

Second Regular Session
Seventy-fifth General Assembly
STATE OF COLORADO

PREAMENDED

*This Unofficial Version Includes Committee
Amendments Not Yet Adopted on Second Reading*

LLS NO. 26-0561.01 Alison Killen x4350

SENATE BILL 26-116

SENATE SPONSORSHIP

Weissman,

HOUSE SPONSORSHIP

Zokaie,

Senate Committees

Finance
Appropriations

House Committees

A BILL FOR AN ACT

101 **CONCERNING THE TAXATION OF PROPERTY, AND, IN CONNECTION**
102 **THEREWITH, MODIFYING THE QUALIFIED-SENIOR PRIMARY**
103 **RESIDENCE BENEFIT AND** **MODIFYING THE TAXATION OF**
104 **BUSINESS PERSONAL PROPERTY.**

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>.)

Sections 1, 2, and 3 of the bill give municipalities the authority, upon voter approval, to levy a lodging tax up to the same rate and for the same purposes allowed to counties to be collected, administered, and

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.

enforced by the state. The bill prohibits, commencing on and after January 1, 2027, any municipal tax on lodging or on the business of providing lodging that is not a municipal lodging tax adopted in accordance with the requirements of **section 3**. An existing municipal tax on lodging or on the business of providing lodging adopted on or before December 31, 2026, is allowed to continue under the bill. However, there can be no tax rate increase, expansion of tax base, or material change in uses of the tax revenue absent adoption of a municipal lodging tax that is in accordance with the requirements of **section 3**.

Section 4 clarifies that, notwithstanding any provision of law to the contrary, in any case in which the income approach is used to determine the actual value of any lodging property, the assessor shall include "net rental income" and "resort fee income", each income amount capitalized to value at a rate typical within the relevant market in the actual value of the lodging property. "Net rental income" means the net operating income generated from payments made in connection with the rental of the lodging property, including any unit within or connected to the lodging property, whether or not the unit is individually and separately owned, after the deduction of expenses typical in the relevant market and excluding any rents remitted to a unit owner for use of the owner's unit. "Resort fee income" means the net income generated from the collection of any fee or charge, however denominated, by the property, that is retained by the property but does not include any fee or charge amounts that the property remits to any county, city, city and county, special district, or other local government.

Sections 5 and 6 extend the portable qualified-senior primary residence benefit created for property tax years 2025 and 2026 to future property tax years.

Section 7 changes the state property tax exemption for business personal property, commencing on and after January 1, 2027, by setting the exemption threshold for such property at \$60,000, without an adjustment for inflation, and by eliminating the reimbursement provision for property tax losses due to the exemption.

Sections 8 and 9 subject the municipal lodging tax authorized by **section 3** to the department of revenue's administrative scope and mandatory electronic filing and payment requirements.

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

2 **SECTION 1. In Colorado Revised Statutes, 39-1-104.6, amend**

3 **(2)(a), (3)(a), (5)(c), (6)(a), (8)(a), (8)(b)(I), (8)(c), and (8)(d) as follows:**

4 **39-1-104.6. Qualified-senior primary residence real property**

1 - valuation for assessment - reimbursement to local governments for
2 reduced valuation - temporary mechanism for refunding excess state
3 revenues - legislative declaration - definitions.

4 (2) Classification.

5 (a) For property tax years commencing on or after January 1,
6 2025, BUT BEFORE JANUARY 1, 2027, residential real property that as of
7 the assessment date is used as the primary residence of an owner-occupier
8 is classified as qualified-senior primary residence real property, which is
9 a subclass of residential real property, if:

10 (3) Applications.

11 (a) For a property to be classified as qualified-senior primary
12 residence real property, an individual must file with the assessor a
13 completed application no later than July 15 of the first property tax year
14 for which the classification is sought, THROUGH JULY 15, 2026. An
15 application returned by mail is deemed filed on the date it is postmarked.

16 (5) Confidentiality.

