

First Regular Session  
Seventy-fourth General Assembly  
STATE OF COLORADO

**ENGROSSED**

*This Version Includes All Amendments Adopted  
on Second Reading in the House of Introduction*

LLS NO. 23-0806.01 Nicole Myers x4326

**SENATE BILL 23-175**

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**SENATE SPONSORSHIP**

**Jaquez Lewis and Rich,**

**HOUSE SPONSORSHIP**

**Boesenecker and Taggart,**

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**Senate Committees**  
Finance

**House Committees**

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**A BILL FOR AN ACT**

101 **CONCERNING THE USE OF TAX INCREMENT FINANCING BY DOWNTOWN**  
102 **DEVELOPMENT AUTHORITIES, AND, IN CONNECTION THEREWITH,**  
103 **CREATING AUTOMATIC EXTENSIONS OF THE PERIODS DURING**  
104 **WHICH A PORTION OF PROPERTY TAX REVENUES MAY BE**  
105 **ALLOCATED TO FINANCE PROJECTS OF AN AUTHORITY. ==**

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**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>.)*

Currently, the governing body of any municipality in the state may, with voter approval, establish a downtown development authority

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.*

SENATE  
Amended 2nd Reading  
March 30, 2023

(authority) to assist the municipality in the development and redevelopment of its central business district. An authority may, if approved by the voters, use tax increment financing (TIF) to generate capital by dedicating growth in property tax or sales tax revenue to finance projects within the boundaries of the authority. The tax increment is the amount of additional tax revenue represented by the difference between the actual amount of tax revenue collected after the TIF is established and the base year tax revenue within the boundaries of the authority. The revenue that is attributed to the growing tax base is the incremental revenue used to finance the redevelopment projects within the boundaries of the authority (incremental revenue).

Currently, an authority may use a TIF arrangement for a period of 30 years with the option for one 20-year extension. For property tax revenue only, the bill creates automatic and recurring additional 20-year extension periods during which an authority may use a TIF arrangement, unless the governing body of the municipality opts out of the extensions. The first additional extension period begins upon the expiration of the original 50-year period.

During the 20-year extension period allowed pursuant to current law, 50% of the incremental revenue is allocated to a special fund of the municipality that created the authority (special fund), to be used to finance projects within the boundaries of the authority. The other 50% of the incremental revenue is allocated to the other governmental entities that levy property taxes within the boundaries of the authority, unless the municipality and all of the other governmental entities reach an alternative agreement. For the automatic and recurring 20-year extension periods, the bill continues the default split of the incremental revenue unless the municipality and all of the other governmental entities reach an alternative agreement.

During the last 10 years of a 20-year extension allowed pursuant to current law, the base year revenue for the TIF is recalculated every year. For an automatic and recurring 20-year extension period, the bill requires the base year revenue to be recalculated every year.

Pursuant to current law, the governing body of a municipality must incur any debt to be used to finance the projects of the authority. The bill allows a municipality and an authority to enter into an intergovernmental agreement through which the municipality may delegate to the board of the authority the power to incur debt and to pledge money in a special fund of the municipality for the payment of the debt. The bonds issued by the board must be authorized by a resolution of the board and must be issued by the authority acting on behalf of the municipality.

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

1           **SECTION 1.** In Colorado Revised Statutes, 31-25-807, **amend**  
2 (3)(a) introductory portion, (3)(a)(II), and (3)(a)(IV); and **add** (3)(a)(V)  
3 as follows:

4           **31-25-807. Powers - duties.** (3) (a) Notwithstanding any law to  
5 the contrary and subject to ~~subsection (3)(a)(IV)~~ SUBSECTIONS (3)(a)(IV)  
6 AND (3)(a)(V) of this section, any ~~such~~ plan of development as originally  
7 adopted by the board or as later modified pursuant to this part 8 may, after  
8 approval by the governing body of the municipality, contain a provision  
9 that taxes, if any, levied after the effective date of the approval of ~~such~~  
10 THE plan of development by ~~said~~ THE governing body upon taxable  
11 property within the boundaries of the plan of development area each year  
12 or that municipal sales taxes collected within said area, or both such  
13 taxes, by or for the benefit of any public body shall be divided for a  
14 period not to exceed thirty years or ~~such~~ A longer period as provided for  
15 in ~~subsection (3)(a)(IV)~~ SUBSECTIONS (3)(a)(IV) AND (3)(a)(V) of this  
16 section after the effective date of approval by ~~said~~ THE governing body of  
17 such a provision, as follows:

