

CHAPTER 25

TAXATION

SENATE BILL 24-002

BY SENATOR(S) Roberts, Bridges, Exum, Gardner, Kirkmeyer, Liston, Lundeen, Mullica, Pelton B., Pelton R., Priola, Rich, Simpson, Will, Zenzinger, Fenberg;

also REPRESENTATIVE(S) McCluskie and Frizell, Amabile, Bird, Boesenecker, Clifford, Duran, Froelich, Hamrick, Herod, Jodeh, Joseph, Kipp, Lieder, Lukens, Ortiz, Ricks, Snyder, Titone, Vigil, Young.

AN ACT

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

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

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

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

(b) The state is composed of unique and diverse local communities, each with varying characteristics and challenges, including but not limited to the availability of affordable and attainable housing, childcare, mental health services, and economic development;

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

(d) It is imperative that the state empower local governments to address specific

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.

local needs and concerns efficiently and effectively, acknowledging that local governments are best equipped to understand and respond to the distinctive localized challenges within their communities;

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

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

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

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

(i) Property tax credits and rebates can incentivize the provision of key services necessary for a thriving community, such as childcare centers and in-home daycares.

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

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

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

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

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

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

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

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

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

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

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

(a) (I) "AREA OF SPECIFIC LOCAL CONCERN" MEANS A USE OF REAL PROPERTY IN A COUNTY THAT IS DETERMINED BY A 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, INCLUDING AS TO MATTERS OF EQUITY, ACCESS TO HOUSING, AND ACCESS TO EDUCATION.

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

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

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

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

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

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

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

(2) NOTWITHSTANDING ANY LAW TO THE CONTRARY, A COUNTY MAY OFFER AN INCENTIVE, IN THE FORM OF A COUNTY PROPERTY TAX CREDIT OR REBATE, TO A

PROPERTY OWNER THAT IS A PROGRAM PARTICIPANT IN AN INCENTIVE PROGRAM ESTABLISHED IN ACCORDANCE WITH THIS SECTION.

(3) (a) AN INCENTIVE PROGRAM MUST BE ESTABLISHED BY RESOLUTION OR ORDINANCE ADOPTED BY A BOARD OF COUNTY COMMISSIONERS AT A HEARING THAT IS OPEN TO THE PUBLIC AND THAT INCLUDES AN OPPORTUNITY FOR PUBLIC TESTIMONY. THE COUNTY MUST NOTIFY THE CLERK OF EACH MUNICIPALITY THAT IS WHOLLY OR PARTLY LOCATED IN THE COUNTY AND THAT MAY BE IMPACTED BY THE INCENTIVE PROGRAM OF THE HEARING AT LEAST THIRTY DAYS IN ADVANCE. THE NOTICE MUST DESCRIBE THE SPECIFIC AREA OF LOCAL CONCERN, INCLUDING THE USE OF REAL PROPERTY, ADDRESSED BY THE INCENTIVE PROGRAM AND THE PROPOSED COUNTY PROPERTY TAX CREDIT OR REBATE. EACH MUNICIPALITY MUST HAVE AN OPPORTUNITY TO SUBMIT WRITTEN COMMENTS AND PROVIDE TESTIMONY AT THE HEARING.

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

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

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

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

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

(b) THE BOARD OF COUNTY COMMISSIONERS SHALL, ON AN ANNUAL BASIS, PUBLICIZE THE RESULTS OF THE EVALUATION OF EACH INCENTIVE PROGRAM ESTABLISHED PURSUANT TO THIS SECTION AT A HEARING THAT IS OPEN TO THE PUBLIC AND THAT INCLUDES AN OPPORTUNITY FOR PUBLIC TESTIMONY.

(c) THE BOARD OF COUNTY COMMISSIONERS MAY RENEW AN INCENTIVE PROGRAM FOR NOT MORE THAN ONE YEAR IF THE BOARD OF COUNTY COMMISSIONERS DETERMINES THAT THE INCENTIVE PROGRAM HAS BEEN AND IS LIKELY TO CONTINUE TO BE EFFECTIVE IN ADDRESSING EACH AREA OF SPECIFIC LOCAL CONCERN IDENTIFIED IN THE ORDINANCE OR RESOLUTION CREATING THE INCENTIVE PROGRAM.

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

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

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

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

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

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

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

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

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

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

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

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

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

(2) NOTWITHSTANDING ANY LAW TO THE CONTRARY, A MUNICIPALITY MAY OFFER

AN INCENTIVE, IN THE FORM OF A MUNICIPAL PROPERTY TAX CREDIT OR REBATE, TO A PROPERTY OWNER THAT IS A PROGRAM PARTICIPANT IN AN INCENTIVE PROGRAM ESTABLISHED IN ACCORDANCE WITH THIS SECTION.

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

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

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

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

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

(5) (a) THE GOVERNING BODY OF A MUNICIPALITY SHALL, ON AN ANNUAL BASIS, EVALUATE EACH INCENTIVE PROGRAM ESTABLISHED PURSUANT TO THIS SECTION TO DETERMINE ITS EFFECTIVENESS IN IMPROVING EACH AREA OF SPECIFIC LOCAL CONCERN IDENTIFIED IN THE ORDINANCE CREATING THE INCENTIVE PROGRAM.

(b) THE GOVERNING BODY OF A MUNICIPALITY SHALL, ON AN ANNUAL BASIS, PUBLICIZE THE RESULTS OF THE EVALUATION OF EACH INCENTIVE PROGRAM ESTABLISHED PURSUANT TO THIS SECTION AT A HEARING THAT IS OPEN TO THE PUBLIC AND THAT INCLUDES AN OPPORTUNITY FOR PUBLIC TESTIMONY.

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

SECTION 6. 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: March 15, 2024