

**First Regular Session
Seventy-second General Assembly
STATE OF COLORADO**

PREAMENDED

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

LLS NO. 19-1048.01 Bob Lackner x4350

HOUSE BILL 19-1319

HOUSE SPONSORSHIP

Bird and McKean,

SENATE SPONSORSHIP

Winter and Hisey,

House Committees

Finance
Legislative Council

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING INCENTIVES TO ASSIST LAND DEVELOPERS IN PROVIDING**
102 **AFFORDABLE HOUSING STATEWIDE, AND, IN CONNECTION**
103 **THEREWITH, IDENTIFYING NONDEVELOPED LAND OWNED BY THE**
104 **STATE THAT COULD BE DEVELOPED FOR AFFORDABLE HOUSING**
105 **PURPOSES AND MAKING MODIFICATIONS TO THE**
106 **ADMINISTRATION OF AN EXISTING PROPERTY TAX EXEMPTION**
107 **THAT APPLIES TO CERTAIN AFFORDABLE HOUSING**
108 **DEVELOPMENTS.**

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

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

<http://leg.colorado.gov>.)

Not later than July 1, 2020, **section 2** of the bill requires each state agency and state institution of higher education that is currently required to report to the office of the state architect (office) all acquisitions of real property by the agency or institution and to identify each vacant facility under its control to also submit to the office a list of all nondeveloped real property owned by or under the control of the agency or institution. The bill requires each agency and institution to routinely update the real property information provided to the office. The office is required to supplement the report it makes available to the members of the capital development committee with the information provided by the agencies and institutions under the bill.

Not later than January 15, 2021, the bill requires the office to transmit to the division of housing (division) within the department of local affairs (department) a summary of the information it obtains pursuant to the bill in a manner that will allow members of the public to easily identify parcels of nondeveloped real property that are owned by or under the control of state agencies or institutions. On an annual basis thereafter, the office is required to transmit to the division any supplemental information that the state agencies and institutions provide to it. The division is required to post the information in a user-friendly format on a page on the website maintained by the department that is dedicated to the division.

Under current law, certain property is exempt from the levy and collection of the real property tax if the property is owned by:

- ! A nonprofit corporation the earnings of which do not inure to a private shareholder, the property is irrevocably dedicated to charitable, religious, or hospital purposes; or
- ! A nonprofit corporation is a general partner of a partnership that was formed for the purpose of creating or maintaining affordable housing.

The statutory provisions that allow for the property tax exemption for a partnership satisfying the requirements of the exemption do not apply if, during a specified compliance period, the partnership which owns the residential structure distributes income or has income available for distribution to its partners or if the residential structure is sold or otherwise disposed of during the compliance period. If the property tax administrator (administrator) determines that income has been distributed or has been available for distribution or the residential property has been sold or otherwise disposed of, the administrator is required to revoke the property tax exemption for the residential property and to levy and collect property tax against the residential property, which would have otherwise been levied and collected from the date on which the exemption was initially granted plus all delinquent interest as provided for by law.

Under **section 4**, for property tax years commencing on or after January 1, 2019, if the administrator determines that income has been distributed or has been available for distribution or the residential property has been sold or otherwise disposed of, the administrator is required to either revoke the property tax exemption for the residential property as of the date income becomes available for distribution or terminate the exemption as of the date the property is transferred. Under the bill, the administrator is no longer required in such circumstances to levy and collect property taxes that otherwise would have been levied and collected.

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

2 **SECTION 1. Legislative declaration.** (1) The general assembly
3 hereby finds, declares, and determines that:

4 (a) Colorado possesses a significant and unique combination of
5 natural resources and economic vitality yet safe, decent, and affordable
6 housing is an objective increasingly out of reach for many people living
7 in low or moderate-income households across the state;

8 (b) Many senior citizens, veterans, and other hard-working
9 Coloradans are unable to afford to live in or near the communities in
10 which they work and far too many Coloradans pay in excess of half their
11 monthly income on their basic needs; and

12 (c) As the availability of finding land suitable for the development
13 of housing for low- and moderate-income households that can be obtained
14 on an economic basis is often a significant barrier to the development of
15 such housing, the identification of state-owned real property, with the
16 ultimate objective of assessing such property for its sustainability and
17 potential use for affordable housing, promises to be a critical tool
18 available to the state and even local governments in meeting the state's
19 housing needs for these segments of the population.