18           (II) ~~That~~ THE portion of ~~said~~ property taxes or all or any portion  
19 of ~~said~~ sales taxes, or both, in excess of ~~such~~ THE amount SPECIFIED IN  
20 SUBSECTION (3)(a)(I) OF THIS SECTION shall be allocated to and, when  
21 collected, paid into a special fund of the municipality for the payment of  
22 the principal of, the interest on, and any premiums due in connection with  
23 the bonds of, loans or advances to, or indebtedness incurred by, whether  
24 funded, refunded, assumed, or otherwise, the municipality for financing  
25 or refinancing, in whole or in part, a development project within the  
26 boundaries of the plan of development area. Any excess municipal sales  
27 tax collection not allocated pursuant to this ~~subparagraph (II)~~ SUBSECTION

1 (3)(a)(II) shall be paid into the funds of the municipality. Unless and until  
2 the total valuation for assessment of the taxable property within the  
3 boundaries of the plan of development area exceeds the base valuation for  
4 assessment of the taxable property within such boundaries, as provided  
5 in ~~subparagraph (I) of this paragraph (a)~~ SUBSECTION (3)(a)(I) OF THIS  
6 SECTION, all of the taxes levied upon the taxable property in such  
7 boundary area shall be paid into the funds of the respective public bodies.  
8 Unless and until the total municipal sales tax collections in the plan of  
9 development area exceed the base year municipal sales tax collections in  
10 such area, as provided in ~~subparagraph (I) of this paragraph (a)~~  
11 SUBSECTION (3)(a)(I) OF THIS SECTION, all such sales tax collections shall  
12 be paid into the funds of the municipality. When such bonds, loans,  
13 advances, and indebtedness, if any, including interest thereon and any  
14 premiums due in connection therewith, and including any refunding  
15 securities therefor, have been paid, all taxes upon the taxable property or  
16 the total municipal sales tax collections, or both, in such boundary area  
17 shall be paid into the funds of the respective public bodies. PURSUANT TO  
18 AN INTERGOVERNMENTAL AGREEMENT BETWEEN A MUNICIPALITY AND AN  
19 AUTHORITY, THE GOVERNING BODY MAY DELEGATE TO THE BOARD THE  
20 POWER TO   INCUR LOANS OR INDEBTEDNESS OR OBTAIN ADVANCES AND  
21 TO PLEDGE MONEY IN THE SPECIAL FUND CREATED PURSUANT TO THIS  
22 SUBSECTION (3)(a)(II) FOR THE PAYMENT OF ANY   LOANS, ADVANCES,  
23 OR INDEBTEDNESS. THE INTERGOVERNMENTAL AGREEMENT SHALL BE  
24 APPROVED BY AN ORDINANCE ADOPTED BY THE GOVERNING BODY AND A  
25 RESOLUTION ADOPTED BY THE BOARD AND SHALL INCLUDE TERMS,  
26 CONDITIONS, OR LIMITATIONS ON THE POWER OF THE BOARD AS AGREED  
27 TO BY THE GOVERNING BODY AND BOARD.

