

CHAPTER 260

TAXATION

HOUSE BILL 23-1184

BY REPRESENTATIVE(S) Lindstedt and Frizell, Bacon, Bird, Brown, deGruy Kennedy, Duran, English, Froelich, Hamrick, Herod, Kipp, Lieder, Lindsay, Michaelson Jenet, Ortiz, Ricks, Snyder, McCluskie;
also SENATOR(S) Roberts, Bridges, Buckner, Cutter, Exum, Fields, Gonzales, Hansen, Marchman, Moreno, Priola, Winter F., Zenzinger.

AN ACT

CONCERNING CERTAIN LOW-INCOME HOUSING PROPERTY THAT IS DEEMED TO BE USED FOR A STRICTLY CHARITABLE PURPOSE, AND, IN CONNECTION THEREWITH, CLARIFYING AND EXPANDING THE PROPERTY TAX EXEMPTION FOR PROPERTY ACQUIRED BY NONPROFIT HOUSING PROVIDERS FOR A STRICTLY CHARITABLE LOW-INCOME HOUSING PURPOSE AND CREATING A PROPERTY TAX EXEMPTION FOR PROPERTY HELD BY COMMUNITY LAND TRUSTS OR NONPROFIT AFFORDABLE HOMEOWNERSHIP DEVELOPERS AND USED FOR A STRICTLY CHARITABLE PURPOSE.

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

SECTION 1. In Colorado Revised Statutes, 39-2-117, **amend** (1)(a)(I), (1)(b)(I) introductory portion, (1)(b)(II), (2), (3)(a)(I), (3)(a)(II), (3)(b)(I), and (3)(b)(II)(A) as follows:

39-2-117. Applications for exemption - review - annual reports - procedures - rules. (1) (a) (I) Every application filed on or after January 1, 1990, claiming initial exemption of real and personal property from general taxation pursuant to the provisions of sections 39-3-106 to 39-3-113.5, ~~and~~ 39-3-116, AND 39-3-127.7 shall be made on forms prescribed and furnished by the administrator, ~~shall~~ MUST contain such information as specified in ~~paragraph (b) of this subsection (1)~~ SUBSECTION (1)(b) OF THIS SECTION, and ~~shall~~ MUST be signed by the owner of such property or ~~his or her~~ THE OWNER'S authorized agent under the penalty of perjury in the second degree and, except as otherwise provided in this ~~paragraph (a)~~ SUBSECTION (1)(a), ~~shall~~ MUST be accompanied by a payment of one hundred seventy-five dollars, which ~~shall~~ MUST be credited to the property tax exemption fund created in subsection (8) of this section. The administrator shall examine and review each application submitted, and, if it is determined that the exemption therein claimed is justified and in accordance with the intent of the law, the exemption ~~shall~~ MUST be

Capital letters or bold & italic numbers indicate new material added to existing law; dashes through words or numbers indicate deletions from existing law and such material is not part of the act.

granted, the same to be effective upon such date in the year of application as the administrator shall determine, but in no event shall the exemption apply to any year prior to the year preceding the year in which application is made. The decision of the administrator ~~shall~~ MUST be issued in writing and a copy thereof furnished to the applicant and to the assessor, treasurer, and board of county commissioners of the county in which the property is located.

(b)(I) Any users of real and personal property for which exemption from general taxation is requested pursuant to any of the provisions of sections 39-3-107 to 39-3-113.5 AND 39-3-127.7 may be required to provide such information as the property tax administrator determines to be necessary. If a claim is made for an exemption under section 39-3-110, and the child care center is operated by a person other than the owner of the property, then the other person, or the other person's authorized agent, must:

