

Second Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO

REENGROSSED

*This Version Includes All Amendments
Adopted in the House of Introduction*

LLS NO. 24-0155.02 Alison Killen x4350

SENATE BILL 24-002

SENATE SPONSORSHIP

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HOUSE SPONSORSHIP

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Local Government & Housing

House Committees

A BILL FOR AN ACT

101 **CONCERNING THE AUTHORITY OF A LOCAL GOVERNMENT TO**
102 **ESTABLISH A PROPERTY TAX INCENTIVE PROGRAM TO ADDRESS**
103 **AN AREA OF SPECIFIC LOCAL CONCERN RELATED TO THE USE OF**
104 **REAL PROPERTY IN THE GOVERNMENT'S JURISDICTION, AND, IN**
105 **CONNECTION THEREWITH, AUTHORIZING COUNTIES AND**
106 **MUNICIPALITIES TO OFFER LIMITED PROPERTY TAX CREDITS OR**
107 **REBATES TO INCENTIVE PROGRAM PARTICIPANTS.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://leg.colorado.gov>.)

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words or numbers indicate deletions from existing law.

SENATE
3rd Reading Unamended
February 5, 2024

SENATE
Amended 2nd Reading
February 2, 2024

Under current law, counties and municipalities are authorized to issue tax incentives, including property and sales tax credits or rebates, to promote certain uses of real property, such as the installation of renewable energy fixtures. **Section 2** of the bill authorizes boards of county commissioners to establish a similar incentive program to offer limited county property tax credits or rebates to participants in a program designed to directly improve an area of specific local concern related to the use of real property in the county.

Section 3 sets forth applicable definitions and requirements to establish an incentive program to address an "area of specific local concern", which is defined as "a use of real property in the county that is determined by the board of county commissioners to be diminishing or unavailable based on verifiable data and which use the board of county commissioners finds and declares necessary for the preservation of the health, safety, or welfare of the residents of the county".

An incentive program must be established by resolution or ordinance adopted by a board of county commissioners at a public meeting and must include the board's findings and determinations regarding the specific area of local concern and specific criteria for the qualification of program participants. Incentive programs must be evaluated on an annual basis and may be renewed only if determined to be effective. An incentive program must be uniformly applied among all owners of the same class of real or commercial property.

Sections 4 and 5 authorize municipalities to establish an identical incentive program offering limited municipal property tax credits or rebates to participants in a program designed to directly improve an area of specific local concern related to the use of real property in the municipality.

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

2 **SECTION 1. Legislative declaration.** (1) The general assembly
3 finds and declares that:

4 (a) Colorado's local governments are deeply committed to the
5 well-being of their residents, to fostering sustainable and vibrant
6 communities throughout the state, and to addressing issues of affordable
7 housing, childcare shortages, economic development, and more;

8 (b) The state is composed of unique and diverse local

1 communities, each with varying characteristics and challenges, including
2 but not limited to the availability of affordable and attainable housing,
3 childcare, mental health services, and economic development;

4 (c) This inherent variation in local characteristics and needs poses
5 a challenge in addressing critical statewide issues, such as the
6 affordability and availability of housing, given the nuanced and localized
7 causes, obstacles, and manifestations of those issues;

8 (d) It is imperative that the state empower local governments to
9 address specific local needs and concerns efficiently and effectively,
10 acknowledging that local governments are best equipped to understand
11 and respond to the distinctive localized challenges within their
12 communities;

13 (e) Where there are local solutions to community problems that
14 directly impact a specific jurisdiction, it is valuable to empower that
15 jurisdiction to implement those solutions;

16 (f) Property tax incentive programs, including credits and rebates,
17 have proven to be an effective way of incentivizing certain behavior and
18 they are likely to be valuable in various additional areas, in particular
19 those of local concern:

20 (g) Property tax credits and rebates can be a key strategy to
21 incentivize property owners to convert short-term rentals to long-term
22 rentals and workforce housing, or to incentivize the creation of needed
23 social infrastructure such as senior housing;

24 (h) Property tax credits and rebates can incentivize revitalization
25 of depressed economic or residential areas;

26 (i) Property tax credits and rebates can incentivize the provision
27 of key services necessary for a thriving community, such as childcare

1 centers and in-home daycares.

