice.

COUNTIES

OVERVIEW

- I. The primary sources of county revenues are property taxes, user fees, intergovernmental transfers, and in some cases, sales taxes. In unincorporated parts of certain urban counties, population growth is creating a situation which requires the need for additional government services.
- II. The state is divided into four distinct geographic regions - the Front Range; the Western Slope; the Eastern Plains; and the Mountain Region. Each region of the state is faced with very different economic and political realities. Some counties are impacted by urban and suburban growth problems, while other counties are confronted with rapid growth of recreational development. Still other counties are faced with declining economies and declining assessed valuations. As a consequence, large disparities exist with respect to the abilities of counties throughout the state to produce locally generated revenues to meet the service needs of their constituents.

POSSIBLE SOLUTION ALTERNATIVES

- I. Reduce specific services;
- II. Encourage and reward increased efficiencies in county government;
- III. Request voter approval for increases in the property tax mill levy;
- IV. Impose additional county taxes, with voter approval;
- V. Increase existing user fees or implement new user fees;
- VI. Return certain mandated programs to the state;
- VII. Implement intergovernmental agreements to provide for certain local services;
- VIII. Create special districts under the control of the boards of county commissioners for the provision of the services which are not of county-wide concern;
- IX. Provide for financial incentives to encourage certain governmental efficiencies, and for trade-offs of certain types of government services between local governments;
- X. Implement a method of regional revenue sharing.

MUNICIPALITIES

OVERVIEW

- I. Certain urban municipalities have the ability to raise significant amounts of revenue from the sales tax. As a result, some urban municipalities will be faced with the question of whether to refund excess revenues or to ask the voters for approval to keep and spend the excess moneys collected.
- II. Revenue sources for many rural municipalities are limited to property taxes, intergovernmental revenues, and user fees. Without an adequate retail base, sales tax revenues are not a significant revenue source. The revenue sources which are available to these communities may not be adequate to fully fund required municipal services.
- III. Large fiscal disparities exist among the state's governmental units. As sales tax receipts have become the most significant revenue source for many municipalities, those differences become most acute at the sales tax base level. Municipalities with large retail sales bases will be better able to provide various services than those without the retail sales base.
- IV. The fiscal externalities of one type of government impact other levels of government. For example, growth immediately outside of municipal boundaries may affect the service requirements of the municipality. In addition, the effects of urban renewal authorities and tax increment financing will affect the revenue and expenditure requirements of other levels of government.

POSSIBLE SOLUTION ALTERNATIVES

- I. Expand the use of intergovernmental agreements among governmental units;
- II. Encourage and reward increased efficiencies in municipal government;
- III. Create a "revenue sharing" system between the state and municipalities;
- IV. Extend a municipality's "sphere of influence" beyond its political boundaries into unincorporated areas in order to capture additional revenue, provided there are intergovernmental agreements regarding land use;
- V. Provide for financial incentives to encourage certain governmental efficiencies, and for trade-offs of certain types of government services between local governments;
- VI. Since the fiscal externalities of one type of government impact other levels of government, provide for better intergovernmental cooperation and coordination of county comprehensive plans to control growth in unincorporated areas which are adjacent to municipal boundaries. In addition, increase the level of cooperation regarding the implementation of tax increment financing plans.

SPECIAL DISTRICTS

OVERVIEW

- I. The primary revenue source for many special districts is the property tax. Examples include fire protection districts, library districts, and cemetery districts, and some metropolitan districts.
- II. In addition to the use of the property tax as a revenue source, some special districts have the ability to raise revenues through the imposition of user fees. Examples include water and sanitation districts, park and recreation districts, and metropolitan districts.

POSSIBLE SOLUTION ALTERNATIVES

- I. Reduce or eliminate specific services;
- II. Request voter approval for increases in the property tax mill levy;
- III. Increase existing user fees, or implement new user fees;
- IV. Consolidate special districts;
- V. Create additional special districts;
- VI. Grant counties and municipalities the power to create "limited purpose" special districts which would be subject to periodic sunset review.

PRIMARY REVENUE SOURCES

The six major sources of Colorado state and local revenues are the sales tax, the personal income tax, the property tax, excise taxes, business taxes, and user fees. State government receives a majority of its revenue from **income taxes**, while local governments receive the bulk of their revenues from **property taxes**. State and local governments each receive the same amount of revenues from **sales taxes**.

The structural issues associated with each of these major tax groups, as well as possible solution alternatives are identified in this analysis.

PROPERTY TAX

OVERVIEW

- I. There has been an increase in assessed valuation in most urban areas of the state. The historic rate of growth in the market value of the residential class of property has outpaced the rate of growth in other classes of property. As a result, an increasing amount of the property tax burden has traditionally been shifted to non-residential property owners through mill levy increases.
- II. Property tax revenues for many local governments in rural Colorado are impacted by stagnant or declining residential property values, in addition to the local impact from the statewide decline in the residential assessment rate. Growth attributable to the limited amount of new construction in many communities will result in significant declines in actual property tax revenues.
- III. In the past, reductions in the residential assessment rate have triggered higher mill levies in order to maintain the same amount of property tax revenues. Under the TABOR Amendment, any reduction in the residential assessment rate will result in actual reductions in local government revenues. This impact will be the greatest among school districts because the majority of property tax revenues are attributed to schools.
- IV. Legislation enacted by the General Assembly over the years have granted specific exemptions from property tax, diminishing the property tax base.
- V. Court decisions have resulted in the reclassification of certain types of property. This has resulted in a lowering of assessed valuation, and a corresponding reduction in the property tax base.

PROPERTY TAX (continued)

POSSIBLE SOLUTION ALTERNATIVES

- I. Repeal the Gallagher Amendment, and replace it with a tier classification system based on fair market value;
- II. Repeal the Gallagher Amendment, and replace it with a full market value (100 percent valuation) assessment system. This approach could include a homestead exemption for residences which are owner occupied by full-time Colorado residents;
- III. Refer a constitutional amendment to allow mill levies to "float" in order to raise the same amount of property tax revenue;
- IV. Repeal the imposition of property tax on business personal property;
- V. Make changes in the types of property which constitute residential property (condo-hotels, land under agricultural residences, income or revenue requirements for property to be classified as agricultural, primary residences vs. second homes, owner occupied property vs. renter occupied property, etc.);
- VI. Consider a homestead exemption or circuit breaker for owner-occupied residences and possibly for renter-occupied residences;
- VII. Re-examine the current agricultural capitalization rate;
- VIII. Re-examine the statutes regarding the exemption status of certain religious, charitable, and non-profit corporations, including the use of certain properties for income generating purposes;
- IX. Increase reporting compliance to assure that new construction is properly added to the tax rolls;
- X. Provide the General Assembly with the ability to authorize new or increased real estate transfer taxes at the local government level.

SALES TAX

OVERVIEW

- I. In many parts of the state, a geographic disparity exists between where people live and where they make the majority of their retail purchases.
- II. Urban areas of the state receive sales tax revenues from purchases made by area residents, businesses, tourists, and rural residents. Urban areas are generally considered to be net sales tax importers.
- III. The state has provided sales tax exemptions for many specific types of goods. Most of these exemptions were granted based on sound economic policy at the time.
- IV. Personal consumption patterns of residents have changed considerably over the years, and a greater proportion of consumption has shifted to the purchase of services.
- V. The complexity of the current administrative system is an enormous administrative burden on many businesses.

POSSIBLE SOLUTION ALTERNATIVES

- I. Review exemptions currently in statute in light of current economic conditions in order to re-evaluate whether they should be continued;
- II. Consider the imposition of sales tax on certain personal services and some business services;
- III. Increase the state sales tax rate;
- IV. Consider imposing a state collected-locally shared sales tax;
- V. Increase enforcement of sales tax audit procedures which could increase sales tax revenues through increased compliance and reporting of taxable sales by certain businesses;
- VI. Streamline the administration of state and local sales tax collection procedures;
- VII. Reduce the vendor's discount from the current rate of 3.33 percent.

INCOME TAX

OVERVIEW

- I. The Colorado individual income tax is progressive. Although the state imposes a flat tax rate of five percent, the progressive nature of the federal income tax system is taken into account in determining Colorado net taxable income. Therefore, families and individuals with high net taxable income pay a greater proportion of their income in state income tax than families with low net taxable income.
- II. The corporate income tax generates a relatively small amount of revenue for the state.
- III. Federal income tax law statutes affecting individuals and corporations were changed as part of the Omnibus Budget Reconciliation Act of 1993. While some of these changes will affect certain individual and corporate taxpayers, the overall impact on state income tax revenues in the short term is projected to be relatively small.

POSSIBLE SOLUTION ALTERNATIVES

- I. Create a minimum business tax on all corporations, regardless of the level of income;
- II. Consider a return to a graduated individual income tax rate, which would increase the progressivity of the individual income tax;
- III. Increase the corporate income tax rate;
- IV. Consider the elimination of certain Colorado modifications to federal income, such as the exclusion of certain pension income;
- V. Increase enforcement of corporate and individual income tax audit procedures. This could increase income tax revenues through increased compliance and reporting of income by certain businesses;
- VI. Broaden the regulation of "withholding at the source" for payments made to non-residents.