(II) Except as otherwise provided in this ~~subparagraph (H)~~ SUBSECTION (1)(b)(II), any application filed pursuant to ~~paragraph (a) of this subsection (I)~~ SUBSECTION (1)(a) OF THIS SECTION claiming exemption from taxation pursuant to section 39-3-106 or 39-3-106.5 ~~shall~~ MUST contain the following information: The legal description and address of the real property or the address of the personal property being claimed as exempt; the name and address of the owner of such property; the name and telephone number of the agent of such property; the date the owner acquired such property; the date the owner commenced using the property for religious purposes; a complete list of all uses of the property other than by the owner thereof during the previous twelve months; the total amount of gross income specified in section 39-3-106.5 (1)(b)(I) and the total amount of gross rental income resulting to the owner of such property during the previous twelve months from uses for purposes other than the purposes specified in sections 39-3-106 to 39-3-113.5 AND 39-3-127.7; and the total number of hours during the previous twelve months that such property was used for purposes other than the purposes specified in sections 39-3-106 to 39-3-113.5 AND 39-3-127.7. For purposes of this ~~subparagraph (H)~~ SUBSECTION (1)(b)(II), if the owner did not own the property being claimed as exempt during the entire twelve-month period prior to filing such application, the application ~~shall~~ MUST contain the required information for that portion of the twelve-month period for which such property was owned by the owner making application. Such application ~~shall~~ MUST also include a declaration that sets forth the religious mission and religious purposes of the owner of the property being claimed as exempt and the uses of such property that are in the furtherance of such mission and purposes. Such declaration ~~shall~~ MUST be presumptive as to the religious purposes for which such property is used. If the administrator is unable to determine whether the property qualifies for exemption based solely on the information specified in this ~~subparagraph (H)~~ SUBSECTION (1)(b)(II), the administrator may require additional information, but only to the extent that the additional information is necessary to determine the exemption status of the property. The administrator may challenge any declaration included in the application only upon the grounds that the religious mission and purposes are not religious beliefs sincerely held by the owner of such property, that the property being claimed as exempt is not actually used for the purposes set forth in such application, or that the property being claimed as exempt is used for private gain or corporate profit.

(2) No assessor shall classify any real or personal property as being exempt from taxation pursuant to the provisions of sections 39-3-106 to 39-3-113.5, ~~or 39-3-116, OR 39-3-127.7~~ in any year unless the application for exemption for the current year has been reviewed and has been granted as provided for by law, nor shall any assessor classify any real or personal property as being taxable after having been notified in writing that such property has been determined to be exempt from taxation by the property tax administrator.

(3) (a) (I) On and after January 1, 1990, and no later than April 15 of each year, every owner of real or personal property for which exemption from general taxation has previously been granted shall file a report with the administrator upon forms furnished by the division, containing such information relative to the exempt property as specified in ~~paragraph (b) of this subsection (3)~~ SUBSECTION (3)(b) OF THIS SECTION, and signed under the penalty of perjury in the second degree. Each such annual report ~~shall~~ MUST be accompanied by a payment of seventy-five dollars, which ~~shall~~ MUST be credited to the property tax exemption fund created in subsection (8) of this section. Each such annual report filed later than April 15, but prior to July 1, ~~shall~~ MUST be accompanied by a late filing fee of two hundred fifty dollars; except that the administrator ~~shall have~~ HAS the authority to waive all or a portion of the late filing fee for good cause shown as determined by the administrator by rules adopted pursuant to subsection (7) of this section. On and after January 1, 1990, every owner of real or personal property for which exemption from general taxation has previously been granted pursuant to the provisions of section 39-3-111 and that is used for any purpose other than the purposes specified in sections 39-3-106 to 39-3-113.5 AND 39-3-127.7 for less than two hundred eight hours during the calendar year or if the use of the property for such purposes results in annual gross rental income to such owner of less than twenty-five thousand dollars ~~shall~~ MUST not be required to file any annual report pursuant to the provisions of this subsection (3). In order to claim such exemption, in lieu of such annual report, the owner shall annually file with the administrator a declaration stating that the property is used for such purposes for less than two hundred eight hours during the calendar year or THAT such use results in annual gross rental income to the owner of less than twenty-five thousand dollars.

(II) In the event an annual report is not received by June 1 from an owner of real or personal property for which an exemption was granted for the previous year pursuant to the provisions of sections 39-3-107 to 39-3-113.5, ~~or 39-3-116, OR 39-3-127.7~~, the administrator shall give notice in writing to such property owner by June 15 that failure to comply by July 1 shall operate as a forfeiture of any right to claim exemption of previously exempt property from general taxation for the current year. Failure to timely file such annual report on or before July 1 ~~shall operate~~ OPERATES as a forfeiture of any right to claim exemption of such property from general taxation for the year in which such failure occurs, unless an application is timely filed and an exemption granted pursuant to the provisions of ~~paragraph (a) of subsection (1) of this section~~ SUBSECTION (1)(a) OF THIS SECTION. The administrator shall review each report filed to determine if such property continues to qualify for exemption, and, if it is determined that the property does not so qualify, the owner of such property ~~shall~~ MUST be notified in writing of the disqualification, and the assessor, treasurer, and board of county commissioners of the county in which the property is located ~~shall~~ MUST also be so notified.