2 (j) Local governments already have authority to enact other types
3 of tax credits and rebates for important local issues, including
4 incentivizing property owners to add renewable energy systems to their
5 homes, attracting private enterprise, and incentivizing funding by property
6 owners to provide financial assistance for post-secondary education or
7 training of residents;

8 (k) Local governments already make strategic decisions about
9 how to use and spend property tax revenue for the benefit of the
10 community;

11 (l) Because local government property tax credits and rebates to
12 address areas of specific local concern must be equally available to all
13 owners of the same class of real property located in the jurisdiction, they
14 do not violate the provision of the state constitution requiring uniform
15 assessment and collection of property taxes;

16 (m) Therefore, it is appropriate to allow local governments to be
17 even more adaptable and strategic in addressing community needs by
18 granting them the authority to utilize property tax credits and rebates to
19 address areas of specific local concern.

20 **SECTION 2.** In Colorado Revised Statutes, 30-11-107, **amend**
21 (1)(ll); and **add** (1)(mm) as follows:

22 **30-11-107. Powers of the board.** (1) The board of county
23 commissioners of each county has power at any meeting:

24 (ll) To enter into loan agreements with any governmental entity
25 that is created by or located within the county in accordance with section
26 30-25-106.5; AND

27 (mm) TO ESTABLISH AND ADMINISTER AN INCENTIVE PROGRAM TO

1 DIRECTLY INCENTIVIZE IMPROVEMENT IN AN AREA OF SPECIFIC LOCAL
2 CONCERN RELATED TO THE USE OF REAL PROPERTY IN THE COUNTY IN
3 ACCORDANCE WITH SECTION 30-11-132.

4 **SECTION 3.** In Colorado Revised Statutes, **add** 30-11-132 as
5 follows:

6 **30-11-132. Property tax incentive programs for areas of**
7 **specific local concern - definitions.** (1) AS USED IN THIS SECTION,
8 UNLESS THE CONTEXT OTHERWISE REQUIRES:

9 (a) (I) "AREA OF SPECIFIC LOCAL CONCERN" MEANS A USE OF REAL
10 PROPERTY IN A COUNTY THAT IS DETERMINED BY A BOARD OF COUNTY
11 COMMISSIONERS TO BE DIMINISHING OR UNAVAILABLE BASED ON
12 VERIFIABLE DATA AND WHICH USE THE BOARD OF COUNTY
13 COMMISSIONERS FINDS AND DECLARES NECESSARY FOR THE
14 PRESERVATION OF THE HEALTH, SAFETY, OR WELFARE OF THE RESIDENTS
15 OF THE COUNTY, INCLUDING AS TO MATTERS OF EQUITY, ACCESS TO
16 HOUSING, AND ACCESS TO EDUCATION.

17 (II) "AREA OF SPECIFIC LOCAL CONCERN" DOES NOT INCLUDE A USE
18 OF REAL PROPERTY IN A COUNTY THAT HARMS OR MAY REASONABLY BE
19 EXPECTED TO HARM A DISPROPORTIONATELY IMPACTED COMMUNITY AS
20 DEFINED IN SECTION 24-4-109 (2)(b)(II).

21 (III) "AREA OF SPECIFIC LOCAL CONCERN" DOES NOT INCLUDE A
22 USE OF REAL PROPERTY IN A COUNTY THAT PREVENTS OR MAY
23 REASONABLY BE EXPECTED TO PREVENT MEETING THE MINIMUM
24 GREENHOUSE GAS EMISSION REDUCTION GOALS AND DEADLINES
25 ESTABLISHED IN SECTION 25-7-102 (2)(g).

26 (b) "COUNTY" MEANS ANY COUNTY OR CITY AND COUNTY IN THE
27 STATE.

1 (c) "COUNTY PROPERTY TAX CREDIT OR REBATE" MEANS A
2 PARTIAL OR FULL CREDIT OR REFUND OF COUNTY PROPERTY TAXES OWED
3 OR PAID BY A PROGRAM PARTICIPANT IN ACCORDANCE WITH A COUNTY
4 PROPERTY TAX LEVY.

5 (d) "INCENTIVE PROGRAM" MEANS A PROPERTY TAX CREDIT OR
6 REBATE PROGRAM INTENDED AND DESIGNED TO DIRECTLY INCENTIVIZE
7 IMPROVEMENT IN AN AREA OF SPECIFIC LOCAL CONCERN AS SPECIFIED IN
8 A RESOLUTION OR AN ORDINANCE ADOPTED BY A BOARD OF COUNTY
9 COMMISSIONERS.

10 (e) "MUNICIPALITY" HAS THE SAME MEANING AS SET FORTH IN
11 SECTION 31-1-101 (6).

