

SENATE COMMITTEE OF REFERENCE REPORT

Chairman of Committee

March 31, 2016
Date

Committee on Finance.

After consideration on the merits, the Committee recommends the following:

SB16-067 be amended as follows, and as so amended, be referred to the Committee of the Whole with favorable recommendation and with a recommendation that it be placed on the consent calendar:

- 1 Amend printed bill, page 2, line 2, after "**declaration.**" insert "(1)".
- 2 Page 2, strike lines 10 and 11 and substitute "maximize capital investment
- 3 in broadband service infrastructure and to improve and expand broadband
- 4 service in the state.
- 5 (2) The general assembly hereby finds and declares that the
- 6 reduction in the valuation for assessment of a public utility that the
- 7 property tax administrator allocates to a county as required in this act is
- 8 a reasonable way to apply the property tax exemption for locally assessed
- 9 companies to a public utility that is assessed statewide.
- 10 **SECTION 2.** In Colorado Revised Statutes, 22-54-106, **amend**
- 11 (9) as follows:
- 12 **22-54-106. Local and state shares of district total program.**
- 13 (9) If a district reduces or ends business personal property taxes through
- 14 action taken pursuant to section 20 (8) (b) of article X of the state
- 15 constitution OR IF BUSINESS PERSONAL PROPERTY IS EXEMPT FROM A
- 16 DISTRICT'S PROPERTY TAX IN ACCORDANCE WITH SECTION 39-3-118.9,
- 17 C.R.S., the state's share of the district's total program for the budget year
- 18 in which such action is taken and any budget year thereafter shall be the
- 19 amount by which the district's total program exceeds the amount of
- 20 specific ownership tax revenue paid to the district and the amount of
- 21 property tax revenue which THAT the district would have been entitled to
- 22 receive if such action had not been taken by the district OR IF SECTIONS

1 39-3-118.9 AND 39-4-106 (9), C.R.S., DID NOT APPLY."
2 Renumber succeeding sections accordingly.

3 Page 2, after line 21 insert:

4 "(b) "COUNTY" MEANS ANY COUNTY IN THIS STATE AND INCLUDES
5 A CITY AND COUNTY."

6 Page 2, line 22, strike "(b)" and substitute "(c)".

7 Page 2, after line 23 insert:

8 "(d) "MUNICIPALITY" MEANS A HOME RULE OR STATUTORY CITY
9 OR TOWN, OR A TERRITORIAL CHARTER CITY."

10 Page 3, strike lines 1 through 7 and substitute:

11 "(2) EXCEPT AS SET FORTH IN SUBSECTION (4) OF THIS SECTION,
12 FOR PROPERTY TAX YEARS BEGINNING ON OR AFTER JANUARY 1, 2018, BUT
13 BEFORE JANUARY 1, 2025, ANY PERSONAL PROPERTY, SUCH AS
14 ELECTRONICS, EQUIPMENT, TRANSMISSION FACILITIES, AND FIBER OPTIC OR
15 COPPER CABLES, IS EXEMPT FROM THE LEVY AND COLLECTION OF
16 PROPERTY TAX BY A COUNTY, MUNICIPALITY, OR SCHOOL DISTRICT
17 IDENTIFIED IN SUBSECTION (3) OF THIS SECTION IF:

18 (a) THE BROADBAND PROVIDER THAT OWNS THE PERSONAL
19 PROPERTY HAS AN AGREEMENT WITH A COUNTY TO PROVIDE BROADBAND
20 SERVICE WITHIN THE COUNTY;

21 (b) THE BROADBAND PROVIDER ACQUIRES THE PERSONAL
22 PROPERTY ON OR AFTER JANUARY 1, 2017;

23 (c) THE PERSONAL PROPERTY IS INSTALLED WITHIN THE
24 BOUNDARIES OF THE COUNTY, MUNICIPALITY, OR SCHOOL DISTRICT; AND

25 (d) THE PERSONAL PROPERTY IS DIRECTLY USED BY THE
26 BROADBAND PROVIDER OR ANY OTHER PERSON TO PROVIDE BROADBAND
27 SERVICE.

28 (3) (a) PROPERTY IS NOT EXEMPT UNDER THIS SECTION FROM THE
29 TAX LEVIED BY A COUNTY FOR A PROPERTY TAX YEAR, UNLESS:

30 (I) THE COUNTY HAS A POPULATION OF LESS THAN SIXTY
31 THOUSAND PEOPLE;

32 (II) THE COUNTY HAS AN AGREEMENT WITH A BROADBAND
33 SERVICE PROVIDER TO PROVIDE BROADBAND SERVICE WITHIN THE
34 COUNTY; AND

35 (III) PRIOR TO THE PROPERTY TAX YEAR, THE BOARD OF COUNTY

1 COMMISSIONERS OF THE COUNTY ADOPTS A RESOLUTION APPROVING THE
2 EXEMPTION.

3 (b) THE BOARD OF COUNTY COMMISSIONERS SHALL SEND A COPY
4 OF A RESOLUTION APPROVING THE EXEMPTION UNDER SUBPARAGRAPH (III)
5 OF PARAGRAPH (a) OF THIS SUBSECTION (3) TO EACH SCHOOL DISTRICT AND
6 MUNICIPALITY LOCATED WITHIN THE COUNTY AS SOON AS POSSIBLE AFTER
7 ITS ADOPTION.