20 (2) By enacting House Bill 19-1319, the general assembly intends

1 to promote the use of real property currently owned by the state as well
2 as county and municipal governments for the construction or
3 rehabilitation of housing that will benefit persons in low- and
4 moderate-income households across the state on a for-sale or rental basis.

5 **SECTION 2.** In Colorado Revised Statutes, 2-3-1304, **add (3)** as
6 follows:

7 **2-3-1304. Powers and duties of capital development**
8 **committee.** (3) NOT LATER THAN OCTOBER 15, 2019, EACH STATE
9 AGENCY AND STATE INSTITUTION OF HIGHER EDUCATION SHALL SUBMIT TO
10 THE CAPITAL DEVELOPMENT COMMITTEE A LIST OF ALL NONDEVELOPED
11 REAL PROPERTY OWNED BY OR UNDER THE CONTROL OF THE AGENCY OR
12 INSTITUTION. NOT LATER THAN OCTOBER 15 OF EACH YEAR THEREAFTER,
13 EACH AGENCY OR INSTITUTION SHALL SUBMIT TO THE CAPITAL
14 DEVELOPMENT COMMITTEE ANY ADDITIONS OR DELETIONS TO THE LIST
15 IDENTIFYING ANY NONDEVELOPED REAL PROPERTY THE AGENCY HAS
16 ACQUIRED OR DISPOSED OF DURING THE PRECEDING STATE FISCAL YEAR.
17 THE CAPITAL DEVELOPMENT COMMITTEE SHALL INCLUDE THIS
18 INFORMATION IN AN ANNUAL REPORT PUBLISHED ON THE WEBSITE OF THE
19 GENERAL ASSEMBLY. THE DIVISION OF HOUSING WITHIN THE DEPARTMENT
20 OF LOCAL AFFAIRS SHALL PROVIDE A LINK TO THE REPORT ON THE
21 DIVISION'S WEBSITE. THE DIVISION OF PARKS AND WILDLIFE IN THE
22 DEPARTMENT OF NATURAL RESOURCES IS EXEMPT FROM THE
23 REQUIREMENTS OF THIS SUBSECTION (3).

24 (II) FOR PURPOSES OF THIS SUBSECTION (3), "NONDEVELOPED REAL
25 PROPERTY" MEANS UNIMPROVED REAL PROPERTY THAT IS NOT OTHERWISE
26 PROTECTED FOR OR DEDICATED TO ANOTHER USE SUCH AS AN ACCESS OR
27 A CONSERVATION EASEMENT.

1 **SECTION 3.** In Colorado Revised Statutes, 24-32-705, **add** (4)
2 as follows:

3 **24-32-705. Functions of division.** (4) ON A PAGE ON THE
4 WEBSITE MAINTAINED BY THE DEPARTMENT OF LOCAL AFFAIRS THAT IS
5 DEDICATED TO THE DIVISION OF HOUSING, THE DIVISION SHALL PROVIDE
6 A LINK TO THE ANNUAL REPORT THAT INCLUDES INFORMATION ON
7 NONDEVELOPED REAL PROPERTY OWNED BY OR UNDER THE CONTROL OF
8 EACH STATE AGENCY OR INSTITUTION OF HIGHER EDUCATION PURSUANT
9 TO SECTION 2-3-1304 (3). NOT LATER THAN ONCE ANNUALLY BY
10 DECEMBER 31 OF EACH YEAR, THE DIVISION SHALL UPDATE THE LINK IT IS
11 REQUIRED TO MAINTAIN BY THIS SUBSECTION (4).