BILL 1

A BILL FOR AN ACT

101 CONCERNING AUTHORIZATION FOR COUNTIES TO DEFER PERSONAL
102 PROPERTY TAXES WHICH DO NOT ANNUALLY EXCEED A SPECIFIED
103 DOLLAR AMOUNT.

Bill Summary

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

Interim Committee on Tax Policy. Authorizes boards of county commissioners to grant property tax deferrals to taxpayers who would otherwise receive tax bills for personal property taxes for less than \$25. Establishes limits upon the aggregate amount of personal property taxes which can be deferred. Specifies procedures to establish and discontinue such personal property tax deferrals. Requires the issuance of certificates of personal property tax deferrals. Specifies that deferred personal property taxes constitute a lien against the personal property and provides that deferred personal property taxes become payable upon the occurrence of certain events. Specifies methods by which county treasurers can collect and shall apportion deferred personal property taxes.

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

2 SECTION 1. Title 39, Colorado Revised Statutes, 1982 Repl.
3 Vol., as amended, is amended BY THE ADDITION OF A NEW ARTICLE
4 to read:

ARTICLE 3.6

Optional County Personal Property Tax Deferrals

39-3.6-101. Optional county personal property tax deferrals -

1
2
3
4 creation - discontinuance. (1) BEGINNING WITH PROPERTY TAXES LEVIED
5 IN 1993 FOR COLLECTION IN 1994 AND CONTINUING FOR PROPERTY TAX
6 LEVIES AND COLLECTIONS THEREAFTER, THE BOARD OF COUNTY
7 COMMISSIONERS OF A COUNTY, BY ADOPTION OF A RESOLUTION, MAY
8 GRANT A PROPERTY TAX DEFERRAL TO ANY TAXPAYER WHO WOULD
9 OTHERWISE RECEIVE A TAX STATEMENT FOR PERSONAL PROPERTY TAXES
10 TOTALING LESS THAN TWENTY-FIVE DOLLARS; EXCEPT THAT THE AMOUNT
11 OF SUCH DEFERRAL SHALL NOT EXCEED THE CURRENT MARKET VALUE OF
12 THE PERSONAL PROPERTY, AS DETERMINED BY THE COUNTY ASSESSOR IN
13 WHICH SUCH PERSONAL PROPERTY IS LOCATED, MINUS THE TOTAL AMOUNT
14 OF LIENS FILED AGAINST SUCH PERSONAL PROPERTY AS OF THE DATE SUCH
15 PERSONAL PROPERTY TAX DEFERRAL IS GRANTED. SUCH DEFERRAL SHALL
16 BE WITHOUT PENALTY OR INTEREST. SUCH PERSONAL PROPERTY TAX
17 DEFERRALS MAY BE DISCONTINUED ONLY UPON THE ADOPTION OF A
18 RESOLUTION BY THE BOARD OF COUNTY COMMISSIONERS AND SHALL TAKE
19 EFFECT FOR THE YEAR IMMEDIATELY FOLLOWING THE YEAR IN WHICH THE
20 RESOLUTION IS ADOPTED.

21 (2) (a) WITHIN THIRTY DAYS FOLLOWING THE ADOPTION OF A
22 RESOLUTION TO ESTABLISH OR DISCONTINUE PERSONAL PROPERTY TAX

- 33 -

BILL 1

1 DEFERRALS, THE BOARD OF COUNTY COMMISSIONERS SHALL NOTIFY THE
 2 COUNTY TREASURER OF THE ESTABLISHMENT OR DISCONTINUANCE OF
 3 PERSONAL PROPERTY TAX DEFERRALS. UPON RECEIVING NOTIFICATION OF
 4 THE ESTABLISHMENT OF PERSONAL PROPERTY TAX DEFERRALS AND UPON
 5 THE CALCULATION OF ANY TAX STATEMENT FOR PERSONAL PROPERTY
 6 TAXES TOTALLING LESS THAN TWENTY-FIVE DOLLARS, THE COUNTY
 7 TREASURER SHALL ISSUE A CERTIFICATE OF DEFERRAL INCLUDING ALL OF
 8 THE GOVERNMENTAL AUTHORITIES WHICH HAVE LEVIED PROPERTY TAXES
 9 UPON THE PERSONAL PROPERTY, THE NAME OF THE TAXPAYER GRANTED
 10 THE DEFERRAL, THE AMOUNT OF PERSONAL PROPERTY TAX DEFERRED, AND
 11 THE YEAR IN WHICH THE DEFERRAL IS GRANTED.

12 (b) THE CERTIFICATE ISSUED PURSUANT TO PARAGRAPH (a) OF THIS
 13 SUBSECTION (2) SHALL BE RECORDED WITH THE COUNTY CLERK AND
 14 RECORDER OF THE COUNTY IN WHICH THE PERSONAL PROPERTY IS LOCATED
 15 AND THEREAFTER SENT TO THE BOARD OF COUNTY COMMISSIONERS. ONE
 16 COPY OF THE CERTIFICATE SHALL BE SENT TO THE TAXPAYER TO WHOM THE
 17 PERSONAL PROPERTY TAX DEFERRAL HAS BEEN GRANTED, AND ONE COPY
 18 SHALL BE RETAINED IN THE OFFICE OF THE COUNTY TREASURER.

19 (c) A LIEN FOR DEFERRED PERSONAL PROPERTY TAXES SHALL
 20 ATTACH ON THE DATE THE CERTIFICATE OF DEFERRAL IS ISSUED, SHALL
 21 HAVE PRIORITY OVER ALL LIENS EXCEPT GENERAL TAX LIENS, AND SHALL
 22 NOT BE FORECLOSED EXCEPT UPON THE OCCURRENCE OF AN EVENT

1 SPECIFIED IN SECTION 39-3.6-102.

2 **39-3.6-102. Payment of deferred personal property taxes.**

3 (1) PERSONAL PROPERTY DEFERRALS GRANTED PURSUANT TO THE
 4 PROVISIONS OF THIS SECTION SHALL BECOME PAYABLE WHEN:

5 (a) THE AGGREGATE AMOUNT OF PERSONAL PROPERTY TAXES OF
 6 A TAXPAYER DEFERRED PURSUANT TO THIS SECTION AND THE TOTAL
 7 AMOUNT OF PROPERTY TAXES LEVIED UPON THE PERSONAL PROPERTY OF
 8 THE TAXPAYER FOR THE MOST RECENT PROPERTY TAX YEAR EXCEEDS
 9 SEVENTY-FIVE DOLLARS; OR

10 (b) THE AGGREGATE AMOUNT OF PERSONAL PROPERTY TAXES OF
 11 A TAXPAYER DEFERRED PURSUANT TO THIS SECTION AND THE TOTAL
 12 AMOUNT OF PROPERTY TAXES LEVIED UPON THE PERSONAL PROPERTY OF
 13 THE TAXPAYER FOR THE MOST RECENT PROPERTY TAX YEAR EXCEEDS THE
 14 CURRENT MARKET VALUE OF THE PERSONAL PROPERTY, AS DETERMINED BY
 15 THE COUNTY ASSESSOR IN WHICH SUCH PERSONAL PROPERTY IS LOCATED,
 16 MINUS THE TOTAL AMOUNT OF LIENS FILED AGAINST SUCH PERSONAL
 17 PROPERTY; OR

18 (c) THE PERSONAL PROPERTY ON WHICH TAXES WERE DEFERRED
 19 IS SOLD.

20 (2) UPON THE OCCURRENCE OF PARAGRAPH (a) OR (b) OF
 21 SUBSECTION (1) OF THIS SECTION, THE COUNTY TREASURER SHALL INCLUDE
 22 IN THE TAXPAYER'S TAX STATEMENT THE AGGREGATE AMOUNT OF

1 DEFERRED PERSONAL PROPERTY TAXES WITH THE TOTAL AMOUNT OF
2 PROPERTY TAXES LEVIED UPON PERSONAL PROPERTY OF THE TAXPAYER FOR
3 THE MOST RECENT PROPERTY TAX YEAR.

4 (3) THE COUNTY TREASURER SHALL UTILIZE ANY METHOD OF
5 COLLECTING DEFERRED PERSONAL PROPERTY TAXES AS AUTHORIZED BY LAW
6 FOR THE COLLECTION OF PROPERTY TAXES.

7 (4) UPON COLLECTION, DEFERRED PERSONAL PROPERTY TAXES
8 SHALL BE APPORTIONED, CREDITED, AND DISTRIBUTED TO THE AUTHORITIES
9 WHICH LEVIED PROPERTY TAX UPON SUCH PERSONAL PROPERTY IN THE
10 SAME MANNER AS IF SUCH PERSONAL PROPERTY TAXES HAD NOT BEEN
11 DEFERRED.

12 **SECTION 2. Safety clause.** The general assembly hereby finds,
13 determines, and declares that this act is necessary for the immediate
14 preservation of the public peace, health, and safety.

A BILL FOR AN ACT

101 CONCERNING A REVIEW OF THE TAX POLICIES OF GOVERNMENTS IN
102 COLORADO, AND, IN CONNECTION THEREWITH, CREATING THE TAX
103 POLICY COMMITTEE AND THE TAX POLICY ADVISORY COMMITTEE.

Bill Summary

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

Interim Committee on Tax Policy. Creates the tax policy committee. Provides for reimbursement of the members of the tax policy committee. Sets forth the powers and duties of the tax policy committee. Authorizes the tax policy committee to review any phase of state or local tax policy, to recommend legislation affecting state or local tax policy, and to create subcommittees as necessary whose members shall serve without compensation.