(b)(I) Any user of property which has been exempted pursuant to the provisions of sections 39-3-107 to 39-3-113.5 AND 39-3-127.7 may be required to provide such information as the property tax administrator determines to be necessary in order to ascertain whether the users and usages of the property are in compliance with the provisions of said sections.

(II) (A) Except as otherwise provided in ~~sub-subparagraph (B) of this subparagraph (H)~~ SUBSECTION (3)(b)(II)(B) OF THIS SECTION, any annual report filed pursuant to ~~paragraph (a) of this subsection (3)~~ SUBSECTION (3)(a) OF THIS SECTION claiming exemption from taxation pursuant to section 39-3-106 or 39-3-106.5 ~~shall~~ MUST contain the following information: The legal description or address of the property being claimed as exempt; the name and address of the owner of such property; a complete list of all uses of such property other than by the owner thereof during the previous calendar year; the amount of total gross income specified in section 39-3-106.5 (1)(b)(I) and the total amount of gross rental income resulting from uses of such property that are not for the purposes set forth in sections 39-3-106 to 39-3-113.5 AND 39-3-127.7; and the total number of hours that such property was used for purposes other than the purposes specified in sections 39-3-106 to 39-3-113.5 AND 39-3-127.7. Such annual report ~~shall~~ MUST also include a declaration of the religious mission and purposes of the owner of such property claimed as being exempt and the uses of such property that are in the furtherance of such mission and purposes. Such declaration ~~shall be~~ is presumptive as to the religious mission and religious purposes of the owner of such property. If the administrator is unable to determine whether the property continues to qualify for exemption based solely on the information specified in this ~~subparagraph (H)~~ SUBSECTION (3)(b)(II), the administrator may require additional information, but only to the extent that the additional information is necessary to determine the exemption status of the property. The administrator may challenge any declaration included in such annual report only upon the grounds that the religious mission and purposes are not religious beliefs sincerely held by the owner of such property, that such property is not actually used for the purposes set forth in the annual report, or that the property being claimed as exempt is used for private gain or corporate profit.

SECTION 2. In Colorado Revised Statutes, 39-3-113.5, **amend** (1)(c), (1)(d)(II), (2), and (3); and **add** (1)(a.5) and (1)(b.5) as follows:

39-3-113.5. Property acquired by nonprofit housing provider for low-income housing - use for charitable purposes - exemption - limitations - definitions.

(1) As used in this section, unless the context otherwise requires:

(a.5) "COMMUNITY LAND TRUST" MEANS A NONPROFIT ORGANIZATION THAT IS EXEMPT FROM TAXATION UNDER SECTION 501 (c)(3) OF THE FEDERAL "INTERNAL REVENUE CODE OF 1986", AS AMENDED, AND IS DESIGNED TO ENSURE LONG-TERM HOUSING AFFORDABILITY THROUGH A SHARED-EQUITY MODEL BY ACQUIRING AND MAINTAINING OWNERSHIP OF REAL PROPERTY, WHILE SELLING THE IMPROVEMENTS TO LOW-TO-MIDDLE INCOME HOUSEHOLDS FOR USE AS A PRIMARY RESIDENCE.

(b.5) "LAND LEASE" MEANS A LONG-TERM LEASE USED IN AFFORDABLE HOMEOWNERSHIP PROPERTIES TO LEASE THE REAL PROPERTY THAT IS OWNED BY A COMMUNITY LAND TRUST OR NONPROFIT AFFORDABLE HOMEOWNERSHIP DEVELOPER

TO THE OWNER OF THE IMPROVEMENTS ON THE REAL PROPERTY AND PRESERVE THE IMPROVEMENTS AS AN AFFORDABLE HOMEOWNERSHIP PROPERTY.