17 (c) In accordance with section 25-2-103 (4.7), the administrator
18 shall annually provide to the state registrar of vital statistics of the
19 department of public health and environment a list, by name and social
20 security number, of every individual who had property classified as
21 qualified-senior primary residence real property for the immediately
22 preceding year so that the registrar can provide to the administrator a list
23 of all the individuals on the list who have died. No later than April 1,
24 2026, and April 1 of each year thereafter NO LATER THAN APRIL 1, 2027,
25 the administrator shall forward to the assessor of each county the name
26 and social security number of each deceased individual who had
27 residential real property located within the county that was so classified

1 for the immediately preceding year so that the assessor can change the
2 classification of the property, if necessary.

3 **(6) Notice.**

4 (a) As soon as practicable after January 1, 2025, and after January
5 1 of each year thereafter JANUARY 1, 2026, each county treasurer shall, at
6 the treasurer's discretion, mail or electronically send to each person whose
7 name appears on the tax list and warrant as an owner of residential real
8 property notice of the qualified-senior primary residence real property
9 classification. The treasurer shall mail or electronically send the notice
10 each year on or before the date on which the treasurer mails the property
11 tax statement for the previous property tax year pursuant to section
12 39-10-103. The administrator shall prescribe the form of the notice, which
13 must include a statement of the eligibility criteria for the primary
14 residence real property and qualified-senior primary residence real
15 property classifications and instructions for obtaining a related
16 application.

17 **(8) Reporting to administrator.**

18 (a) No later than September 10, 2025, and September 10 of each
19 year thereafter NO LATER THAN SEPTEMBER 10, 2026, each assessor shall
20 forward to the administrator a report on the residential real property in the
21 assessor's county that qualifies for classification as qualified-senior
22 primary residence real property for the current property tax year. For each
23 unit of residential real property, the report must include:

24 (b) (I) The administrator shall examine the reports sent by each
25 assessor pursuant to subsection (8)(a) of this section to ensure that no
26 applicant has applied for a qualified-senior primary residence real
27 property classification without meeting all legal requirements for

1 obtaining the classification. No later than November 1, 2025, and
2 ~~November 1 of each year thereafter~~ NO LATER THAN NOVEMBER 1, 2026,
3 if the administrator determines that an applicant has applied for more than
4 one property to be classified as qualified-senior primary residence real
5 property, the administrator shall provide written notice to the applicant
6 that the applicant has applied for more than one such classification and
7 is therefore not entitled to the classification for any property. If the
8 administrator determines that the applicant and the applicant's spouse
9 have applied for separate properties to be classified as qualified-senior
10 primary residence real property, that the classification was applied for in
11 violation of subsection (4) of this section, that the applicant has claimed
12 the classification for residential real property that the applicant does not
13 own and occupy as the applicant's primary residence as required by
14 subsection (2)(a) of this section, or that the applicant is otherwise
15 ineligible for the classification, the administrator shall provide written
16 notice to an applicant that the applicant is ineligible and the reason for the
17 ineligibility. The notice must also include a statement specifying the
18 deadline and procedures for protesting the denial of the classification or
19 classifications claimed.

20 (c) No later than December 1, 2025, and ~~each December 1~~
21 ~~thereafter~~ NO LATER THAN DECEMBER 1, 2026, and after examining the
22 reports sent by each assessor, denying applications for classification of
23 property as qualified-senior primary residence real property, and deciding
24 protests in accordance with subsection (8)(b) of this section, the
25 administrator shall provide written notice to the assessor of each county
26 in which an application has been denied because the applicant was
27 ineligible that includes the identity of each denied applicant and the

1 reason for each denial.

2 (d) No later than January 10, 2026, and each January 10 thereafter
3 NO LATER THAN JANUARY 10, 2027, each assessor shall forward to the
4 administrator a partial copy of the tax warrant for the assessor's county
5 that includes only property for which the assessor has granted an
6 application for classification as qualified-senior primary residence real
7 property. The administrator shall examine the tax warrants to ensure that
8 no additional classifications of property as qualified-senior primary
9 residence real property have been allowed since the administrator
10 examined the reports previously received from the assessors and that each
11 assessor has removed from the tax warrant all such classifications that the
12 administrator previously denied. No later than January 17, 2026, and no
13 later than each January 17 thereafter JANUARY 17, 2027, the administrator
14 shall notify each assessor and each treasurer of any such classifications
15 to be removed from the tax warrant.

