

CHAPTER 378

TAXATION

SENATE BILL 03-347

BY SENATOR(S) Taylor, Isgar, Entz, and Chlouber;
also REPRESENTATIVE(S) Rippey, Brophy, Crane, Hoppe, Miller, Rose, Smith, Stengel, Spradley, White, Wiens, and
Williams T.

AN ACT**CONCERNING THE VALUATION OF POSSESSORY INTERESTS IN LAND INVOLVING TIMBER CONTRACTS.**

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

SECTION 1. 39-1-103 (17) (a) (II) (B), Colorado Revised Statutes, is amended to read:

39-1-103. Actual value determined - when. (17) (a) The general assembly declares that the valuation of possessory interests in exempt properties is uncertain and highly speculative and that the following specific standards for the appropriate consideration of the cost approach, the market approach, and the income approach to appraisal in the valuation of possessory interests must be provided by statute and applied in the valuation of possessory interests to eliminate the unjust and unequalized valuations that would result in the absence of specific standards:

(II) (B) The rents or fees taken into account under the cost or income approach to appraisal under sub-subparagraph (A) of this subparagraph (II) shall exclude that portion of the rents and fees required to be paid for all rights other than the exclusive right to use and possess the land, improvements, or personal property. Such rents or fees to be excluded shall include, but shall not be limited to, any portion of such rents or fees attributable to any of the following: Nonexclusive rights to use and possess public property, such as roads, rights-of-way, easements, and common areas; rights to conduct a business, as determined in accordance with guidelines to be published by the administrator; income of the holder of the possessory interest that is not directly derived from and directly related to the use or occupancy of the possessory interest; ANY AMOUNT PAID UNDER A TIMBER SALES CONTRACT OR SIMILAR AGREEMENT FOR THE PURCHASE OF TIMBER OR FOR THE RIGHT TO ACQUIRE AND REMOVE TIMBER; and reimbursement to the owner of the underlying real or personal

Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.

property of the reasonable costs of operating, maintaining, and repairing the land, improvements, or personal property to which the possessory interest pertains, regardless of whether such costs are separately stated, provided that the types of such costs can be identified with reasonable certainty from the documents granting the possessory interest. The actual value of the possessory interest so determined shall be adjusted to the taxable level of value using a factor or factors to be published by the administrator pursuant to the same procedures and principles as are provided for personal property in section 39-1-104 (12.3) (a) (I).

SECTION 2. Effective date - applicability. (1) This act shall take effect January 1, 2004.

(2) However, if a referendum petition is filed against this act or an item, section, or part of this act during the 90-day period after final adjournment of the general assembly that is allowed for submitting a referendum petition pursuant to article V, section 1 (3) of the state constitution, then the act, item, section, or part, shall not take effect unless approved by the people at a biennial regular general election and shall take effect on the date specified in subsection (1) or on the date of the official declaration of the vote thereon by proclamation of the governor, whichever is later.

(3) The provisions of this act shall apply to property tax years commencing on or after the applicable effective date of this act.

Approved: June 5, 2003