Creates the tax policy advisory committee and requires members of the advisory committee to have expertise and knowledge of state and local taxes. Requires the tax policy advisory committee to study state and local tax policy and make recommendations to the tax policy committee. Provides that members of the tax policy advisory committee shall serve without compensation.

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

2 SECTION 1. Article 3 of title 2, Colorado Revised Statutes, 1980
3 Repl. Vol., as amended, is amended BY THE ADDITION OF A NEW
4 PART to read:

TAX POLICY COMMITTEE

1
2
3 2-3-1501. Legislative declaration. (1) THE GENERAL ASSEMBLY
4 HEREBY FINDS, DETERMINES, AND DECLARES THAT:

5 (a) THE GENERAL ASSEMBLY IS CONSTITUTIONALLY OBLIGATED TO
6 PROVIDE FOR AN ANNUAL TAX SUFFICIENT TO DEFRAY THE EXPENSES OF
7 STATE GOVERNMENT AND IS AUTHORIZED TO VEST COUNTIES, CITIES,
8 TOWNS, OR OTHER MUNICIPAL CORPORATIONS WITH THE POWER TO ASSESS
9 AND COLLECT TAXES;

10 (b) THE STATE CONSTITUTION REQUIRES THAT THE GENERAL
11 ASSEMBLY ASSURE JUST AND EQUALIZED VALUATIONS FOR ASSESSMENT OF
12 NONEXEMPT REAL AND PERSONAL PROPERTY;

13 (c) THE POWER OF THE GENERAL ASSEMBLY TO ADJUST THE
14 AMOUNT OF TAXES LEVIED AND EXPENDED AND TO MODIFY TAX POLICY TO
15 ASSURE THE FAIR ALLOCATION OF THE TAX BURDEN AMONG THE VARIOUS
16 CLASSES OF TAXPAYERS HAS BEEN RESTRICTED THROUGH THE ADOPTION OF
17 SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION;

18 (d) THE TAX POLICY OF THE STATE HAS NOT BEEN
19 COMPREHENSIVELY STUDIED SINCE 1958; AND

20 (e) A COMPREHENSIVE, ONGOING REVIEW OF THE STATE'S
21 REVENUE SYSTEM WILL AID THE GENERAL ASSEMBLY IN CARRYING OUT ITS
22 OBLIGATION TO ASSURE THE EQUITABLE DISTRIBUTION OF STATE AND LOCAL

1 TAX BURDENS AMONG COLORADO TAXPAYERS.

2 (2) THE GENERAL ASSEMBLY FURTHER FINDS, DETERMINES, AND
3 DECLARES THAT A REVIEW OF THE STATE'S REVENUE SYSTEM INVOLVES
4 COMPLEX ECONOMIC CONSIDERATIONS AND THAT THE APPOINTMENT OF A
5 COMMITTEE TO FOCUS ON THE REVIEW, WITH THE AID OF AN EXPERT
6 ADVISORY COMMITTEE, IS THE MOST EFFICIENT AND EFFECTIVE METHOD OF
7 OVERSIGHT OF THE STATE'S TAX POLICY.

8 **2-3-1502. Tax policy committee - created - vacancies.**

9 (1) THERE IS HEREBY CREATED A TAX POLICY COMMITTEE CONSISTING OF
10 THIRTEEN MEMBERS AS FOLLOWS:

11 (a) THREE MEMBERS SHALL BE APPOINTED BY THE GOVERNOR,
12 WITH CONSENT OF THE SENATE, FROM SUCH LOCAL GOVERNMENT AND
13 BUSINESS GROUPS AS TO ADEQUATELY REPRESENT THE ENTIRE STATE, NO
14 MORE THAN TWO OF WHOM SHALL BE FROM THE SAME POLITICAL PARTY;

15 (b) FIVE MEMBERS OF THE SENATE SHALL BE APPOINTED BY THE
16 PRESIDENT OF THE SENATE, NO MORE THAN THREE OF WHOM SHALL BE
17 FROM THE SAME POLITICAL PARTY;

18 (c) FIVE MEMBERS OF THE HOUSE OF REPRESENTATIVES SHALL BE
19 APPOINTED BY THE SPEAKER OF THE HOUSE OF REPRESENTATIVES, NO MORE
20 THAN THREE OF WHOM SHALL BE FROM THE SAME POLITICAL PARTY.

21 (2) EACH MEMBER SHALL SERVE FOR A TERM OF TWO YEARS;
22 EXCEPT THAT, SIX OF THE MEMBERS FIRST APPOINTED SHALL SERVE FOR

1 ONE-YEAR TERMS, OF WHICH TWO SHALL BE APPOINTED BY THE GOVERNOR,
2 TWO SHALL BE APPOINTED BY THE PRESIDENT OF THE SENATE, AND TWO
3 SHALL BE APPOINTED BY THE SPEAKER OF THE HOUSE. VACANCIES SHALL
4 BE FILLED FOR THE REMAINDER OF THE UNEXPIRED TERM BY THE
5 APPROPRIATE APPOINTING AUTHORITY.

6 (3) MEMBERS OF THE TAX POLICY COMMITTEE SHALL BE
7 REIMBURSED AS PROVIDED FOR MEMBERS OF THE GENERAL ASSEMBLY IN
8 SECTION 2-2-307 (3).

9 (4) THE TAX POLICY COMMITTEE SHALL MEET AT LEAST ONCE
10 EACH YEAR.

11 **2-3-1503. Powers and duties of the tax policy committee.**

12 (1) THE TAX POLICY COMMITTEE SHALL HAVE THE FOLLOWING POWERS
13 AND DUTIES:

14 (a) TO COMPREHENSIVELY STUDY THE TAX POLICY OF THE STATE
15 AND LOCAL GOVERNMENTS IN COLORADO;

16 (b) TO APPOINT MEMBERS OF THE TAX POLICY ADVISORY
17 COMMITTEE CREATED IN SECTION 2-3-1504;

18 (c) TO REVIEW RECOMMENDATIONS OF THE TAX POLICY ADVISORY
19 COMMITTEE CREATED IN SECTION 2-3-1504;

20 (d) TO REVIEW THE VALUATION FOR ASSESSMENT RATIO FOR EACH
21 CLASS OF TAXABLE REAL AND PERSONAL PROPERTY TO DETERMINE ITS
22 APPROPRIATENESS;

- 1 (e) TO REVIEW EXEMPTIONS FROM TAXATION;
- 2 (f) TO REVIEW THE ADVISABILITY OF IMPLEMENTING A METHOD OF
- 3 PROPERTY TAXATION WHICH INCLUDES A HOMESTEAD EXEMPTION;
- 4 (g) TO REVIEW ANY DIFFICULTIES ARISING FROM THE STATE AND
- 5 LOCAL TAX SYSTEMS CURRENTLY IN OPERATION AND TO RECOMMEND
- 6 CHANGES TO REDUCE OR ELIMINATE THOSE DIFFICULTIES;
- 7 (h) TO REVIEW ANY OTHER ASPECT OF STATE AND LOCAL TAX
- 8 POLICY FOR THE PURPOSE OF DETERMINING WHETHER CHANGES IN POLICY
- 9 OR TAX LAWS WOULD AID IN ENSURING THE EQUITABLE DISTRIBUTION OF
- 10 STATE AND LOCAL TAX BURDENS AMONG COLORADO TAXPAYERS;
- 11 (i) TO REVIEW ANY PHASE OF STATE OR LOCAL TAX POLICY;
- 12 (j) TO RECOMMEND LEGISLATION AFFECTING STATE OR LOCAL TAX
- 13 LAWS OR POLICY; AND
- 14 (k) TO CREATE SUBCOMMITTEES AS NECESSARY IN ORDER TO AID
- 15 IN THE REVIEW OF THE TAX POLICY OF THE STATE. SUBCOMMITTEES MAY
- 16 INCLUDE INDIVIDUALS NOT SERVING ON THE TAX POLICY COMMITTEE OR
- 17 TAX POLICY ADVISORY COMMITTEE, INCLUDING, BUT NOT LIMITED TO,
- 18 TAXPAYERS, SPECIAL DISTRICT REPRESENTATIVES, SCHOOL DISTRICT
- 19 REPRESENTATIVES, LOCAL GOVERNMENT REPRESENTATIVES, AND BUSINESS
- 20 REPRESENTATIVES. SUBCOMMITTEE MEMBERS SHALL SERVE WITHOUT
- 21 COMPENSATION.
- 22 (2) LEGISLATION RECOMMENDED BY THE COMMITTEE SHALL BE

