

CHAPTER 292

TAXATION

SENATE BILL 04-059

BY SENATOR(S) Isgar, Entz, Hillman, Kester, Phillips, Tapia, and Taylor;
also REPRESENTATIVE(S) Salazar, Brophy, Cadman, Hall, Hodge, Hoppe, McFadyen, Merrifield, Miller, Paccione, Rippy,
Rose, Spradley, Vigil, and Williams T.

AN ACT**CONCERNING THE VALUATION OF POSSESSORY INTERESTS IN AGRICULTURAL LAND.**

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

SECTION 1. 39-1-103 (17) (a) (II) (A), 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) (A) Except for possessory interests in land leased or permitted for use for ski area recreational purposes valued in accordance with sub-subparagraph (I) of this paragraph (a) and except as otherwise provided in subparagraph (III) of this paragraph (a), the actual value of a possessory interest in land, improvements, or personal property shall be determined by appropriate consideration of the cost approach, the market approach, and the income approach to appraisal. When the cost or income approach to appraisal is applicable, the actual value of the possessory interest shall be determined by the present value of the reasonably estimated future annual rents or fees required to be paid by the holder of the possessory interest to the owner of the underlying real or personal property through the stated initial term of the lease or other instrument granting the possessory interest; except that the actual value of a possessory interest in AGRICULTURAL LAND, INCLUDING land leased by the state board of land commissioners other than land leased pursuant to section 36-1-120.5,

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

C.R.S., shall be the actual amount of the annual rent paid for the property tax year. The rents or fees used to determine the actual value of a possessory interest under the cost or income approach to appraisal shall be the actual contract rents or fees reasonably expected to be paid to the owner of the underlying real or personal property unless it is shown that the actual contract rents or fees to be paid for the possessory interest being valued are not representative of the market rents or fees paid for that type of real or personal property, in which case the market rents or fees shall be substituted for the actual contract rents or fees.

SECTION 2. Effective date - applicability. (1) This act shall take effect January 1, 2005.

(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: May 27, 2004