12 (f) "PROGRAM PARTICIPANT" MEANS AN OWNER OF REAL PROPERTY
13 IN THE COUNTY THAT HAS APPLIED AND MEETS THE CRITERIA SET FORTH
14 BY RESOLUTION OR ORDINANCE ADOPTED BY THE BOARD OF COUNTY
15 COMMISSIONERS TO PARTICIPATE IN AN INCENTIVE PROGRAM AND THAT IN
16 FACT PARTICIPATES IN THE INCENTIVE PROGRAM.

17 (2) NOTWITHSTANDING ANY LAW TO THE CONTRARY, A COUNTY
18 MAY OFFER AN INCENTIVE, IN THE FORM OF A COUNTY PROPERTY TAX
19 CREDIT OR REBATE, TO A PROPERTY OWNER THAT IS A PROGRAM
20 PARTICIPANT IN AN INCENTIVE PROGRAM ESTABLISHED IN ACCORDANCE
21 WITH THIS SECTION.

22 (3) (a) AN INCENTIVE PROGRAM MUST BE ESTABLISHED BY
23 RESOLUTION OR ORDINANCE ADOPTED BY A BOARD OF COUNTY
24 COMMISSIONERS AT A HEARING THAT IS OPEN TO THE PUBLIC AND THAT
25 INCLUDES AN OPPORTUNITY FOR PUBLIC TESTIMONY. THE COUNTY
26 MUST NOTIFY THE CLERK OF EACH MUNICIPALITY THAT IS WHOLLY OR
27 PARTLY LOCATED IN THE COUNTY AND THAT MAY BE IMPACTED BY THE

1 INCENTIVE PROGRAM OF THE HEARING AT LEAST THIRTY DAYS IN
2 ADVANCE. THE NOTICE MUST DESCRIBE THE SPECIFIC AREA OF LOCAL
3 CONCERN, INCLUDING THE USE OF REAL PROPERTY, ADDRESSED BY THE
4 INCENTIVE PROGRAM AND THE PROPOSED COUNTY PROPERTY TAX CREDIT
5 OR REBATE. EACH MUNICIPALITY MUST HAVE AN OPPORTUNITY TO SUBMIT
6 WRITTEN COMMENTS AND PROVIDE TESTIMONY AT THE HEARING.

7 (b) AN ORDINANCE OR A RESOLUTION ADOPTED BY A BOARD OF
8 COUNTY COMMISSIONERS MUST INCLUDE:

9 (I) THE BOARD OF COUNTY COMMISSIONERS' FINDINGS AND
10 DETERMINATIONS REGARDING THE DIMINISHMENT OR UNAVAILABILITY OF
11 A USE OF REAL PROPERTY IN THE COUNTY THAT GIVES RISE TO AN AREA OF
12 SPECIFIC LOCAL CONCERN THAT IS THE BASIS FOR THE INCENTIVE
13 PROGRAM; AND

14 (II) SPECIFIC CRITERIA FOR THE QUALIFICATION OF PROGRAM
15 PARTICIPANTS.

16 (4) THE OPPORTUNITY TO BE A PROGRAM PARTICIPANT MUST BE
17 EQUALLY AVAILABLE TO ALL OWNERS OF THE SAME CLASS OF REAL
18 PROPERTY LOCATED IN THE COUNTY WHOSE USE OF THEIR PROPERTY IS AN
19 AREA OF SPECIFIC LOCAL CONCERN.

20 (5) (a) THE BOARD OF COUNTY COMMISSIONERS SHALL, ON AN
21 ANNUAL BASIS, EVALUATE EACH INCENTIVE PROGRAM ESTABLISHED
22 PURSUANT TO THIS SECTION TO DETERMINE ITS EFFECTIVENESS IN
23 IMPROVING EACH AREA OF SPECIFIC LOCAL CONCERN IDENTIFIED IN THE
24 ORDINANCE OR RESOLUTION CREATING THE INCENTIVE PROGRAM.

25 (b) THE BOARD OF COUNTY COMMISSIONERS MAY RENEW AN
26 INCENTIVE PROGRAM FOR NOT MORE THAN ONE YEAR IF THE BOARD OF
27 COUNTY COMMISSIONERS DETERMINES THAT THE INCENTIVE PROGRAM

1 HAS BEEN AND IS LIKELY TO CONTINUE TO BE EFFECTIVE IN ADDRESSING
2 EACH AREA OF SPECIFIC LOCAL CONCERN IDENTIFIED IN THE ORDINANCE
3 OR RESOLUTION CREATING THE INCENTIVE PROGRAM.