- 1 TREATED AS LEGISLATION RECOMMENDED BY A STATUTORY LEGISLATIVE
- 2 COMMITTEE FOR PURPOSES OF ANY INTRODUCTION DEADLINES OR BILL
- 3 LIMITATIONS IMPOSED BY THE JOINT RULES OF THE GENERAL ASSEMBLY.
- 4 (3) ALL PERSONNEL OF THE DEPARTMENT OF REVENUE SHALL
- 5 COOPERATE WITH THE TAX POLICY COMMITTEE AND WITH ANY PERSON
- 6 ASSISTING THE COMMITTEE IN CARRYING OUT THE DUTIES OF THE
- 7 COMMITTEE PURSUANT TO THIS SECTION.
- 8 **2-3-1504. Tax policy advisory committee - repeal.** (1) THERE IS
- 9 HEREBY CREATED A TAX POLICY ADVISORY COMMITTEE CONSISTING OF NINE
- 10 MEMBERS TO BE APPOINTED BY THE TAX POLICY COMMITTEE.
- 11 APPOINTMENTS SHALL BE BY MAJORITY VOTE OF THE MEMBERS OF THE TAX
- 12 POLICY COMMITTEE. MEMBERS SHALL HAVE EXPERTISE AND KNOWLEDGE
- 13 OF STATE AND LOCAL TAXES. EACH MEMBER SHALL BE APPOINTED FOR A
- 14 TERM OF TWO YEARS; EXCEPT THAT, OF THE MEMBERS FIRST APPOINTED,
- 15 FOUR SHALL SERVE A ONE-YEAR TERM. MEMBERS SHALL SERVE WITHOUT
- 16 COMPENSATION. THE TAX POLICY ADVISORY COMMITTEE SHALL STUDY
- 17 STATE AND LOCAL TAX POLICY AND MAKE RECOMMENDATIONS TO THE TAX
- 18 POLICY COMMITTEE AS DIRECTED.
- 19 (2) (a) THIS SECTION IS REPEALED, EFFECTIVE JULY 1, 2000.
- 20 (b) PRIOR TO SAID REPEAL, THE TAX POLICY ADVISORY COMMITTEE
- 21 SHALL BE REVIEWED AS PROVIDED FOR IN SECTION 2-3-1203, C.R.S.
- 22 **2-3-1505. Repeal of part.** THIS PART 15 IS REPEALED, EFFECTIVE

1 JULY 1, 2000.

2 **SECTION 2.** 2-3-1203 (3), Colorado Revised Statutes, 1980 Repl.
3 Vol., as amended, is amended BY THE ADDITION OF A NEW
4 PARAGRAPH to read:

5 **2-3-1203. Sunset review of advisory committees.** (3) The
6 following dates are the dates for which the statutory authorization for the
7 designated advisory committees is scheduled for repeal:

8 (m) JULY 1, 2000: THE TAX POLICY ADVISORY COMMITTEE
9 APPOINTED PURSUANT TO SECTION 2-3-1504.

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

BILL 3

A BILL FOR AN ACT

101 CONCERNING THE DEFINITION OF "HOTELS AND MOTELS" FOR PROPERTY
102 TAX PURPOSES.

Bill Summary

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

Interim Committee on Tax Policy. Specifies that establishments which constitute hotels and motels include any residential condominium units, residential time share estates, and other residential real property operated as part of an establishment primarily engaged in providing lodging or actually rented on an overnight or weekly basis for more than a specified number of days each year.

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

2 SECTION 1. 39-1-102 (5.5), Colorado Revised Statutes, 1982
3 Repl. Vol., as amended, is amended to read:

4 39-1-102. Definitions. (5.5) (a) "Hotels and motels" means
5 establishments which are primarily engaged in providing lodging, camping,
6 or personal care or health care facilities and which are predominantly used
7 on an overnight or weekly basis. "HOTELS AND MOTELS" INCLUDES, BUT
8 IS NOT LIMITED TO, RESIDENTIAL CONDOMINIUM UNITS AND RESIDENTIAL

1 TIME SHARE ESTATES CREATED PURSUANT TO ARTICLE 33 OF TITLE 38,
2 C.R.S., AND ANY OTHER RESIDENTIAL REAL PROPERTY IF THE REAL
3 PROPERTY IS:

4 (I) UNDER COMMON OWNERSHIP OR CONTROL AND OPERATED AS
5 PART OF AN ESTABLISHMENT PRIMARILY ENGAGED IN PROVIDING LODGING;
6 OR

7 (II) ACTUALLY RENTED ON AN OVERNIGHT OR WEEKLY BASIS FOR
8 MORE THAN THIRTY CALENDAR DAYS PER YEAR, AS EVIDENCED BY THE
9 PROPERTY RENTAL RECORDS FOR THE PREVIOUS CALENDAR YEAR.

10 (b) FOR THE PURPOSE OF DETERMINING WHETHER PROPERTY SHALL
11 BE CLASSIFIED AS HOTEL OR MOTEL PROPERTY, THE OWNER OF THE
12 PROPERTY SHALL KEEP A RECORD OF RENTALS OF THE PROPERTY FOR EACH
13 PROPERTY TAX YEAR AND SHALL FILE THE PROPERTY RENTAL RECORDS
14 WITH THE ASSESSOR OF THE COUNTY IN WHICH THE PROPERTY IS LOCATED
15 NO LATER THAN FEBRUARY 1 OF THE FOLLOWING YEAR. IF THE OWNER
16 FAILS TO FILE RENTAL RECORDS ON OR BEFORE FEBRUARY 1 OF ANY YEAR
17 THE PROPERTY SHALL BE CLASSIFIED AS HOTEL OR MOTEL PROPERTY FOR
18 THE PROPERTY TAX YEAR FOR WHICH THE RECORDS WERE TO BE KEPT.

19 (c) FOR PURPOSES OF THIS SUBSECTION (5.5), UNLESS THE
20 CONTEXT OTHERWISE REQUIRES:

21 (I) "COMMON OWNERSHIP" MEANS THAT SUBSTANTIALLY ALL OF
22 THE REAL PROPERTY IS OWNED BY THE SAME OWNER OR AN AFFILIATE OF

1 THE OWNER THAT CONTROLS, IS CONTROLLED BY, OR IS UNDER COMMON
2 CONTROL WITH THE OWNER.

3 (II) "CONTROL" MEANS THAT, AS A CONDITION OF OWNERSHIP,
4 THE SEPARATE OWNERS OF THE REAL PROPERTY ARE REQUIRED TO MAKE
5 THE PROPERTY AVAILABLE FOR RENTAL FOR A PORTION OF ANY YEAR AND
6 TO USE AN EXCLUSIVE RENTAL AGENT.

7 (III) "ESTABLISHMENT" MEANS A BUSINESS, FIRM, CLUB,
8 INSTITUTION, RESIDENCE, HOMEOWNERS' ASSOCIATION, CONDOMINIUM
9 ASSOCIATION, MANAGEMENT COMPANY, OR ANY OTHER INDIVIDUAL OR
10 ENTITY THAT ACTS AS AN AGENT FOR THE OWNER OF THE REAL PROPERTY
11 IN RENTING THE PROPERTY.

12 **SECTION 2. Effective date - applicability.** This act shall take
13 effect upon passage and shall apply to taxable years commencing on or after
14 January 1, 1995.

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

A BILL FOR AN ACT

101 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.)

Interim Committee on Tax Policy. For property tax purposes, changes the definition of "agricultural land" to exclude: 1) A one-acre parcel of land underlying and adjacent to any residential improvement located on the land; and 2) Land underlying certain farm and ranch improvements. Creates a rebuttable presumption that property classified as agricultural land which is sold for more than twice the market value of comparable agricultural land is no longer agricultural land for property tax purposes. Modifies the definition of "residential land" to include a one-acre parcel of land underlying and adjacent to any residential improvement located on agricultural land. (Section 1)

For purposes of property taxation, specifies that the level of value be adjusted to the last day of the 5-year period immediately prior to July 1 immediately preceding the assessment date instead of adjusted to the last day of the data-gathering period. (Section 3)

Eliminates, as an unusual condition for which assessors are to revalue real property during the intervening year of the reassessment cycle, any occurrence, condition, factor, act, or change which results in the actual value of the property being less than or greater than the correct level of value by more than 10%. (Section 4) Repeals the annual property tax reappraisals which were to commence in 1997. (Sections 2, 5, 10, and 17)

Changes the time frame in which taxpayers must protest and appeal valuations of real and personal property to allow for protests and appeals to be made within a one-year period following the May 1 deadline for mailing of notices of adjusted valuations and following the July 1 deadline for issuing notices of adjusted valuations for property of public utilities. (Sections 6 through 9 and 11 through 13)

Eliminates the overvaluation of property as grounds for an

abatement or refund of property taxes. Reduces the time period in which a petition for abatement or refund must be filed. (Section 14)

Raises the income eligibility requirements to qualify for grants for elderly and disabled persons based upon property taxes paid on residential property, specific ownership taxes paid on trailer coaches, and other equivalent payments. Increases the income levels used to compute the maximum allowable amount of grant to be awarded. (Section 15) Provides that such income eligibility requirements and income levels be adjusted annually in accordance with changes in the consumer price index for the Denver-Boulder metropolitan statistical area. (Section 16)

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

2 **SECTION 1.** 39-1-102 (1.6) (a) and (14.4), Colorado Revised
3 Statutes, 1982 Repl. Vol., as amended, are amended, and the said 39-1-102
4 (1.6) is further amended BY THE ADDITION OF A NEW PARAGRAPH,
5 to read:

6 **39-1-102. Definitions.** (1.6) (a) "Agricultural land" means either
7 of the following:

8 (I) A parcel of land, whether located in an incorporated or
9 unincorporated area and regardless of the uses for which such land is zoned,
10 which was used the previous two years and presently is used as a farm or
11 ranch, as defined in subsections (3.5) and (13.5) of this section, and the
12 gross income resulting from such use equals or exceeds one-third of the total
13 gross income resulting from all uses of the property during any given
14 property tax year, or which is in the process of being restored through
15 conservation practices. Such land must have been classified or eligible for

1 classification as "agricultural land", consistent with this subsection (1.6),
 2 during the ten years preceding the year of assessment. Such land must
 3 continue to have actual agricultural use. "Agricultural land" under this
 4 subparagraph (I) ~~includes~~ DOES NOT INCLUDE A ONE-ACRE PARCEL OF land
 5 underlying AND ADJACENT TO any residential improvement located on such
 6 agricultural land. ~~and also includes the land underlying other improvements~~
 7 ~~if such improvements are an integral part of the farm or ranch and if such~~
 8 ~~other improvements and the land area dedicated to such other improvements~~
 9 ~~are typically used as an ancillary part of the operation.~~ The use of a portion
 10 of such land for hunting, fishing, or other wildlife purposes, for monetary
 11 profit or otherwise, shall not affect the classification of agricultural land.