16 **SECTION 2.** In Colorado Revised Statutes, 39-3-119.5, amend
17 (2)(a)(VII), (2)(a)(VIII), (2)(b)(I)(A), (2)(b)(I)(B), (2)(b)(I)(C), (3)(b),
18 (3)(c)(I), (3)(c)(II), (3)(d), (3)(e), and (3)(g); and add (2)(a)(IX),
19 (2)(b)(III), and (3)(e.5) as follows:

20 **39-3-119.5. Personal property - exemption - reimbursement to**
21 **local governments - legislative declaration - definitions.**

22 (2) (a) The exemption created in subsection (1) of this section
23 shall be up to and including the following amounts:

24 (VII) Seven thousand seven hundred dollars for property tax years
25 commencing on January 1, 2019, and January 1, 2020; and

26 (VIII) Fifty thousand dollars for property tax years commencing
27 on January 1, 2021, and January 1, 2022; AND

1 (IX) FIFTY-EIGHT THOUSAND DOLLARS FOR PROPERTY TAX YEARS
2 COMMENCING ON OR AFTER JANUARY 1, 2027.

3 (b) (I) (A) Beginning with the property tax year commencing on
4 January 1, 2023, BUT BEFORE JANUARY 1, 2027, the amount of the
5 exemption created in subsection (1) of this section shall be adjusted
6 biennially to account for inflation since the amount of the exemption last
7 changed pursuant to this subsection (2). On or before November 1, 2022,
8 and each even-numbered year thereafter BUT BEFORE 2027, the
9 administrator shall calculate the amount of the exemption for the next
10 two-year cycle using inflation for the prior two calendar years as of the
11 date of the calculation. The adjusted exemption shall be rounded upward
12 to the nearest one hundred dollar increment. The administrator shall
13 certify the amount of the exemption for the next two-year cycle and
14 publish the amount on the website maintained by the division of property
15 taxation in the department of local affairs.

16 (B) When calculating the exemption amount under subsection
17 (2)(b)(I)(A) of this section, the administrator shall do another calculation
18 in the same manner but starting from seven thousand nine hundred dollars
19 instead of ~~fifty~~ FIFTY-EIGHT thousand dollars. This amount is the
20 alternative exemption amount.

21 (C) If, under subsection (3)(f) of this section, the state treasurer
22 notifies the administrator that not all counties have received
23 reimbursement warrants for lost property tax revenue for the amounts
24 specified in subsection (3)(d) of this section, then beginning with the
25 property tax year commencing on January 1 that follows the notification,
26 and for all property tax years thereafter BUT BEFORE PROPERTY TAX YEAR
27 2027, the amount of the exemption in subsection (1) of this section is the

1 alternative exemption amount. Thereafter, BUT BEFORE PROPERTY TAX
2 YEAR 2027, the alternative exemption is adjusted biennially to account for
3 inflation in the same manner as set forth in subsection (2)(b)(I)(A) of this
4 section, and the administrator shall certify the amount of the exemption
5 for the next two-year cycle and publish the amount on the website
6 maintained by the division of property taxation in the department of local
7 affairs.

8 (III) THIS SUBSECTION (2)(b) IS REPEALED, EFFECTIVE JANUARY 1,
9 2028.

10 (3) (b) No later than February 1, 2022, and each February 1
11 thereafter THROUGH FEBRUARY 1, 2027, the administrator shall calculate
12 the percentage increase or decrease in total valuation of business personal
13 property in the state over the prior two property tax years. The
14 administrator shall publish the percentage increase or decrease on the
15 website maintained by the division of property taxation in the department
16 of local affairs.

17 (c) (I) For the property tax years commencing on OR AFTER
18 January 1, 2022, and each year thereafter BUT BEFORE JANUARY 1, 2027,
19 each assessor shall calculate an estimate of the aggregate value of exempt
20 business personal property for the county and each local governmental
21 entity located within the county that is equal to the applicable baseline
22 exemption total adjusted by the growth factor for each property tax year
23 commencing on and after January 1, 2022 BUT BEFORE JANUARY 1, 2027.