4 **SECTION 4.** In Colorado Revised Statutes, 31-15-302, **add** (1)(j)
5 as follows:

6 **31-15-302. Financial powers - legislative declaration.** (1) The
7 governing bodies in municipalities shall have the following general
8 powers in relation to the finances of the municipality:

9 (j) TO ESTABLISH AND ADMINISTER AN INCENTIVE PROGRAM TO
10 DIRECTLY INCENTIVIZE IMPROVEMENT IN AN AREA OF SPECIFIC LOCAL
11 CONCERN RELATED TO THE USE OF REAL PROPERTY IN THE MUNICIPALITY
12 IN ACCORDANCE WITH SECTION 31-20-101.7.

13 **SECTION 5.** In Colorado Revised Statutes, **add** 31-20-101.7 as
14 follows:

15 **31-20-101.7. Property tax incentive programs for areas of**
16 **specific local concern - definitions.** (1) AS USED IN THIS SECTION,
17 UNLESS THE CONTEXT OTHERWISE REQUIRES:

18 (a) (I) "AREA OF SPECIFIC LOCAL CONCERN" MEANS A USE OF REAL
19 PROPERTY IN A MUNICIPALITY THAT IS DETERMINED BY THE GOVERNING
20 BODY OF THE MUNICIPALITY TO BE DIMINISHING OR UNAVAILABLE BASED
21 ON VERIFIABLE DATA AND WHICH USE THE GOVERNING BODY OF THE
22 MUNICIPALITY FINDS AND DECLARES NECESSARY FOR THE PRESERVATION
23 OF THE HEALTH, SAFETY, OR WELFARE OF THE RESIDENTS OF THE
24 MUNICIPALITY, INCLUDING AS TO MATTERS OF EQUITY, ACCESS TO
25 HOUSING, AND ACCESS TO EDUCATION.

26 (II) "AREA OF SPECIFIC LOCAL CONCERN" DOES NOT INCLUDE A USE
27 OF REAL PROPERTY IN A MUNICIPALITY THAT HARMS OR MAY REASONABLY

1 BE EXPECTED TO HARM A DISPROPORTIONATELY IMPACTED COMMUNITY
2 AS DEFINED IN SECTION 24-4-109 (2)(b)(II).

3 (III) "AREA OF SPECIFIC LOCAL CONCERN" DOES NOT INCLUDE A
4 USE OF REAL PROPERTY IN A MUNICIPALITY THAT PREVENTS OR MAY
5 REASONABLY BE EXPECTED TO PREVENT MEETING THE MINIMUM
6 GREENHOUSE GAS EMISSION REDUCTION GOALS AND DEADLINES
7 ESTABLISHED IN SECTION 25-7-102 (2)(g).

8 (b) "GOVERNING BODY" HAS THE SAME MEANING AS SET FORTH IN
9 SECTION 31-1-101 (4).

10 (c) "INCENTIVE PROGRAM" MEANS A PROPERTY TAX CREDIT OR
11 REBATE PROGRAM INTENDED AND DESIGNED TO DIRECTLY INCENTIVIZE
12 IMPROVEMENT IN AN AREA OF SPECIFIC LOCAL CONCERN AS SPECIFIED IN
13 AN ORDINANCE ADOPTED BY A GOVERNING BODY OF A MUNICIPALITY.

14 (d) "MUNICIPAL PROPERTY TAX CREDIT OR REBATE" MEANS A
15 PARTIAL OR FULL CREDIT OR REFUND OF MUNICIPAL PROPERTY TAXES
16 OWED OR PAID BY A PROGRAM PARTICIPANT IN ACCORDANCE WITH A
17 MUNICIPAL PROPERTY TAX LEVY.

18 (e) "MUNICIPALITY" HAS THE SAME MEANING AS SET FORTH IN
19 SECTION 31-1-101 (6).

20 (f) "PROGRAM PARTICIPANT" MEANS AN OWNER OF REAL PROPERTY
21 IN THE MUNICIPALITY THAT HAS APPLIED AND MEETS THE CRITERIA SET
22 FORTH BY ORDINANCE ADOPTED BY THE GOVERNING BODY OF A
23 MUNICIPALITY TO PARTICIPATE IN AN INCENTIVE PROGRAM AND THAT IN
24 FACT PARTICIPATES IN THE INCENTIVE PROGRAM.