12 (II) A parcel of land which consists of at least forty acres; which
 13 is forest land; which is used to produce tangible wood products that originate
 14 from the productivity of such land for the primary purpose of obtaining a
 15 monetary profit; which is subject to a forest management plan; and which is
 16 not a farm or ranch, as defined in subsections (3.5) and (13.5) of this
 17 section. "Agricultural land" under this subparagraph (II) ~~includes~~ DOES NOT
 18 INCLUDE A ONE-ACRE PARCEL OF land underlying AND ADJACENT TO any
 19 residential improvement located on such agricultural land.

20 (c) IT SHALL BE PRESUMED THAT PROPERTY CLASSIFIED AS
 21 AGRICULTURAL LAND WHICH IS SOLD FOR MORE THAN TWICE THE MARKET
 22 VALUE OF COMPARABLE AGRICULTURAL LAND IS NO LONGER AGRICULTURAL

1 LAND. THIS PRESUMPTION MAY BE REBUTTED BY EVIDENCE SUFFICIENT TO
 2 SHOW THE LAND MEETS THE DEFINITION OF "AGRICULTURAL LAND" SET
 3 FORTH IN THIS SUBSECTION (1.6).

4 (14.4) "Residential land" means a parcel or contiguous parcels of
 5 land under common ownership upon which residential improvements are
 6 located and which is used as a unit in conjunction with the residential
 7 improvements located thereon. The term includes parcels of land in a
 8 residential subdivision, the exclusive use of which land is established by the
 9 ownership of such residential improvements. THE TERM ALSO INCLUDES A
 10 ONE-ACRE PARCEL OF LAND UNDERLYING AND ADJACENT TO ANY
 11 RESIDENTIAL IMPROVEMENT LOCATED ON AGRICULTURAL LAND. The term
 12 does not include any portion of the land which is used for any purpose which
 13 would cause the land to be otherwise classified. ~~The term also does not~~
 14 ~~include land underlying a residential improvement located on agricultural~~
 15 ~~land.~~

16 SECTION 2. 39-1-103 (8) (a) (I), Colorado Revised Statutes, 1982
 17 Repl. Vol., as amended, is amended to read:

18 39-1-103. Actual value determined - when. (8) In any case in
 19 which sales prices of comparable properties within any class or subclass are
 20 utilized when considering the market approach to appraisal in the
 21 determination of actual value of any taxable property, the following
 22 limitations and conditions shall apply:

1 (a) (I) Use of the market approach shall require a representative
2 body of sales sufficient to set a pattern, and appraisals shall reflect due
3 consideration of the degree of comparability of sales, including the extent of
4 similarities and dissimilarities among properties which are compared for
5 assessment purposes. In order to obtain a reasonable sample and to reduce
6 sudden price changes or fluctuations, all sales shall be included in the sample
7 which reasonably reflect a true or typical sales price during the period
8 specified in section 39-1-104 (10.2). ~~or (10.3), whichever is applicable.~~
9 Sales of personal property exempt pursuant to the provisions of sections
10 39-3-102, 39-3-103, and 39-3-119 to 39-3-122 shall not be included in any
11 such sample.

12 **SECTION 3.** 39-1-104(10.2)(d), Colorado Revised Statutes, 1982
13 Repl. Vol., as amended, is amended to read:

14 **39-1-104. Valuation for assessment.** (10.2) (d) For the purposes
15 of this article and article 9 of this title, "level of value" means the actual
16 value of taxable real property as ascertained by the applicable factors
17 enumerated in section 39-1-103 (5) for the one-and-one-half-year period
18 immediately prior to July 1 immediately preceding the assessment date for
19 which the administrator is required by this article to publish manuals and
20 associated data; except that, if comparable valuation data is not available
21 from such one-and-one-half-year period to adequately determine such actual
22 value for a class of property, "level of value" means the actual value of

1 taxable real property as ascertained by said applicable factors for the
2 five-year period immediately prior to July 1 immediately preceding the
3 assessment date. Said level of value shall be adjusted to the final day of the
4 ~~data gathering period~~ FIVE-YEAR PERIOD IMMEDIATELY PRIOR TO JULY 1
5 IMMEDIATELY PRECEDING THE ASSESSMENT DATE.

6 **SECTION 4.** 39-1-104 (11) (b) (I), Colorado Revised Statutes,
7 1982 Repl. Vol., as amended, is amended to read:

8 **39-1-104. Valuation for assessment.** (11) (b) (I) The provisions
9 of subsection (10.2) of this section are not intended to prevent the assessor
10 from taking into account, in determining actual value for the years which
11 intervene between changes in the level of value, any unusual conditions in
12 or related to any real property which would result in an increase or decrease
13 in actual value. If any real property has not been assessed at its correct level
14 of value, the assessor shall revalue such property for the intervening year so
15 that the actual value of such property will be its correct level of value;
16 however, the assessor shall not revalue such property above or below its
17 correct level of value except as necessary to reflect the increase or decrease
18 in actual value attributable to an unusual condition. For the purposes of this
19 paragraph (b), and except as otherwise provided in this paragraph (b), an
20 unusual condition which could result in an increase or decrease in actual
21 value is limited to the installation of an on-site improvement, the ending of
22 the economic life of an improvement with only salvage value remaining, the

1 addition to or remodeling of a structure, a change of use of the land, the
 2 creation of a condominium ownership of real property as recognized in the
 3 "Condominium Ownership Act", article 33 of title 38, C.R.S., any new
 4 regulations restricting or increasing the use of the land, or a combination
 5 thereof, the installation and operation of surface equipment relating to oil and
 6 gas wells on agricultural land, any detrimental acts of nature, and any
 7 damage due to accident, vandalism, fire, or explosion. ~~On and after January~~
 8 ~~1, 1989, any other occurrence, condition, factor, act, or change which~~
 9 ~~results in the actual value of the property as of June 30 of the preceding year~~
 10 ~~being less than or greater than the correct level of value by more than ten~~
 11 ~~percent of the correct level of value shall also be an unusual condition for~~
 12 ~~purposes of this paragraph (b).~~ When taking into account such unusual
 13 conditions which would increase or decrease the actual value of a property,
 14 the assessor must relate such changes to the level of value as if the
 15 conditions had existed at that time.

16 **SECTION 5.** 39-4-102 (3) (b), Colorado Revised Statutes, 1982
 17 Repl. Vol., as amended, is amended to read:

18 **39-4-102. Valuation of public utilities.** (3) (b) For property tax
 19 years commencing on or after January 1, 1987, there shall be applied to the
 20 actual value of each public utility an equalization factor to adjust the actual
 21 value for the current year of assessment as determined by the administrator
 22 pursuant to subsections (1) and (2) of this section to the public utility's level

1 of value in the appropriate year which is prescribed in section 39-1-104
 2 (10.2) ~~or (10.3), whichever is applicable,~~ and which is used to determine the
 3 actual value of properties which are subject to said applicable subsection.

4 **SECTION 6.** 39-4-108 (1), (2), (4), and (5), Colorado Revised
 5 Statutes, 1982 Repl. Vol., as amended, are amended to read:

6 **39-4-108. Complaint - hearing - decision.** (1) Any public utility,
 7 being of the opinion that the actual value of its property and plant as
 8 determined by the administrator is illegal, erroneous, or not uniform with the
 9 actual value of like property similarly situated, as determined by the
 10 administrator, may, no later than July 15 1 OF THE YEAR IMMEDIATELY
 11 FOLLOWING THE YEAR IN WHICH THE NOTICE OF VALUATION WAS GIVEN,
 12 file a petition or complaint with the administrator, setting forth such
 13 illegality, error, or lack of uniformity.

14 (2) Any assessor or board of county commissioners, being of the
 15 opinion that the actual value of the property and plant of any public utility
 16 as determined by the administrator is illegal, erroneous, or not uniform with
 17 the actual value of like property similarly situated, as determined by the
 18 administrator, or that the amount of valuation for assessment of any public
 19 utility has not been correctly apportioned among the counties entitled thereto,
 20 may, no later than July 15 1 OF THE YEAR IMMEDIATELY FOLLOWING THE
 21 YEAR IN WHICH THE NOTICE OF VALUATION WAS GIVEN, file a petition or
 22 complaint with the administrator setting forth such illegality, error, lack of

1 uniformity, or incorrect apportionment.