(c) "Low-income applicant" means:

(I) FOR PROPERTY TAX YEARS COMMENCING BEFORE JANUARY 1, 2024, AN INDIVIDUAL OR FAMILY WHOSE TOTAL INCOME IS NO GREATER THAN EIGHTY PERCENT OF THE AREA MEDIAN INCOME AND WHO APPLIES TO A NONPROFIT HOUSING PROVIDER TO ASSIST IN THE CONSTRUCTION AND PURCHASE OF HOUSING TO BE CONSTRUCTED BY THE PROVIDER; AND

(II) FOR PROPERTY TAX YEARS COMMENCING OR AFTER JANUARY 1, 2024, AN INDIVIDUAL OR FAMILY WHO BOTH APPLY TO A NONPROFIT HOUSING PROVIDER TO PURCHASE AN AFFORDABLE FOR-SALE UNIT AND WHOSE TOTAL INCOME IS AT OR BELOW EITHER:

(A) ONE HUNDRED PERCENT OF THE AREA MEDIAN INCOME OF HOUSEHOLDS OF THE SAME SIZE IN THE COUNTY IN WHICH THE HOUSING IS LOCATED; OR

(B) ONE HUNDRED TWENTY PERCENT OF THE AREA MEDIAN INCOME OF HOUSEHOLDS OF THE SAME SIZE IN THE COUNTY IN WHICH THE HOUSING IS LOCATED, IF THE INDIVIDUAL OR FAMILY RESIDES IN A COUNTY CLASSIFIED AS A RURAL RESORT COMMUNITY BY THE DIVISION OF HOUSING PURSUANT TO SECTION 29-4-1107 (1)(d).

(d) "Nonprofit housing provider" means an organization that is exempt from federal income tax pursuant to section 501 (c)(3) of the federal "Internal Revenue Code of 1986", as amended, and that has a primary organizational mission of:

(II) Selling property OR IMPROVEMENTS to low-income applicants ~~and then working with the low-income applicants to construct or rehabilitate housing for their~~ FOR THE LOW-INCOME APPLICANTS' residential use.

(2) (a) Subject to the limitations specified in subsection (3) of this section, for property tax years commencing on or after January 1, 2011, real property acquired by a nonprofit housing provider upon which the provider intends to construct or rehabilitate housing to be sold to low-income applicants or which the provider intends to sell to low-income applicants ~~for the purpose of constructing or rehabilitating housing~~ for their residential use is deemed to be being used for strictly charitable purposes, regardless of whether or not there is actual physical use of the property, and shall be exempt from property taxation in accordance with section 5 of article X of the state constitution. ~~In the case of~~

(b) (I) FOR PROPERTY TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2024, THE PROPERTY TAX EXEMPTION DESCRIBED IN THIS SECTION APPLIES FROM WHEN THE NONPROFIT HOUSING PROVIDER CLAIMS THE EXEMPTION, THROUGH CONSTRUCTION, REHABILITATION, OR IMPROVEMENT OF THE PROPERTY, UNTIL THE PROVIDER SELLS, TRANSFERS, DONATES, OR LEASES THE PROPERTY.

(II) If property is sold by a nonprofit housing provider to a low-income applicant, THE PROPERTY MAY QUALIFY FOR the property tax exemption ~~pursuant to this subsection (2) shall be allowed~~ DESCRIBED IN THIS SECTION until a certificate of occupancy is issued for the ~~housing~~ PROPERTY; except that PROPERTY MAY NOT

QUALIFY FOR the property tax exemption ~~shall not be allowed for longer~~ DESCRIBED IN THIS SECTION MORE than one year after the ~~nonprofit housing~~ provider sells the property to the low-income applicant.

(c) (I) FOR PROPERTY TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2011, BUT BEFORE JANUARY 1, 2024, in determining whether a nonprofit housing provider satisfies the intent requirement of ~~this subsection (2)~~ SUBSECTION (2)(a) OF THIS SECTION with respect to particular property, the administrator may consider indicators of intent, including but not limited to:

~~(a)~~ (A) The establishment by the nonprofit housing provider of a committee or other structure for the purpose of planning the construction or rehabilitation of housing on the property;

~~(b)~~ (B) Steps taken by the nonprofit housing provider to obtain any required local government approvals for the construction or rehabilitation of housing on the property;

~~(c)~~ (C) Steps taken by the nonprofit housing provider to develop and implement a financing plan for the construction or rehabilitation of housing on the property;

~~(d)~~ (D) The hiring of architects, contractors, or other professionals by the nonprofit housing provider in preparation for the actual construction or rehabilitation of housing on the property; and

~~(e)~~ (E) The solicitation or acceptance by the nonprofit housing provider of applications from low-income applicants for housing to be constructed or rehabilitated on the property.