1 (IV) (A) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION  
2 (3)(a)(V) OF THIS SECTION, during the final ten years of the thirty-year  
3 period during which a portion of the property taxes or sales taxes, or both,  
4 may be allocated to and, when collected, paid into the special fund of the  
5 municipality in accordance with the requirements of ~~subparagraph (H) of~~  
6 ~~this paragraph (a)~~ SUBSECTION (3)(a)(II) OF THIS SECTION, the governing  
7 body may by ordinance extend the period during which property taxes  
8 shall be allocated for one additional extension of twenty years, which  
9 extension shall commence upon the expiration of the original thirty-year  
10 period, if on the first day of the twenty-year extension period the  
11 established base year for the allocation of property taxes pursuant to  
12 ~~subparagraph (H) of this paragraph (a)~~ SUBSECTION (3)(a)(II) OF THIS  
13 SECTION is advanced forward by ten years and, subsequent to the  
14 completion of the first ten years of the twenty-year extension, the base  
15 year is advanced forward by one year for each additional year through the  
16 completion of the twenty-year extension. The governing body may also  
17 by ordinance extend the period during which sales taxes shall be allocated  
18 for one additional extension of twenty years with no change to the  
19 established sales tax base year. Notwithstanding any other provision of  
20 ~~this subparagraph (IV)~~ SUBSECTION (3)(a)(IV), any extension authorized  
21 pursuant to ~~this subparagraph (IV)~~ SUBSECTION (3)(a)(IV) may only be  
22 considered by the governing body during the final ten years of the original  
23 thirty-year period.

24 (B) In connection with an extension implemented pursuant to  
25 ~~sub-subparagraph (A) of this subparagraph (IV)~~ SUBSECTION  
26 (3)(a)(IV)(A) OF THIS SECTION, on an annual basis fifty percent of the  
27 property taxes levied, or such greater amount as may be set forth in an

1 agreement negotiated by the municipality and the respective public  
2 bodies, and allocated in accordance with the requirements of  
3 ~~subparagraph (H) of this paragraph (a)~~ SUBSECTION (3)(a)(II) OF THIS  
4 SECTION shall be paid into the special fund of the municipality and the  
5 balance of such taxes shall be paid into the funds of the other public  
6 bodies by or for which such taxes are collected. Not later than August 1  
7 of each calendar year, the governing body shall certify to the county  
8 assessor an itemized list of the property tax distribution percentages  
9 attributable to the special fund of the municipality pursuant to this  
10 ~~sub-subparagraph (B)~~ SUBSECTION (3)(a)(IV)(B) from the mill levies to  
11 be certified by each public body. When certifying values to taxing entities  
12 pursuant to sections 39-1-111 (5), 39-5-121 (2), and 39-5-128, ~~C.R.S.~~, the  
13 assessor shall certify only the percentage of increment value attributable  
14 to the special fund pursuant to this ~~sub-subparagraph (B)~~ SUBSECTION  
15 (3)(a)(IV)(B) as certified by the governing body.

16 (V) (A) IF A GOVERNING BODY EXTENDS, PURSUANT TO  
17 SUBSECTION (3)(a)(IV) OF THIS SECTION, THE PERIOD DURING WHICH A  
18 PORTION OF THE PROPERTY TAXES MAY BE ALLOCATED TO THE SPECIAL  
19 FUND OF THE MUNICIPALITY IN ACCORDANCE WITH THE REQUIREMENTS OF  
20 SUBSECTION (3)(a)(II) OF THIS SECTION, THE GOVERNING BODY MAY, BY  
21 ORDINANCE, EXTEND THE PERIOD DURING WHICH PROPERTY TAXES SHALL  
22 BE ALLOCATED FOR ONE OR MORE ADDITIONAL TWENTY-YEAR PERIODS AS  
23 SPECIFIED IN THIS SUBSECTION (3)(a)(V). THE GOVERNING BODY MUST  
24 ADOPT A SEPARATE ORDINANCE FOR EACH ADDITIONAL TWENTY-YEAR  
25 PERIOD IN ACCORDANCE WITH SUBSECTION (3)(a)(V)(C) OF THIS SECTION.  
26 A TWENTY-YEAR EXTENSION FOR THE PERIOD DURING WHICH PROPERTY  
27 TAXES SHALL BE ALLOCATED TO THE SPECIAL FUND OF THE MUNICIPALITY