25 (2) NOTWITHSTANDING ANY LAW TO THE CONTRARY, A
26 MUNICIPALITY MAY OFFER AN INCENTIVE, IN THE FORM OF A MUNICIPAL
27 PROPERTY TAX CREDIT OR REBATE, TO A PROPERTY OWNER THAT IS A

1 PROGRAM PARTICIPANT IN AN INCENTIVE PROGRAM ESTABLISHED IN
2 ACCORDANCE WITH THIS SECTION.

3 (3) (a) AN INCENTIVE PROGRAM MUST BE ESTABLISHED BY
4 ORDINANCE ADOPTED BY A GOVERNING BODY OF A MUNICIPALITY AT A
5 HEARING THAT IS OPEN TO THE PUBLIC AND THAT INCLUDES AN
6 OPPORTUNITY FOR PUBLIC TESTIMONY. THE MUNICIPALITY MUST
7 NOTIFY THE CLERK AND RECORDER OF EACH COUNTY THAT INCLUDES ALL
8 OR ANY PORTION OF THE MUNICIPALITY AND THAT MAY BE IMPACTED BY
9 THE INCENTIVE PROGRAM OF THE HEARING AT LEAST THIRTY DAYS IN
10 ADVANCE. THE NOTICE MUST DESCRIBE THE SPECIFIC AREA OF LOCAL
11 CONCERN, INCLUDING THE USE OF REAL PROPERTY, ADDRESSED BY THE
12 INCENTIVE PROGRAM AND THE PROPOSED MUNICIPAL PROPERTY TAX
13 CREDIT OR REBATE. EACH COUNTY MUST HAVE AN OPPORTUNITY TO
14 SUBMIT WRITTEN COMMENTS AND PROVIDE TESTIMONY AT THE HEARING.

15 (b) AN ORDINANCE ADOPTED BY A GOVERNING BODY OF A
16 MUNICIPALITY MUST INCLUDE:

17 (I) THE GOVERNING BODY'S FINDINGS AND DETERMINATIONS
18 REGARDING THE DIMINISHMENT OR UNAVAILABILITY OF A USE OF REAL
19 PROPERTY IN THE MUNICIPALITY THAT GIVES RISE TO AN AREA OF SPECIFIC
20 LOCAL CONCERN THAT IS THE BASIS FOR THE INCENTIVE PROGRAM; AND

21 (II) SPECIFIC CRITERIA FOR THE QUALIFICATION OF PROGRAM
22 PARTICIPANTS.

23 (4) THE OPPORTUNITY TO BE A PROGRAM PARTICIPANT MUST BE
24 EQUALLY AVAILABLE TO ALL OWNERS OF THE SAME CLASS OF REAL
25 PROPERTY LOCATED IN THE MUNICIPALITY WHOSE USE OF THEIR PROPERTY
26 IS AN AREA OF SPECIFIC LOCAL CONCERN.

27 (5) (a) THE GOVERNING BODY OF A MUNICIPALITY SHALL, ON AN

1 ANNUAL BASIS, EVALUATE EACH INCENTIVE PROGRAM ESTABLISHED
2 PURSUANT TO THIS SECTION TO DETERMINE ITS EFFECTIVENESS IN
3 IMPROVING EACH AREA OF SPECIFIC LOCAL CONCERN IDENTIFIED IN THE
4 ORDINANCE CREATING THE INCENTIVE PROGRAM.

5 (b) THE GOVERNING BODY OF A MUNICIPALITY MAY RENEW AN
6 INCENTIVE PROGRAM FOR NOT MORE THAN ONE YEAR IF THE GOVERNING
7 BODY OF THE MUNICIPALITY DETERMINES THAT THE INCENTIVE PROGRAM
8 HAS BEEN AND IS LIKELY TO CONTINUE TO BE EFFECTIVE IN ADDRESSING
9 EACH AREA OF SPECIFIC LOCAL CONCERN IDENTIFIED IN THE ORDINANCE
10 CREATING THE INCENTIVE PROGRAM.

11 **SECTION 6. Act subject to petition - effective date.** This act
12 takes effect at 12:01 a.m. on the day following the expiration of the
13 ninety-day period after final adjournment of the general assembly; except
14 that, if a referendum petition is filed pursuant to section 1 (3) of article V
15 of the state constitution against this act or an item, section, or part of this
16 act within such period, then the act, item, section, or part will not take
17 effect unless approved by the people at the general election to be held in
18 November 2024 and, in such case, will take effect on the date of the
19 official declaration of the vote thereon by the governor.