(II) FOR PROPERTY TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2024, IN DETERMINING WHETHER A NONPROFIT HOUSING PROVIDER SATISFIES THE INTENT REQUIREMENT OF SUBSECTION (2)(a) OF THIS SECTION WITH RESPECT TO PARTICULAR PROPERTY, THE ADMINISTRATOR MAY CONSIDER INDICATORS OF INTENT, INCLUDING BUT NOT LIMITED TO:

(A) A LAND DONATION AGREEMENT BETWEEN THE LANDOWNER AND THE NONPROFIT HOUSING PROVIDER THAT OUTLINES THE PURPOSE OF THE PROPERTY DONATION;

(B) A RESOLUTION BY THE NONPROFIT HOUSING PROVIDER'S BOARD THAT DESIGNATES THE PROPERTY FOR CONSTRUCTION OR REHABILITATION OF FOR-SALE AFFORDABLE HOUSING; OR

(C) A RESOLUTION BY THE NONPROFIT HOUSING PROVIDER'S BOARD THAT APPROVES THE PURCHASE OF THE PROPERTY FOR LAND BANKING WITH THE PURPOSE OF CONSTRUCTING OR REHABILITATING FOR-SALE AFFORDABLE HOUSING.

(3)(a) FOR PROPERTY TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2011, BUT BEFORE JANUARY 1, 2024, the property tax exemption ~~allowed to a nonprofit housing provider by subsection (2) of~~ DESCRIBED IN this section is subject to the following limitations:

~~(a)~~ (I) The exemption may be allowed for a maximum of five consecutive property tax years, beginning with the property tax year in which the nonprofit housing provider obtained title to the property; and

~~(b)~~ (II) If the nonprofit housing provider is allowed an exemption for any property tax year and subsequently sells, donates, or leases the property to any person other than a low-income applicant who assisted or will assist in the construction of housing for the applicant's residential use on the property, the provider shall be liable for all property taxes that the provider did not previously pay due to the exemption.

(b) FOR PROPERTY TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2024, THE PROPERTY TAX EXEMPTION DESCRIBED IN THIS SECTION IS SUBJECT TO THE FOLLOWING LIMITATIONS:

(I) FOR NONPROFIT HOUSING PROVIDERS WHO HAVE NOT PREVIOUSLY CLAIMED THE PROPERTY TAX EXEMPTION, THE EXEMPTION MAY BE ALLOWED FOR A MAXIMUM OF TEN CONSECUTIVE PROPERTY TAX YEARS, BEGINNING WITH THE PROPERTY TAX YEAR IN WHICH THE NONPROFIT HOUSING PROVIDER CLAIMED THE EXEMPTION;

(II) FOR NONPROFIT HOUSING PROVIDERS WHO HAVE PREVIOUSLY CLAIMED THE PROPERTY TAX EXEMPTION, THE EXEMPTION MAY BE ALLOWED FOR A MAXIMUM OF FIVE CONSECUTIVE PROPERTY TAX YEARS, IN ADDITION TO THE FIVE-YEAR PERIOD DESCRIBED IN SUBSECTION (3)(a)(I) OF THIS SECTION; AND

(III) THE NONPROFIT HOUSING PROVIDER IS LIABLE FOR ALL PROPERTY TAXES THAT THE PROVIDER DID NOT PREVIOUSLY PAY DUE TO THE EXEMPTION IF THE PROVIDER SELLS, DONATES, OR LEASES THE PROPERTY TO ANYONE OTHER THAN:

(A) A LOW-INCOME APPLICANT WHO PURCHASED THE PROPERTY; OR

(B) A COMMUNITY LAND TRUST OR NONPROFIT HOUSING PROVIDER INTENDING TO SELL THE IMPROVEMENTS ON THE PROPERTY TO A LOW-INCOME APPLICANT AND LEASE THE UNDERLYING LAND TO THE LOW-INCOME APPLICANT THROUGH A LAND LEASE.

SECTION 3. In Colorado Revised Statutes, **add** 39-3-127.7 as follows:

39-3-127.7. Community land trust property - nonprofit affordable homeownership developer property - exemption - requirements - legislative declaration - definitions. (1) (a) THE GENERAL ASSEMBLY HEREBY FINDS AND DECLARES THAT:

(I) THE COST OF HOMEOWNERSHIP HAS RISEN DRAMATICALLY IN COLORADO: FROM DECEMBER 2020 TO DECEMBER 2022, THE MEDIAN HOME VALUE IN COLORADO INCREASED OVER THIRTY PERCENT;

