A BILL FOR AN ACT

CONCERNING THE PROPERTY TAX TREATMENT OF REAL PROPERTY THAT IS USED TO PROVIDE LODGING.

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/.)

Legislative Oversight Committee Concerning Tax Policy. The bill establishes that, for property tax years commencing on or after January 1, 2026, a short-term rental unit, which is an improvement that is designated and used as a place of residency by a person, family, or families, but that is also leased for overnight lodging for less than 30 consecutive days in exchange for a monetary payment (short-term stay)
and is not a primary residence, and the land upon which the improvement is located, may be classified as either residential real property or lodging property. If, during the previous property tax year, a short-term rental unit was leased for short-term stays for more than 90 days, then it is classified as lodging property. Otherwise, it is classified as residential real property. Actual value for a short-term rental unit that is classified as lodging property is to be determined solely by application of the market approach to appraisal.

The bill also specifies, with an exception for a property that qualifies as a bed and breakfast, that a building designed for use predominantly as a place of residency by a person, a family, or families but that is actually used, or available for use, to provide short-term stays only is a hotel and motel.

For purposes of applying the classification of either residential or lodging to a short-term rental unit, annually, the assessor is required to send notice to owners of short-term rental units of the number of days during the prior property tax year that the assessor has determined the property was leased for short-term stays. An owner must sign and return the notice and, if the owner disputes the number of days the property was leased for short-term stays, the owner must provide evidence demonstrating a different number of days the property was leased for short-term stays.

Additionally, the property tax administrator is required to establish and administer a pilot program to develop a statewide database and uniform reporting system to track short-term rental units.

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

SECTION 1. In Colorado Revised Statutes, 39-1-102, amend (5.5)(a) introductory portion and (5.5)(b)(II); and add (5.5)(b.5), (15.7), and (15.8) as follows:

39-1-102. Definitions. As used in articles 1 to 13 of this title 39, unless the context otherwise requires:

(5.5) "Hotels and motels" means improvements and the land associated with such improvements that are used by a business establishment primarily to provide lodging, camping, or personal care or health facilities to the general public and that are predominantly used on an overnight or weekly basis; except that AND UNLESS THE PROVISIONS IN
SUBSECTION (5.5)(b.5) OF THIS SECTION APPLY FOR BUILDINGS PROVIDING SHORT-TERM STAYS, "hotels and motels" does not include:

(b) If any time share estate, time share use period, undivided interest, or other partial ownership interest in any hotel unit is owned by any non-hotel unit owner, then, unless a declaration or other express agreement binding on the non-hotel unit owners and the hotel unit owners provides otherwise:

(II) Each non-hotel unit owner shall pay that portion of the taxes on the hotel unit equal to the non-hotel unit owner's ownership or usage percentage of the hotel unit multiplied by the property tax that would have been levied on the hotel unit if the actual value and valuation for assessment of the hotel unit had been determined as if the hotel unit was residential real property; EXCEPT THAT IF THE HOTEL UNIT IS ALSO A SHORT-TERM RENTAL UNIT, THEN THE HOTEL UNIT IS VALUED FOR ASSESSMENT IN ACCORDANCE WITH SECTION 39-1-103 (10.8)(a).

(b.5) "HOTELS AND MOTELS" ALSO MEANS A BUILDING DESIGNED FOR USE PREDOMINANTLY AS A PLACE OF RESIDENCY BY A PERSON, A FAMILY, OR FAMILIES, BUT THAT IS ACTUALLY USED, OR AVAILABLE FOR USE, TO PROVIDE SHORT-TERM STAYS ONLY; EXCEPT THAT THE TERM EXCLUDES ANY IMPROVEMENT THAT QUALIFIES AS A BED AND BREAKFAST.

(15.7) "SHORT-TERM RENTAL UNIT" MEANS AN IMPROVEMENT THAT IS DESIGNED AND USED AS A PLACE OF RESIDENCY BY A PERSON, A FAMILY, OR FAMILIES, AND THAT IS NOT A PRIMARY RESIDENCE BUT THAT IS ALSO LEASED OR AVAILABLE TO BE LEASED FOR ONE OR MORE SHORT-TERM STAYS. THE TERM ALSO INCLUDES THE LAND UPON WHICH THE IMPROVEMENT IS LOCATED.

(15.8) "SHORT-TERM STAY" MEANS OVERNIGHT LODGING THAT IS
PROVIDED TO AN INDIVIDUAL OR BUSINESS FOR LESS THAN THIRTY
CONSECUTIVE DAYS IN EXCHANGE FOR MONETARY PAYMENT.

SECTION 2. In Colorado Revised Statutes, 39-1-103, add (10.8)
as follows:

39-1-103. Actual value determined - when - legislative
declaration. (10.8) (a) Except as otherwise provided in subsection
(10.8)(c) of this section and notwithstanding any other provision
of this article 1, for property tax years commencing on and
after January 1, 2026, a short-term rental unit must be
classified as either residential real property or lodging
property based on the use of the property during the previous
property tax year as follows:

(I) If, during the previous property tax year, the total
number of days that a short-term rental unit was leased for
short-term stays was less than or equal to ninety days, then the
short-term rental unit is classified as residential real property;
and

(II) If, during the previous property tax year, the total
number of days that a short-term rental unit was leased for
short-term stays was greater than ninety days, then the
short-term rental unit is classified as lodging property.