24 (II) For the property tax years commencing on OR AFTER January
25 1, 2022, and each year thereafter BUT BEFORE JANUARY 1, 2027, each
26 treasurer shall calculate the total property tax revenues lost by all local
27 governmental entities within the treasurer's county based on the estimate

1 of exempt business personal property amount calculated in accordance
2 with subsection (3)(c)(I) of this section.

3 (d) No later than March 1, 2022, and each March 1 thereafter
4 THROUGH MARCH 1, 2027, each treasurer shall report the amount
5 specified in subsection (3)(a)(II) or (3)(c)(II) of this section, as
6 applicable, and the basis for the amount to the administrator, and the
7 administrator may require a treasurer to provide additional information as
8 necessary to evaluate the amount reported. The administrator shall
9 confirm that the reported amount is correct or rectify the amount, if
10 necessary. The administrator shall then forward the correct amount for
11 each county to the state treasurer to enable the state treasurer to issue a
12 reimbursement warrant to each treasurer in accordance with subsection
13 (3)(e) of this section.

14 (e) No later than April 15, 2022, and April 15 of each year
15 thereafter THROUGH APRIL 15, 2027, the state treasurer shall issue a
16 warrant to be paid upon demand from the general fund to each treasurer
17 that is equal to the amount specified by the administrator for the county
18 under subsection (3)(d) of this section. Each treasurer shall distribute the
19 total amount received from the state treasurer to the local governmental
20 entities within the treasurer's county as if the revenues had been regularly
21 paid as property tax. When distributing the money, the treasurer shall
22 provide each local governmental entity with a statement of the amount
23 distributed to the local governmental entity that represents the
24 reimbursement received under this subsection (3)(e).

25 (e.5) NO LATER THAN APRIL 15, 2028, AND APRIL 15 OF EACH
26 YEAR THEREAFTER, THE STATE TREASURER SHALL ISSUE A WARRANT TO
27 BE PAID UPON DEMAND FROM THE GENERAL FUND TO EACH TREASURER

1 THAT IS EQUAL TO THE AMOUNT SPECIFIED BY THE ADMINISTRATOR FOR
2 THE COUNTY UNDER SUBSECTION (3)(d) OF THIS SECTION FOR THE 2026
3 PROPERTY TAX YEAR. EACH TREASURER SHALL DISTRIBUTE THE TOTAL
4 AMOUNT RECEIVED FROM THE STATE TREASURER TO THE LOCAL
5 GOVERNMENTAL ENTITIES WITHIN THE TREASURER'S COUNTY AS IF THE
6 REVENUES HAD BEEN REGULARLY PAID AS PROPERTY TAX. WHEN
7 DISTRIBUTING THE MONEY, THE TREASURER SHALL PROVIDE EACH LOCAL
8 GOVERNMENTAL ENTITY WITH A STATEMENT OF THE AMOUNT
9 DISTRIBUTED TO THE LOCAL GOVERNMENTAL ENTITY THAT REPRESENTS
10 THE REIMBURSEMENT RECEIVED UNDER THIS SUBSECTION (3)(e.5).

11 (g) (I) This subsection (3) does not apply if the amount of the
12 exemption created in subsection (1) of this section is the alternative
13 exemption amount as required by subsection (2)(b)(I)(C) of this section.

14 (II) THIS SUBSECTION (3)(g) IS REPEALED, EFFECTIVE JANUARY 1,
15 2028.

16 **SECTION 3. Act subject to petition - effective date.** This act
17 takes effect at 12:01 a.m. on the day following the expiration of the
18 ninety-day period after final adjournment of the general assembly (August
19 12, 2026, if adjournment sine die is on May 13, 2026); except that, if a
20 referendum petition is filed pursuant to section 1 (3) of article V of the
21 state constitution against this act or an item, section, or part of this act
22 within such period, then the act, item, section, or part will not take effect
23 unless approved by the people at the general election to be held in
24 November 2026 and, in such case, will take effect on the date of the
25 official declaration of the vote thereon by the governor.