8 (c) IF THE BOARD OF COUNTY COMMISSIONERS ADOPTS A
9 RESOLUTION APPROVING THE EXEMPTION, THEN THE EXEMPTION ALSO
10 APPLIES TO THE TAX LEVIED BY A MUNICIPALITY AND SCHOOL DISTRICT
11 LOCATED WITHIN THE COUNTY, UNLESS, WITHIN NINETY DAYS AFTER IT
12 RECEIVES NOTICE FROM THE COUNTY AS SPECIFIED IN PARAGRAPH (b) OF
13 THIS SUBSECTION (3), THE GOVERNING BODY OF THE MUNICIPALITY OR
14 SCHOOL DISTRICT ADOPTS A RESOLUTION STATING THAT THE EXEMPTION
15 DOES NOT APPLY TO THE MUNICIPALITY OR SCHOOL DISTRICT.

16 (d) AN EXEMPTION TO THE PROPERTY TAX LEVIED BY A COUNTY,
17 MUNICIPALITY, OR SCHOOL DISTRICT FOR A PROPERTY TAX YEAR UNDER
18 THIS SUBSECTION (3) APPLIES FOR ALL PROPERTY TAX YEARS THAT BEGIN
19 THEREAFTER PRIOR TO JANUARY 1, 2025."

20 Page 3, line 8, strike "(3)" and substitute "(4)".

21 Page 3, line 12, strike "2016." and substitute "2017."

22 Page 3, strike lines 13 through 27.

23 Page 4, strike lines 1 through 7 and substitute:

24 "SECTION 4. In Colorado Revised Statutes, 39-4-102, **add** (4)
25 as follows:

26 **39-4-102. Valuation of public utilities.** (4) FOR THE PURPOSE OF
27 APPLYING SECTION 39-4-106 (9), THE ADMINISTRATOR SHALL DETERMINE
28 THE VALUE OF PERSONAL PROPERTY THAT IS INCLUDED IN A PUBLIC
29 UTILITY'S VALUE AS UNIT, BUT THAT WOULD BE EXEMPT UNDER SECTION
30 39-3-118.9, IF THE PUBLIC UTILITY WAS LOCALLY ASSESSED.

31 **SECTION 5.** In Colorado Revised Statutes, 39-4-103, **add** (1) (c)
32 as follows:

33 **39-4-103. Schedules of property - confidential records - late**
34 **filing penalties.** (1) (c) FOR PROPERTY TAX YEARS BEGINNING ON OR
35 AFTER JANUARY 1, 2018, BUT PRIOR TO JANUARY 1, 2025, A PUBLIC

1 UTILITY SHALL ANNUALLY IDENTIFY ANY PERSONAL PROPERTY BY COUNTY
2 THAT WOULD BE EXEMPT UNDER SECTION 39-3-118.9, IF THE PUBLIC
3 UTILITY WAS LOCALLY ASSESSED.

4 **SECTION 6.** In Colorado Revised Statutes, 39-4-106, **add** (9) as
5 follows:

6 **39-4-106. Valuation of utilities - apportionment.** (9) (a) IF A
7 PUBLIC UTILITY HAS PROPERTY IN A COUNTY THAT WOULD BE EXEMPT
8 UNDER SECTION 39-3-118.9, IF THE PUBLIC UTILITY WAS LOCALLY
9 ASSESSED, THEN THE ADMINISTRATOR SHALL PROVIDE THE COUNTY WITH
10 TWO VALUATIONS FOR ASSESSMENT:

11 (I) THE VALUATION FOR ASSESSMENT OF THE PUBLIC UTILITY THAT
12 IS DETERMINED UNDER PARAGRAPH (b) OF THIS SUBSECTION (9), WHICH
13 AMOUNT IS USED FOR THE COUNTY AND ANY MUNICIPALITY OR SCHOOL
14 DISTRICT LOCATED WITHIN THE COUNTY THAT DOES NOT OPT OUT OF THE
15 EXEMPTION IN ACCORDANCE WITH SECTION 39-3-118.9 (3) (c); AND

16 (II) THE VALUATION FOR ASSESSMENT OF THE PUBLIC UTILITY
17 THAT IS OTHERWISE DETERMINED WITHOUT APPLICATION OF THIS
18 SUBSECTION (9), WHICH AMOUNT IS USED FOR ANY MUNICIPALITY OR
19 SCHOOL DISTRICT THAT OPTS OUT OF THE EXEMPTION IN ACCORDANCE
20 WITH SECTION 39-3-118.9 (3) (c) AND ALL SPECIAL DISTRICTS.

21 (b) AFTER DETERMINING THE ACTUAL VALUE OF THE PUBLIC
22 UTILITY IN THIS STATE, THE ADMINISTRATOR SHALL:

23 (I) APPORTION THE ACTUAL VALUE OF THE PUBLIC UTILITY TO THE
24 COUNTY, UTILIZING COMMONLY RECOGNIZED METHODS OF ALLOCATION
25 AS IN HIS OR HER JUDGEMENT ARE JUST AND EQUITABLE;

26 (II) REDUCE THE ACTUAL VALUE OF THE PUBLIC UTILITY IN THE
27 COUNTY BASED ON THE NET-BOOK VALUE OF THE COMPANY'S PERSONAL
28 PROPERTY IN THE COUNTY THAT WOULD BE EXEMPT UNDER SECTION
29 39-3-118.9, IF THE COMPANY WAS LOCALLY ASSESSED, MULTIPLIED BY
30 THE MARKET-TO-BOOK RATIO OF THE COMPANY; AND

31 (c) COMPUTE THE VALUATION FOR ASSESSMENT OF THE PUBLIC
32 UTILITY IN THE COUNTY AS PROVIDED IN SECTION 39-1-104."

33 Renumber succeeding section accordingly.

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