12 **SECTION 4.** In Colorado Revised Statutes, 39-3-112, **amend** (3)
13 introductory portion and (3)(c)(II)(B); and **add** (3)(c)(II)(B.5) as follows:

14 **39-3-112. Definitions - residential property - orphanage -**
15 **low-income elderly or individuals with disabilities - homeless or**
16 **abused - low-income households - charitable purposes - exemption -**
17 **limitations.** (3) In order for property to be exempt from the levy and
18 collection of property tax pursuant to ~~the provisions of~~ subsection (2) of
19 this section, the administrator shall be required to find, pursuant to ~~the~~
20 ~~provisions of~~ section 39-2-117, that:

- 21 (c) The property is owned:
- 22 (II) (B) ~~The provisions of this subparagraph (H)~~ FOR PROPERTY
23 TAX YEARS COMMENCING PRIOR TO JANUARY 1, 2019, THIS SUBSECTION
24 (3)(c)(II) shall not apply if, during such compliance period, such domestic
25 or foreign limited partnership which owns the residential structure
26 distributes income or has income available for distribution to its partners
27 or if the residential structure is sold or otherwise disposed of during such

1 compliance period. If the administrator determines that, as specified in
2 this ~~sub-subparagraph (B)~~ SUBSECTION (3)(c)(II)(B), income has been
3 distributed or has been available for distribution or the residential
4 property has been sold or otherwise disposed of, the administrator shall
5 revoke the property tax exemption for the residential property and
6 property taxes shall be levied and collected against the residential
7 property which would have otherwise been levied and collected from the
8 date on which the exemption was initially granted plus all delinquent
9 interest as provided for by law.

10 (B.5) FOR PROPERTY TAX YEARS COMMENCING ON OR AFTER
11 JANUARY 1, 2019, THIS SUBSECTION (3)(c)(II) SHALL NOT APPLY IF,
12 DURING SUCH COMPLIANCE PERIOD, SUCH DOMESTIC OR FOREIGN LIMITED
13 PARTNERSHIP WHICH OWNS THE RESIDENTIAL STRUCTURE DISTRIBUTES
14 INCOME OR HAS INCOME AVAILABLE FOR DISTRIBUTION TO ITS PARTNERS
15 OR IF THE RESIDENTIAL STRUCTURE IS SOLD OR OTHERWISE DISPOSED OF
16 DURING SUCH COMPLIANCE PERIOD. IF THE ADMINISTRATOR DETERMINES
17 THAT, AS SPECIFIED IN THIS SUBSECTION (3)(c)(II)(B.5), INCOME HAS BEEN
18 DISTRIBUTED OR HAS BEEN AVAILABLE FOR DISTRIBUTION OR THE
19 RESIDENTIAL PROPERTY HAS BEEN SOLD OR OTHERWISE DISPOSED OF, THE
20 ADMINISTRATOR SHALL EITHER REVOKE THE PROPERTY TAX EXEMPTION
21 FOR THE RESIDENTIAL PROPERTY AS OF THE DATE INCOME BECOMES
22 AVAILABLE FOR DISTRIBUTION OR TERMINATE THE EXEMPTION AS OF THE
23 DATE THE PROPERTY IS TRANSFERRED.

24 **SECTION 5. Act subject to petition - effective date -**
25 **applicability.** (1) This act takes effect September 1, 2019; except that,
26 if a referendum petition is filed pursuant to section 1 (3) of article V of
27 the state constitution against this act or an item, section, or part of this act

1 within the ninety-day period after final adjournment of the general
2 assembly, then the act, item, section, or part will not take effect unless
3 approved by the people at the general election to be held in November
4 2020 and, in such case, will take effect on the date of the official
5 declaration of the vote thereon by the governor.

6 (2) Section 4 of this act applies to property tax years commencing
7 on or after January 1, 2019.