(II) ENTRY-LEVEL HOMEOWNERSHIP OPTIONS ARE INCREASINGLY UNAVAILABLE, AND COMMUNITY LAND TRUSTS AND NONPROFIT AFFORDABLE HOMEOWNERSHIP DEVELOPERS ARE PLAYING AN INCREASINGLY LARGE ROLE IN HELPING LOW- AND MIDDLE-INCOME COLORADANS ACCESS HOMEOWNERSHIP; AND

(III) COMPARED TO TOOLS USED TO INCENTIVIZE AFFORDABLE RENTAL HOUSING, SUCH AS THE LOW-INCOME HOUSING TAX CREDIT, THERE ARE FEWER TOOLS TO INCENTIVIZE THE CREATION OF AFFORDABLE FOR-SALE HOUSING.

(b) THEREFORE, IT IS THE INTENT OF THE GENERAL ASSEMBLY TO PROVIDE A LIMITED PROPERTY TAX EXEMPTION TO COMMUNITY LAND TRUSTS AND NONPROFIT AFFORDABLE HOMEOWNERSHIP DEVELOPERS IN CERTAIN CIRCUMSTANCES.

(2) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE REQUIRES:

(a) "AFFORDABLE HOMEOWNERSHIP PROPERTY" MEANS ANY DWELLING THAT:

(I) IS RESTRICTED BY A DEED THAT IMPACTS OWNERSHIP OF THE PROPERTY, LIMITS THE PROPERTY'S RESALE PRICE, REQUIRES A LONG-TERM LAND LEASE WITH A COMMUNITY LAND TRUST OR NONPROFIT AFFORDABLE HOMEOWNERSHIP DEVELOPER, OR IMPOSES ANY OTHER RESTRICTION THAT LIMITS THE PROPERTY SUCH THAT IT MAY ONLY BE PURCHASED BY DESIGNATED HOUSEHOLDS, A COMMUNITY LAND TRUST, OR A NONPROFIT AFFORDABLE HOMEOWNERSHIP DEVELOPER;

(II) IS SOLD TO A HOUSEHOLD WHO AT THE TIME OF PURCHASE IS AT OR BELOW ONE HUNDRED PERCENT OF THE AREA MEDIAN INCOME OF HOUSEHOLDS OF THAT SAME SIZE IN THE COUNTY IN WHICH THE HOUSING IS LOCATED; AND

(III) IS SOLD TO A PURCHASER TO BE USED AS A PRIMARY RESIDENCE.

(b) "COMMUNITY LAND TRUST" MEANS A NONPROFIT ORGANIZATION THAT IS EXEMPT FROM TAXATION UNDER SECTION 501 (c)(3) OF THE FEDERAL "INTERNAL REVENUE CODE OF 1986", AS AMENDED, AND IS DESIGNED TO ENSURE LONG-TERM HOUSING AFFORDABILITY THROUGH A SHARED-EQUITY MODEL BY ACQUIRING AND MAINTAINING OWNERSHIP OF REAL PROPERTY, WHILE SELLING THE IMPROVEMENTS TO LOW-TO-MIDDLE INCOME HOUSEHOLDS FOR USE AS A PRIMARY RESIDENCE.

(c) "IMPROVEMENT" MEANS A PERMANENT CHANGE TO REAL PROPERTY THAT AUGMENTS THE REAL PROPERTY'S VALUE INCLUDING BUT NOT LIMITED TO A SINGLE-FAMILY HOME, TOWNHOME, OR CONDOMINIUM.

(d) "LAND LEASE" MEANS A LONG-TERM LEASE USED IN AFFORDABLE HOMEOWNERSHIP PROPERTIES TO LEASE THE REAL PROPERTY THAT IS OWNED BY A COMMUNITY LAND TRUST OR NONPROFIT AFFORDABLE HOMEOWNERSHIP DEVELOPER TO THE OWNER OF THE IMPROVEMENTS ON THE REAL PROPERTY AND PRESERVE THE IMPROVEMENTS AS AN AFFORDABLE HOMEOWNERSHIP PROPERTY.

(e) "NONPROFIT AFFORDABLE HOMEOWNERSHIP DEVELOPER" MEANS AN ORGANIZATION THAT IS EXEMPT FROM FEDERAL INCOME TAX PURSUANT TO SECTION 501 (c)(3) OF THE FEDERAL "INTERNAL REVENUE CODE OF 1986", AS AMENDED, AND THAT HAS A PRIMARY ORGANIZATIONAL MISSION OF PROVIDING FOR-SALE AFFORDABLE HOUSING UNITS TO LOW-TO-MIDDLE INCOME HOUSEHOLDS FOR USE AS A PRIMARY RESIDENCE.