2 (4) The administrator shall HEAR, on the first working day after
3 notices of valuation are mailed, and on succeeding days if necessary, ~~hear~~
4 all such petitions and complaints. In case there are several petitions or
5 complaints filed involving like questions, the same may be consolidated for
6 the purpose of hearing and determination. The administrator shall hear all
7 evidence presented and listen to arguments touching upon the matters
8 ~~concerning~~ FOR which the petition or complaint was filed. ~~He~~ THE
9 ADMINISTRATOR shall have power to subpoena and compel the attendance of
10 witnesses and to require the production of any books or records deemed
11 necessary to arrive at a proper determination of the matter. Upon good
12 cause, any hearing may be adjourned from time to time, but in no event
13 beyond FOURTEEN DAYS AFTER THE DATE UPON WHICH THE PETITION OR
14 COMPLAINT WAS FILED OR July 27 15 OF THE YEAR IMMEDIATELY
15 FOLLOWING THE YEAR IN WHICH THE NOTICE OF VALUATION AT ISSUE WAS
16 GIVEN, WHICHEVER OCCURS FIRST. Hearings conducted under this section
17 shall be informal, and a verbatim record need not be made, as required
18 under section 24-4-105 (13), C.R.S.

19 (5) The administrator shall render his decision upon any petition or
20 complaint, in writing, no later than ~~August 1~~ THIRTY DAYS AFTER THE DATE
21 UPON WHICH THE PETITION OR COMPLAINT WAS FILED OR JULY 20 OF THE
22 YEAR IMMEDIATELY FOLLOWING THE YEAR FOR WHICH THE NOTICE OF

1 VALUATION AT ISSUE WAS GIVEN, WHICHEVER OCCURS FIRST, and shall
2 transmit a copy thereof to all parties affected.

3 SECTION 7. 39-5-121 (1) and (1.5), Colorado Revised Statutes,
4 1982 Repl. Vol., as amended, are amended to read:

5 39-5-121. Notice of adjusted valuation. (1) (a) No later than May
6 1 in each year, the assessor shall mail to each person whose land or
7 improvements have been valued at an amount different than the same were
8 valued in the previous year a notice setting forth the amount of such
9 adjustment in valuation. The notice shall state the actual value of such land
10 or improvements in the previous year, the actual value in the current year,
11 and the amount of such adjustment in actual value. The notice shall not state
12 the valuation for assessment of such land or improvements. Based upon the
13 classification of such taxable property, the notice shall also set forth either
14 the ratio of valuation for assessment to be applied to said actual value of all
15 taxable real property other than residential real property prior to the
16 calculation of property taxes for the current year or the projected ratio of
17 valuation for assessment to be applied to said actual value of residential real
18 property prior to the calculation of property taxes for the current year and
19 that any change or adjustment of the projected ratio of valuation for
20 assessment for residential real property shall not constitute grounds for the
21 protest or abatement of taxes.

22 (b) With the approval of the board of county commissioners, the

1 assessor may include in the notice an estimate of the taxes which shall be
2 owed for the current property tax year. If such estimate is included, the
3 notice shall clearly state that the tax amount is merely an estimate based
4 upon the best available information.

5 (c) The notice shall state, in bold-faced type, that the taxpayer has
6 the right to protest such adjustment in valuation but not the estimate of taxes
7 if such an estimate is included in the notice, the classification of the property
8 which determines the assessment percentage to be applied, and the dates and
9 places at which the assessor will hear such protest. Such notice shall also
10 set forth the following:

11 (I) That, to preserve his THE TAXPAYER'S right to protest, the
12 taxpayer must notify the assessor either by mail or in person of his THE
13 objection and protest;

14 (II) That, if notice is made by mail, such notice must be
15 postmarked no later than ~~May~~ APRIL 27 OF THE YEAR IMMEDIATELY
16 FOLLOWING THE YEAR IN WHICH THE NOTICE WAS MAILED; and

17 (III) That, if notice is made in person, such notice must be made
18 no later than ~~June 1~~ MAY 1 OF THE YEAR IMMEDIATELY FOLLOWING THE
19 YEAR IN WHICH THE NOTICE WAS MAILED; and

20 (IV) That, after ~~such~~ THE APPLICABLE date, the taxpayer's right to
21 object and protest the adjustment in valuation is lost.

22 (d) (I) The notice shall be mailed together with a form which, if

1 completed by the taxpayer, allows the taxpayer to explain the basis for his
2 valuation of the property. Such form may be completed by the taxpayer to
3 initiate an appeal of the assessor's valuation. However, in accordance with
4 section 39-5-122 (2), completion of this form shall not constitute the
5 exclusive means of appealing the assessor's valuation.

6 (II) For the years which intervene between changes in the level of
7 value AND if the difference between the actual value of such land or
8 improvements in the previous year and the actual value of such land or
9 improvements in the intervening year as set forth in such notice constitutes
10 an increase in actual value of more than seventy-five percent, the assessor
11 shall mail together with the notice an explanation of the reasons for such
12 increase in actual value.

13 (1.5) (a) No later than June 15 in each year, the assessor shall mail
14 to each person whose taxable personal property has been valued at an
15 amount different than that returned by him in his personal property schedule
16 a notice setting forth the amount of such adjustment in valuation. The notice
17 shall state the actual value of such personal property in the previous year, the
18 actual value in the current year, and the amount of such adjustment in actual
19 value. The notice shall not state the valuation for assessment of such
20 personal property. The notice shall also set forth the ratio of valuation for
21 assessment to be applied to said actual value prior to the calculation of
22 property taxes for the current year.

1 (b) With the approval of the board of county commissioners, the
 2 assessor may include in the notice an estimate of the taxes which shall be
 3 owed for the current property tax year. If such an estimate is included, the
 4 notice shall clearly state that the tax amount is merely an estimate based
 5 upon the best available information.

6 (c) The notice shall state, in bold-faced type, that the taxpayer has
 7 the right to protest such adjustment in valuation but not the estimate of taxes
 8 if such an estimate is included in the notice and the dates and places at which
 9 the assessor will hear such protest. Such notice shall also set forth the
 10 following:

11 (I) THAT, to preserve his THE TAXPAYER'S right to protest, the
 12 taxpayer must notify the assessor either by mail or in person of his THE
 13 objection and protest;

14 (II) That, if notice is made by mail, such notice must be
 15 postmarked no later than June 30 10 OF THE YEAR IMMEDIATELY FOLLOWING
 16 THE YEAR IN WHICH THE NOTICE WAS MAILED; and

17 (III) That, if notice is made in person, such notice must be made
 18 no later than July 5 JUNE 15 OF THE YEAR IMMEDIATELY FOLLOWING THE
 19 YEAR IN WHICH THE NOTICE WAS MAILED; and

20 (IV) That, after such THE APPLICABLE date, the taxpayer's right to
 21 object and protest the adjustment in valuation is lost.

22 (d) The notice shall be mailed together with a form which, if

1 completed by the taxpayer, allows the taxpayer to explain the basis for his
 2 valuation of the property. Such form may be completed by the taxpayer to
 3 initiate an appeal of the assessor's valuation. However, in accordance with
 4 section 39-5-122 (2), completion of this form shall not constitute the
 5 exclusive means of appealing the assessor's valuation.

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

8 39-5-122. Taxpayer's remedies to correct errors. (1) (a) On or
 9 before May 1 of each year, the assessor shall give public notice in at least
 10 one issue of a newspaper published in his county that:

11 (I) Beginning on the first working day after notices of adjusted
 12 valuation are mailed to taxpayers and until June 1 OF THE FOLLOWING YEAR,
 13 he THE ASSESSOR will sit to hear all objections and protests concerning
 14 valuations of taxable real property determined by him THE ASSESSOR for the
 15 current year; that,

16 (II) For a taxpayer's objection and protest to be heard, notice must
 17 be given to the assessor; and that

18 (III) Such notice, if given by mail, must be by May POSTMARKED
 19 NO LATER THAN APRIL 27 OF THE YEAR IMMEDIATELY FOLLOWING THE
 20 CURRENT YEAR; or

21 (IV) SUCH NOTICE, if given in person, must be GIVEN by June
 22 MAY 1 OF THE YEAR IMMEDIATELY FOLLOWING THE CURRENT YEAR.

1 (b) The notice shall also state:

2 (I) That objections and protests concerning valuations of taxable
3 personal property determined by ~~him~~ THE ASSESSOR for the current year will
4 be heard commencing June 15;

5 (II) That, for a taxpayer's objection and protest to be heard, notice
6 must be given to the assessor; and

7 (III) That such notice, if given by mail, must be ~~by~~ POSTMARKED
8 NO LATER THAN June ~~30~~ 10 OF THE YEAR IMMEDIATELY FOLLOWING THE
9 CURRENT YEAR; or

10 (IV) THAT SUCH NOTICE, if given in person, must be GIVEN by
11 ~~July 5~~ JUNE 15 OF THE YEAR IMMEDIATELY FOLLOWING THE CURRENT
12 YEAR.

13 (c) If there is no such newspaper, then such notice shall be
14 conspicuously posted in the offices of the assessor, the treasurer, ~~and~~ the
15 county clerk and recorder, and in at least two other public places in the
16 county seat.

17 (d) The assessor shall send news releases containing such notice to
18 radio stations, television stations, and newspapers of general circulation in
19 the county.