1 COMMENCES UPON THE EXPIRATION OF THE PREVIOUS TWENTY-YEAR  
2 EXTENSION PERIOD, WHETHER SUCH PERIOD WAS PURSUANT TO  
3 SUBSECTION (3)(a)(IV) OF THIS SECTION OR PURSUANT TO THIS  
4 SUBSECTION (3)(a)(V). ON THE FIRST DAY OF A TWENTY-YEAR EXTENSION  
5 PERIOD PURSUANT TO THIS SUBSECTION (3)(a)(V), THE ESTABLISHED BASE  
6 YEAR FOR THE ALLOCATION OF PROPERTY TAXES PURSUANT TO  
7 SUBSECTION (3)(a)(II) OF THIS SECTION MUST BE ADVANCED FORWARD BY  
8 ONE YEAR, AND THE ESTABLISHED BASE YEAR MUST BE ADVANCED  
9 FORWARD FOR EACH ADDITIONAL YEAR THROUGH THE COMPLETION OF THE  
10 == TWENTY-YEAR EXTENSION.

11 (B) IN CONNECTION WITH AN EXTENSION IMPLEMENTED PURSUANT  
12 TO THIS SUBSECTION (3)(a)(V), ON AN ANNUAL BASIS FIFTY PERCENT OF  
13 THE PROPERTY TAXES LEVIED, OR A GREATER AMOUNT AS MAY BE SET  
14 FORTH IN AN AGREEMENT NEGOTIATED BY THE MUNICIPALITY AND THE  
15 RESPECTIVE PUBLIC BODIES, AND ALLOCATED IN ACCORDANCE WITH THE  
16 REQUIREMENTS OF SUBSECTION (3)(a)(II) OF THIS SECTION, SHALL BE PAID  
17 INTO THE SPECIAL FUND OF THE MUNICIPALITY AND THE BALANCE OF THE  
18 TAXES SHALL BE PAID INTO THE FUNDS OF THE OTHER PUBLIC BODIES BY  
19 OR FOR WHICH SUCH PROPERTY TAXES ARE COLLECTED. NOT LATER THAN  
20 AUGUST 1 OF EACH CALENDAR YEAR, THE GOVERNING BODY SHALL  
21 CERTIFY TO THE COUNTY ASSESSOR AN ITEMIZED LIST OF THE PROPERTY  
22 TAX DISTRIBUTION PERCENTAGES ATTRIBUTABLE TO THE SPECIAL FUND OF  
23 THE MUNICIPALITY PURSUANT TO THIS SUBSECTION (3)(a)(V)(B) FROM  
24 THE MILL LEVIES TO BE CERTIFIED BY EACH PUBLIC BODY. WHEN  
25 CERTIFYING VALUES TO TAXING ENTITIES PURSUANT TO SECTIONS  
26 39-1-111 (5), 39-5-121 (2), AND 39-5-128, THE ASSESSOR SHALL CERTIFY  
27 ONLY THE PERCENTAGE OF INCREMENT VALUE ATTRIBUTABLE TO THE

1 SPECIAL FUND PURSUANT TO THIS SUBSECTION (3)(a)(V)(B) AS CERTIFIED  
2 BY THE GOVERNING BODY.

3 (C) BEFORE AUGUST 1 OF THE LAST YEAR OF A TWENTY-YEAR  
4 EXTENSION PERIOD PURSUANT TO SUBSECTION (3)(a)(IV) OR (3)(a)(V)(A)  
5 OF THIS SECTION, THE GOVERNING BODY MAY ADOPT AN ORDINANCE TO  
6 EXTEND THE PERIOD DURING WHICH A PORTION OF PROPERTY TAX MAY BE  
7 COLLECTED AND ALLOCATED TO THE SPECIAL FUND OF THE MUNICIPALITY  
8 PURSUANT TO SUBSECTION (3)(a)(II) OF THIS SECTION.

9 **SECTION 2. Act subject to petition - effective date.** This act  
10 takes effect at 12:01 a.m. on the day following the expiration of the  
11 ninety-day period after final adjournment of the general assembly; except  
12 that, if a referendum petition is filed pursuant to section 1 (3) of article V  
13 of the state constitution against this act or an item, section, or part of this  
14 act within such period, then the act, item, section, or part will not take  
15 effect unless approved by the people at the general election to be held in  
16 November 2024 and, in such case, will take effect on the date of the  
17 official declaration of the vote thereon by the governor.