(3) (a) FOR PROPERTY TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2024, REAL PROPERTY IS DEEMED TO BE USED FOR A STRICTLY CHARITABLE PURPOSE, AND

IS EXEMPT FROM PROPERTY TAXATION IN ACCORDANCE WITH SECTION 5 OF ARTICLE X OF THE STATE CONSTITUTION, IF THE REAL PROPERTY:

(I) IS HELD BY EITHER A COMMUNITY LAND TRUST OR A NONPROFIT AFFORDABLE HOMEOWNERSHIP DEVELOPER;

(II) HAS BEEN SPLIT INTO A SEPARATE TAXABLE PARCEL FROM THE IMPROVEMENTS; AND

(III) IS LEASED TO THE OWNER OF THE IMPROVEMENTS AS AN AFFORDABLE HOMEOWNERSHIP PROPERTY.

(b) THE REAL PROPERTY DESCRIBED IN SUBSECTION (3)(a) OF THIS SECTION IS DEEMED TO BE USED FOR A STRICTLY CHARITABLE PURPOSE, AND IS EXEMPT FROM PROPERTY TAXATION IN ACCORDANCE WITH SECTION 5 OF ARTICLE X OF THE STATE CONSTITUTION, UNTIL THE REAL PROPERTY IS NO LONGER USED AS AN AFFORDABLE HOMEOWNERSHIP PROPERTY.

(4) IF A COMMUNITY LAND TRUST OR NONPROFIT AFFORDABLE HOMEOWNERSHIP DEVELOPER CLAIMS A PROPERTY TAX EXEMPTION PURSUANT TO THIS SECTION FOR A REAL PROPERTY AND THEN SUBSEQUENTLY SELLS, DONATES, OR LEASES THAT REAL PROPERTY SO THAT THE REAL PROPERTY NO LONGER QUALIFIES AS AN AFFORDABLE HOMEOWNERSHIP PROPERTY, THE COMMUNITY LAND TRUST OR NONPROFIT AFFORDABLE HOMEOWNERSHIP DEVELOPER IS LIABLE FOR ALL PROPERTY TAXES FOR THE REAL PROPERTY FOR THE PROPERTY TAX YEARS WHEN THE REAL PROPERTY DID NOT QUALIFY AS AN AFFORDABLE HOMEOWNERSHIP PROPERTY AND DURING WHICH THE COMMUNITY LAND TRUST OR NONPROFIT AFFORDABLE HOMEOWNERSHIP DEVELOPER DID NOT PAY PROPERTY TAXES FOR THE REAL PROPERTY DUE TO THE PROPERTY TAX EXEMPTION DESCRIBED IN THIS SECTION.

(5) IMPROVEMENTS ON REAL PROPERTY THAT QUALIFIES FOR THE PROPERTY TAX EXEMPTION DESCRIBED IN THIS SECTION ARE NOT EXEMPT FROM PROPERTY TAXATION.

(6) A COMMUNITY LAND TRUST OR NONPROFIT AFFORDABLE HOME OWNERSHIP DEVELOPER THAT OWNS REAL PROPERTY THAT QUALIFIES FOR THE PROPERTY TAX EXEMPTION DESCRIBED IN THIS SECTION SHALL SUBMIT THE LAND LEASE FOR EACH REAL PROPERTY THAT QUALIFIES FOR THE PROPERTY TAX EXEMPTION DESCRIBED IN THIS SECTION TO THE APPROPRIATE COUNTY ASSESSOR WITHIN TWENTY-FIVE DAYS OF THE INITIAL EXECUTION OF THE LAND LEASE.

(7) ANY COMMUNITY LAND TRUST OR NONPROFIT AFFORDABLE HOMEOWNERSHIP DEVELOPER THAT CLAIMS A PROPERTY TAX EXEMPTION PURSUANT TO THIS SECTION SHALL COMPLY WITH THE PROVISIONS OF SECTION 39-2-117.

SECTION 4. Act subject to petition - effective date. This act takes effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly; except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against this act or an item, section, or part of this act within such period, then the act, item, section, or part will not take effect unless approved by the people at the general election to be

held in November 2024 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.

Approved: May 25, 2023