20 (2)(a) If any person is of the opinion that ~~his~~ property has been
21 valued too high, or has been twice valued, or is exempt by law from taxation
22 or that property has been erroneously assessed to ~~him~~, ~~he~~ THE PERSON may:

1 Appear before the assessor and object; ~~he may~~ complete the form mailed
2 with ~~his~~ THE notice of valuation pursuant to section 39-5-121 (1) or (1.5);
3 or ~~he may~~ file a written letter of objection and protest by mail with the
4 assessor's office before the last day specified in the notice, stating in general
5 terms the reason for the objection and protest. Reasons for the objection and
6 protest may include, but shall not be limited to, the installation and operation
7 of surface equipment relating to oil and gas wells on agricultural land. Any
8 change or adjustment of any ratio of valuation for assessment for residential
9 real property pursuant to the provisions of section 39-1-104.2 shall not
10 constitute grounds for such objection.

11 (b) If the form initiating an appeal or the written letter of objection
12 and protest is filed by mail, it shall be presumed that it was received as of
13 the day it was postmarked. If the form initiating an appeal or the written
14 letter of objection and protest is hand-delivered, the date it was received by
15 the assessor shall be stamped on the form or letter.

16 (c) (I) As stated in the public notice given by the assessor pursuant
17 to subsection (1) of this section, if the taxpayer notifies the assessor of ~~his~~
18 THE objection and protest to the adjustment in valuation by mail, such
19 notification shall be postmarked by ~~May~~ APRIL 27 OF THE YEAR
20 IMMEDIATELY FOLLOWING THE YEAR IN WHICH THE NOTICE OF ADJUSTED
21 VALUATION WAS MAILED in the case of real property and June ~~30~~ 10 OF THE
22 YEAR IMMEDIATELY FOLLOWING THE YEAR IN WHICH THE NOTICE OF

1 ADJUSTED VALUATION WAS MAILED in the case of personal property. If the
2 taxpayer notifies the assessor in person, such notice shall be given by ~~June~~
3 MAY 1 OF THE YEAR IMMEDIATELY FOLLOWING THE YEAR IN WHICH THE
4 NOTICE OF ADJUSTED VALUATION WAS MAILED in the case of real property
5 and ~~July 5~~ JUNE 15 OF THE YEAR IMMEDIATELY FOLLOWING THE YEAR IN
6 WHICH THE NOTICE OF ADJUSTED VALUATION WAS MAILED in the case of
7 personal property.

8 (II) All such forms and letters received from protesters shall be
9 presumed to be on time unless the assessor can present evidence to show
10 otherwise. The county shall not prescribe the written form of objection and
11 protest to be used.

12 (d) The protester shall have the opportunity on the days specified
13 in the public notice to present ~~his~~ THE objection by mail or protest in person
14 and be heard, whether or not there has been a change in valuation of such
15 property from the previous year and whether or not any change is the result
16 of a determination by the assessor for the current year or by the state board
17 of equalization for the previous year.

18 (e) If the assessor finds any valuation to be erroneous or otherwise
19 improper, ~~he~~ THE ASSESSOR shall correct such error, but, if ~~he~~ THE
20 ASSESSOR declines to change any valuation which ~~he~~ THE ASSESSOR has
21 determined, ~~he~~ THE ASSESSOR shall state ~~his~~ THE ASSESSOR'S reasons in
22 writing on the form described in section 39-8-106, shall insert the

1 information otherwise required by the form, and shall, NO LATER THAN
2 THIRTY DAYS AFTER THE DATE UPON WHICH THE PETITION OR COMPLAINT
3 WAS FILED OR on or before the last regular working day of the assessor in
4 June OF THE YEAR IMMEDIATELY FOLLOWING THE YEAR IN WHICH THE
5 NOTICE OF ADJUSTED VALUATION WAS MAILED, WHICHEVER OCCURS FIRST,
6 in the case of real property and NO LATER THAN THIRTY DAYS AFTER THE
7 DATE UPON WHICH THE PETITION OR COMPLAINT WAS FILED OR July 10 OF
8 THE YEAR IMMEDIATELY FOLLOWING THE YEAR IN WHICH THE NOTICE OF
9 ADJUSTED VALUATION WAS MAILED, WHICHEVER OCCURS FIRST, in the case
10 of personal property, mail two copies of such completed form to the person
11 presenting the objection and protest so denied.

12 (4) The assessor shall continue ~~his~~ hearings from day to day until
13 all objections and protests have been heard, but all such hearings shall be
14 concluded:

15 (a) NO LATER THAN TWENTY DAYS AFTER THE DATE UPON WHICH
16 THE PETITION OR COMPLAINT WAS FILED OR by June 1 OF THE YEAR
17 IMMEDIATELY FOLLOWING THE YEAR IN WHICH THE NOTICE OF ADJUSTED
18 VALUATION WAS MAILED, WHICHEVER OCCURS FIRST, in the case of real
19 property; and

20 (b) NO LATER THAN TWENTY DAYS AFTER THE DATE UPON WHICH
21 THE PETITION OR COMPLAINT WAS FILED OR BY July 5 OF THE YEAR
22 IMMEDIATELY FOLLOWING THE YEAR IN WHICH THE NOTICE OF ADJUSTED

1 VALUATION WAS MAILED, WHICHEVER OCCURS FIRST, in the case of personal
2 property.

3 **SECTION 9.** 39-5-123 (1), Colorado Revised Statutes, 1982 Repl.
4 Vol., as amended, is amended to read:

5 **39-5-123. Abstract of assessment.** (1) (a) ~~Upon conclusion of~~
6 ~~hearings by the county board of equalization, as provided in article 8 of this~~
7 ~~title,~~ The assessor shall complete the assessment roll of all taxable property
8 within ~~his~~ THE ASSESSOR'S county, and, no later than August 25 in each
9 year, ~~he~~ THE ASSESSOR shall prepare ~~therefrom~~ three copies of the abstract
10 of assessment and in person, and not by deputy, shall subscribe ~~his~~ THE
11 ASSESSOR'S name, under oath, to the following statement, which shall be a
12 part of such abstract: "I,, the assessor of county,
13 Colorado, do solemnly swear that in the assessment roll of such county I
14 have listed and valued all taxable property located therein and that such
15 property has been assessed for the current year in the manner prescribed by
16 law and that the foregoing abstract of assessment is a true and correct
17 compilation of each schedule.

18"

19 (b) Upon completion by the assessor of the abstract of assessment,
20 the chairman of the board of county commissioners shall examine such
21 abstract and shall sign the following statement, which shall be a part of such
22 abstract: "I,, chairman of the county board of

1 county commissioners, certify that ~~the county board of equalization has~~
2 ~~concluded its hearings, pursuant to the provisions of article 8 of this title,~~
3 that I have examined the abstract of assessment, and that all valuation
4 changes ordered AS OF, 19.., by the county board of equalization
5 have been incorporated therein.

6"

7 **SECTION 10.** 39-5-203 (1), Colorado Revised Statutes, 1982
8 Repl. Vol., as amended, is amended to read:

9 **39-5-203. Mobile homes - determination of value.** (1) For the
10 property tax year beginning January 1, 1983, and for each property tax year
11 thereafter, the actual value of a mobile home shall be determined by the
12 assessor in accordance with the provisions of sections 39-1-103 (5) and
13 39-1-104 ~~(10-3)~~ (10.2) for the determination of the actual value of real
14 property.

15 **SECTION 11.** 39-8-105, Colorado Revised Statutes, 1982 Repl.
16 Vol., as amended, is amended to read:

17 **39-8-105. Reports of assessor.** (1) At a meeting of the county
18 board of equalization on the second Monday in July, the assessor shall report
19 the valuation for assessment of all taxable real property in the county ~~He~~
20 ~~shall~~ AND submit a list of all persons who have appeared before ~~him~~ THE
21 ASSESSOR AS OF JULY 1 to present objections or protests concerning real
22 property and his action in each case.

1 (2) At a meeting of the board on July 15, the assessor shall report
 2 the valuation of all taxable personal property in the county and shall note any
 3 valuations for assessment of portable or movable equipment which have been
 4 apportioned pursuant to the provisions of section 39-5-113. ~~He~~ THE
 5 ASSESSOR shall submit a list of all persons in the county who have failed to
 6 return any schedules and shall report ~~his~~ THE ASSESSOR'S action in each case.
 7 ~~He~~ THE ASSESSOR shall also submit a list of persons who have appeared
 8 before ~~him~~ THE ASSESSOR AS OF JULY 10 to present objections or protests
 9 and ~~his~~ THE ASSESSOR'S action in each case.

10 (3) AT A MEETING OF THE BOARD ON THE SECOND MONDAY OF
 11 EVERY MONTH OTHER THAN JULY, THE ASSESSOR SHALL SUBMIT A LIST OF
 12 ALL PERSONS IN THE COUNTY WHO HAVE APPEARED BEFORE THE ASSESSOR
 13 AS OF THE FIRST DAY OF THE MONTH TO PRESENT OBJECTIONS OR PROTESTS
 14 AND THE ACTION OF THE ASSESSOR IN EACH CASE.