(b) Notwithstanding the provisions of subsection (5) of
this section, the actual value of a short-term rental unit
classified as lodging property is determined solely by
application of the market approach to appraisal.

(c) (I) On or before January 15, 2026, and January 15 of
each year thereafter, the assessor shall mail notice to owners
OF SHORT-TERM RENTAL UNITS OF THE NUMBER OF DAYS DURING THE
PREVIOUS PROPERTY TAX YEAR THAT THE SHORT-TERM RENTAL UNIT WAS
LEASED FOR SHORT-TERM STAYS AS DETERMINED BY THE ASSESSOR FROM
THE STATEWIDE DATABASE MAINTAINED BY THE ADMINISTRATOR. THE
NOTICE MUST BE IN A FORM ESTABLISHED BY THE ADMINISTRATOR AND
MUST ALLOW FOR AN OWNER TO INDICATE THAT THE OWNER AGREES WITH
OR DISPUTES THE ASSESSOR'S TOTAL NUMBER OF DAYS THE SHORT-TERM
RENTAL UNIT WAS LEASED FOR SHORT-TERM STAYS. BY NO LATER THAN
APRIL 15, 2026, AND APRIL 15 OF EACH YEAR THEREAFTER, THE OWNER
SHALL COMPLETE AND SIGN THE NOTICE UNDER THE PENALTY OF PERJURY
IN THE SECOND DEGREE AND RETURN IT TO THE ASSESSOR. IF THE OWNER
DISPUTES THE ASSESSOR'S TOTAL NUMBER OF DAYS THE SHORT-TERM
RENTAL UNIT WAS LEASED FOR SHORT-TERM STAYS, THE OWNER SHALL
INDICATE THE TOTAL NUMBER OF DAYS THAT THE SHORT-TERM RENTAL
UNIT WAS LEASED FOR SHORT-TERM STAYS AND ATTACH EXHIBITS AND
STATEMENTS TO THE NOTICE IN SUPPORT. IN THE ABSENCE OF CONTRARY
INFORMATION, THE ASSESSOR SHALL USE THE NUMBER OF DAYS PROVIDED
BY THE OWNER FOR THE PURPOSE OF DETERMINING THE CLASSIFICATION
OF THE SHORT-TERM RENTAL UNIT UNDER SUBSECTION (10.8)(a) OF THIS
SECTION.

(II) IF AN OWNER DOES NOT COMPLETE, SIGN, AND RETURN THE
NOTICE AS REQUIRED IN SUBSECTION (10.8)(c)(I) OF THIS SECTION, THE
ASSESSOR SHALL USE THE NUMBER OF DAYS DURING THE PREVIOUS
PROPERTY TAX YEAR THAT IT HAS DETERMINED THE SHORT-TERM RENTAL
UNIT WAS LEASED FOR SHORT-TERM STAYS FOR THE PURPOSE OF
DETERMINING THE CLASSIFICATION OF THE SHORT-TERM RENTAL UNIT
UNDER SUBSECTION (10.8)(a) OF THIS SECTION.
(d) If a short-term rental unit also qualifies as a bed and breakfast, then it is assessed as a bed and breakfast in accordance with subsection (10.5) of this section.

SECTION 3. In Colorado Revised Statutes, 39-1-104, amend (1.6)(a) as follows:

(1.6) (a) Hotels, motels, bed and breakfasts, short-term rental units as set forth in section 39-1-103 (10.8)(a)(II), and all personal property located at a hotel, motel, or bed and breakfast, or short-term rental unit as set forth in section 39-1-103 (10.8)(a)(II) are classified as lodging property, which is a subclass of nonresidential property for purposes of the valuation for assessment. Classification as a lodging property does not affect a partial allocation as residential real property if a lodging property is a mixed-use property.

SECTION 4. In Colorado Revised Statutes, 39-2-109, amend (1)(d) and (1)(m); and add (1)(n) as follows:

39-2-109. Duties, powers, and authority - definition. (1) It is the duty of the property tax administrator, and the administrator shall have and exercise authority:
(d) To approve the form and size of all personal property schedules, forms, and notices furnished or sent by assessors to owners of taxable property, the form of notice sent by assessors to owners of short-term rental units pursuant to section 39-1-103 (10.8)(c), the form of petitions for abatement or refund, the form of all field books, plat and block books, maps, and appraisal cards used in the office of the assessor and other forms and records used and maintained by the assessor and to require exclusive use of such approved schedules, books, maps,
appraisal cards, forms, and records by all assessors to insure uniformity;

(m) To establish the forms required pursuant to part 2 of article 29 of title 38, C.R.S. and

(n) To establish and administer a program beginning January 1, 2026, for the purpose of developing and maintaining a statewide database and uniform reporting system to track short-term rental units which must be searchable by county and allow assessors to determine the total number of days during the previous property tax year that a short-term rental unit was leased for short-term stays.

SECTION 5. 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.