15 **SECTION 12.** 39-8-106 (1) (a), Colorado Revised Statutes, 1982
 16 Repl. Vol., as amended, is amended to read:

17 **39-8-106. Petitions for appeal.** (1) The board shall receive and
 18 hear petitions from all persons whose objections or protests have been
 19 refused or denied by the assessor. Such petitions shall be in a form,
 20 approved by the property tax administrator pursuant to section 39-2-109 (1)
 21 (d), the contents of which shall include the following:

22 (a) A statement informing such person of ~~his~~ THE right to appeal,

1 the time and place at which the county board of equalization will hear
 2 appeals from determinations of the assessor, and that, by mailing or
 3 delivering one copy of the form to the county board of equalization which
 4 is received or postmarked NO LATER THAN THIRTY DAYS AFTER THE
 5 ASSESSOR'S DECISION HAS BEEN RENDERED OR on or before July 15 of ~~that~~
 6 THE year IMMEDIATELY FOLLOWING THE PROPERTY TAX YEAR FOR WHICH
 7 THE DECISION WAS RENDERED, WHICHEVER OCCURS FIRST, for real property
 8 and NO LATER THAN THIRTY DAYS AFTER THE ASSESSOR'S DECISION WAS
 9 RENDERED OR ON OR BEFORE July 20 of ~~that~~ THE year IMMEDIATELY
 10 FOLLOWING THE PROPERTY TAX YEAR FOR WHICH THE DECISION WAS
 11 RENDERED, WHICHEVER OCCURS FIRST, for personal property, such person
 12 will be deemed to have filed ~~his~~ THE petition for hearing with the county
 13 board of equalization. The date the form is received by the county board of
 14 equalization shall be stamped on the form. All such forms shall be presumed
 15 to be on time unless the county board of equalization can present evidence
 16 to show otherwise.

17 **SECTION 13.** 39-8-107 (2), Colorado Revised Statutes, 1982
 18 Repl. Vol., as amended, is amended to read:

19 **39-8-107. Hearings on appeal.** (2) The board shall continue its
 20 hearings from time to time until all petitions have been heard, but all such
 21 hearings shall be concluded and decisions rendered thereon NO LATER THAN
 22 THIRTY DAYS AFTER THE PETITION WAS FILED WITH THE BOARD OR by the

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1 close of business on August 5 of ~~that~~ THE year IMMEDIATELY FOLLOWING
2 THE PROPERTY TAX YEAR FOR WHICH THE NOTICE OF ADJUSTED VALUATION
3 WAS MAILED, WHICHEVER OCCURS FIRST. Any decision shall be mailed to
4 the petitioner within five business days of the date on which such decision
5 is rendered.

6 SECTION 14. 39-10-114 (1) (a) (I) (A), (1) (a) (I) (D), and (1)
7 (a) (I) (E), Colorado Revised Statutes, 1982 Repl. Vol., as amended, are
8 amended to read:

9 39-10-114. Abatement, cancellation of taxes.

10 (1) (a) (I) (A) Except as otherwise provided in ~~sub-paragraphs (D) and~~
11 ~~SUB-SUBPARAGRAPH (E) of this subparagraph (I), if taxes have been levied~~
12 ~~erroneously or illegally, whether due to erroneous valuation for assessment,~~
13 ~~irregularity in levying, OR clerical error, or overvaluation,~~ the treasurer shall
14 report the amount thereof to the board of county commissioners, which shall
15 proceed to abate such taxes in the manner provided by law. If such taxes
16 have been collected by the treasurer, the board of county commissioners
17 shall authorize refund of the same in the manner provided by law. Except
18 as provided in sub-subparagraph (E) of this subparagraph (I), in no case shall
19 an abatement or refund of taxes be made unless a petition for abatement or
20 refund is filed within ~~two years~~ ONE YEAR after January 1 of the year
21 following the year in which the taxes were levied. For purposes of this
22 sub-subparagraph (A), "clerical error" shall include, but shall not be limited

1 to, any clerical error made by a taxpayer in completing personal property
2 schedules pursuant to the provisions of article 5 of this title.

3 ~~(D) Except as provided in sub-subparagraph (E) of this~~
4 ~~subparagraph (I), an abatement or refund of taxes based upon the grounds~~
5 ~~of overvaluation of property shall be made only for taxes levied on and after~~
6 ~~January 1, 1988. With regard to petitions filed prior to June 5, 1991, an~~
7 ~~abatement or refund may be made pursuant to this section if, on June 5,~~
8 ~~1991, such petition is pending or upon which a final administrative order or~~
9 ~~court judgment has been issued on the grounds that overvaluation of property~~
10 ~~was not grounds for an abatement or refund of taxes. With regard to~~
11 ~~petitions which have been denied on such grounds, petitions for abatement~~
12 ~~or refund of taxes may be refiled pursuant to this sub-subparagraph (D) on~~
13 ~~or before December 31, 1991. No abatement or refund of taxes levied on~~
14 ~~and after January 1, 1990, shall be made based upon the ground of~~
15 ~~overvaluation of property if an objection or protest to such valuation has~~
16 ~~been made and a notice of determination has been mailed to the taxpayer~~
17 ~~pursuant to section 39-5-122.~~

18 (E) Notwithstanding the periods of limitation for filing a petition
19 for and determining the amount of an abatement or refund of taxes provided
20 in ~~sub-paragraphs~~ SUB-SUBPARAGRAPH (A) ~~and (D)~~ of this subparagraph
21 (I), when an audit of prior years' taxes for the period described in section
22 39-10-101 (2) (b) discloses that taxes are due and owing on mines and on oil

1 and gas leaseholds, such taxes shall be subtracted from any overpayment of
2 such taxes determined to be due pursuant to this subparagraph (I) for any
3 years during such period and prior to computing delinquent interest.

4 **SECTION 15.** 39-31-101 (2) (a), (2) (b), and (3) (b), Colorado
5 Revised Statutes, 1982 Repl. Vol., as amended, are amended to read:

6 **39-31-101. Real property tax assistance - eligibility -**
7 **applicability.** (2) Such grant shall be the amount of the general property
8 taxes actually paid on the residence or the amount of taxes actually paid on
9 a mobile home, plus any tax-equivalent payments computed pursuant to
10 subsection (4) of this section, with respect to the rent of a trailer space
11 during the year for which such grant is claimed, or the amount of the
12 specific ownership tax actually paid on a trailer coach, or the amount of the
13 tax-equivalent payments, computed pursuant to subsection (4) of this section,
14 actually made during the year for which such grant is claimed, but in no
15 event may it exceed:

16 (a) In the case of an individual, five hundred dollars reduced by
17 twenty percent of the amount by which ~~his~~ THE INDIVIDUAL'S income
18 exceeds ~~five thousand~~ EIGHT THOUSAND SIX HUNDRED dollars;

19 (b) In the case of a husband and wife, five hundred dollars
20 reduced by twenty percent of their income over ~~eight thousand seven~~
21 ~~hundred~~ FIFTEEN THOUSAND dollars.

22 (3) Such grant shall be allowed to such persons as described in

1 subsection (1) of this section who meet the following requirements:

2 (b) Have income from all sources for the taxable year of less than
3 ~~seven thousand five hundred~~ TWELVE THOUSAND NINE HUNDRED dollars if
4 single or, in the case of a husband and wife, less than ~~eleven thousand two~~
5 ~~hundred~~ NINETEEN THOUSAND THREE HUNDRED dollars including, but not
6 limited to, for this purpose, alimony, support money, cash public assistance
7 and relief, pension or annuity benefits, federal social security benefits,
8 veterans' benefits (except those specific veterans' benefits that are
9 service-connected disability compensation payments), nontaxable interest,
10 workers' compensation, and unemployment compensation benefits but not
11 including outright gifts. "Service-connected disability compensation
12 payments" means those payments made for permanent disability, which
13 disability shall be limited to loss of or loss of use of both lower extremities
14 so as to preclude locomotion without the aid of braces, crutches, canes, or
15 a wheelchair; loss of use of both hands; blindness in both eyes, including
16 such blindness with only light perception; or loss of one lower extremity
17 together with residuals or organic disease or injury which so affects the
18 functions of balance or propulsion as to preclude locomotion without the use
19 of a wheelchair.

20 **SECTION 16.** Article 31 of title 39, Colorado Revised Statutes,
21 1982 Repl. Vol., as amended, is amended BY THE ADDITION OF A NEW
22 SECTION to read:

1 **39-31-105. Annual review of income eligibility levels.** IN EACH
2 TAXABLE YEAR COMMENCING ON OR AFTER JANUARY 1, 1995, THE INCOME
3 LEVELS SET FORTH IN SECTION 39-31-101 SHALL BE REVIEWED BY THE
4 DEPARTMENT OF REVENUE AND ADJUSTED IN ACCORDANCE WITH THE
5 ANNUAL PERCENTAGE CHANGE IN THE CONSUMER PRICE INDEX FOR THE
6 DENVER-BOULDER METROPOLITAN STATISTICAL AREA.

7 **SECTION 17. Repeal.** 39-1-104 (10.2) (c) and (10.3), Colorado
8 Revised Statutes, 1982 Repl. Vol., as amended, are repealed.

9 **SECTION 18. Effective date - applicability.** This act shall take
10 effect upon passage and sections 1, 3, 15, and 16 of this act shall apply to
11 property tax years commencing on and after January 1, 1995, and sections
12 4, 6 through 9, and 11 through 14 of this act shall apply to property tax
13 years commencing on and after January 1, 1994.

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