

Second Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO

Bill C

LLS NO. 24-0388.01 Megan McCall x4215

SENATE BILL

SENATE SPONSORSHIP

Hansen,

HOUSE SPONSORSHIP

Weissman,

Senate Committees

House Committees

A BILL FOR AN ACT

101 CONCERNING THE PROPERTY TAX TREATMENT OF REAL PROPERTY
102 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)

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.

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.

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

2 **SECTION 1.** In Colorado Revised Statutes, 39-1-102, **amend**
3 (5.5)(a) introductory portion and (5.5)(b)(II); and **add** (5.5)(b.5), (15.7),
4 and (15.8) as follows:

5 **39-1-102. Definitions.** As used in articles 1 to 13 of this title 39,
6 unless the context otherwise requires:

7 (5.5) (a) "Hotels and motels" means improvements and the land
8 associated with such improvements that are used by a business
9 establishment primarily to provide lodging, camping, or personal care or
10 health facilities to the general public and that are predominantly used on
11 an overnight or weekly basis; except that AND UNLESS THE PROVISIONS IN

1 SUBSECTION (5.5)(b.5) OF THIS SECTION APPLY FOR BUILDINGS PROVIDING
2 SHORT-TERM STAYS, "hotels and motels" does not include:

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

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

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

21 (15.7) "SHORT-TERM RENTAL UNIT" MEANS AN IMPROVEMENT
22 THAT IS DESIGNED AND USED AS A PLACE OF RESIDENCY BY A PERSON, A
23 FAMILY, OR FAMILIES, AND THAT IS NOT A PRIMARY RESIDENCE BUT THAT
24 IS ALSO LEASED OR AVAILABLE TO BE LEASED FOR ONE OR MORE
25 SHORT-TERM STAYS. THE TERM ALSO INCLUDES THE LAND UPON WHICH
26 THE IMPROVEMENT IS LOCATED.

27 (15.8) "SHORT-TERM STAY" MEANS OVERNIGHT LODGING THAT IS

1 PROVIDED TO AN INDIVIDUAL OR BUSINESS FOR LESS THAN THIRTY
2 CONSECUTIVE DAYS IN EXCHANGE FOR MONETARY PAYMENT.

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

5 **39-1-103. Actual value determined - when - legislative**
6 **declaration.** (10.8) (a) EXCEPT AS OTHERWISE PROVIDED IN SUBSECTION
7 (10.8)(c) OF THIS SECTION AND NOTWITHSTANDING ANY OTHER PROVISION
8 OF THIS ARTICLE 1, FOR PROPERTY TAX YEARS COMMENCING ON AND
9 AFTER JANUARY 1, 2026, A SHORT-TERM RENTAL UNIT MUST BE
10 CLASSIFIED AS EITHER RESIDENTIAL REAL PROPERTY OR LODGING
11 PROPERTY BASED ON THE USE OF THE PROPERTY DURING THE PREVIOUS
12 PROPERTY TAX YEAR AS FOLLOWS:

13 (I) IF, DURING THE PREVIOUS PROPERTY TAX YEAR, THE TOTAL
14 NUMBER OF DAYS THAT A SHORT-TERM RENTAL UNIT WAS LEASED FOR
15 SHORT-TERM STAYS WAS LESS THAN OR EQUAL TO NINETY DAYS, THEN THE
16 SHORT-TERM RENTAL UNIT IS CLASSIFIED AS RESIDENTIAL REAL PROPERTY;
17 AND

18 (II) IF, DURING THE PREVIOUS PROPERTY TAX YEAR, THE TOTAL
19 NUMBER OF DAYS THAT A SHORT-TERM RENTAL UNIT WAS LEASED FOR
20 SHORT-TERM STAYS WAS GREATER THAN NINETY DAYS, THEN THE
21 SHORT-TERM RENTAL UNIT IS CLASSIFIED AS LODGING PROPERTY.

22 (b) NOTWITHSTANDING THE PROVISIONS OF SUBSECTION (5) OF
23 THIS SECTION, THE ACTUAL VALUE OF A SHORT-TERM RENTAL UNIT
24 CLASSIFIED AS LODGING PROPERTY IS DETERMINED SOLELY BY
25 APPLICATION OF THE MARKET APPROACH TO APPRAISAL.

26 (c) (I) ON OR BEFORE JANUARY 15, 2026, AND JANUARY 15 OF
27 EACH YEAR THEREAFTER, THE ASSESSOR SHALL MAIL NOTICE TO OWNERS

1 OF SHORT-TERM RENTAL UNITS OF THE NUMBER OF DAYS DURING THE
2 PREVIOUS PROPERTY TAX YEAR THAT THE SHORT-TERM RENTAL UNIT WAS
3 LEASED FOR SHORT-TERM STAYS AS DETERMINED BY THE ASSESSOR FROM
4 THE STATEWIDE DATABASE MAINTAINED BY THE ADMINISTRATOR. THE
5 NOTICE MUST BE IN A FORM ESTABLISHED BY THE ADMINISTRATOR AND
6 MUST ALLOW FOR AN OWNER TO INDICATE THAT THE OWNER AGREES WITH
7 OR DISPUTES THE ASSESSOR'S TOTAL NUMBER OF DAYS THE SHORT-TERM
8 RENTAL UNIT WAS LEASED FOR SHORT-TERM STAYS. BY NO LATER THAN
9 APRIL 15, 2026, AND APRIL 15 OF EACH YEAR THEREAFTER, THE OWNER
10 SHALL COMPLETE AND SIGN THE NOTICE UNDER THE PENALTY OF PERJURY
11 IN THE SECOND DEGREE AND RETURN IT TO THE ASSESSOR. IF THE OWNER
12 DISPUTES THE ASSESSOR'S TOTAL NUMBER OF DAYS THE SHORT-TERM
13 RENTAL UNIT WAS LEASED FOR SHORT-TERM STAYS, THE OWNER SHALL
14 INDICATE THE TOTAL NUMBER OF DAYS THAT THE SHORT-TERM RENTAL
15 UNIT WAS LEASED FOR SHORT-TERM STAYS AND ATTACH EXHIBITS AND
16 STATEMENTS TO THE NOTICE IN SUPPORT. IN THE ABSENCE OF CONTRARY
17 INFORMATION, THE ASSESSOR SHALL USE THE NUMBER OF DAYS PROVIDED
18 BY THE OWNER FOR THE PURPOSE OF DETERMINING THE CLASSIFICATION
19 OF THE SHORT-TERM RENTAL UNIT UNDER SUBSECTION (10.8)(a) OF THIS
20 SECTION.

21 (II) IF AN OWNER DOES NOT COMPLETE, SIGN, AND RETURN THE
22 NOTICE AS REQUIRED IN SUBSECTION (10.8)(c)(I) OF THIS SECTION, THE
23 ASSESSOR SHALL USE THE NUMBER OF DAYS DURING THE PREVIOUS
24 PROPERTY TAX YEAR THAT IT HAS DETERMINED THE SHORT-TERM RENTAL
25 UNIT WAS LEASED FOR SHORT-TERM STAYS FOR THE PURPOSE OF
26 DETERMINING THE CLASSIFICATION OF THE SHORT-TERM RENTAL UNIT
27 UNDER SUBSECTION (10.8)(a) OF THIS SECTION.

1 (d) IF A SHORT-TERM RENTAL UNIT ALSO QUALIFIES AS A BED AND
2 BREAKFAST, THEN IT IS ASSESSED AS A BED AND BREAKFAST IN
3 ACCORDANCE WITH SUBSECTION (10.5) OF THIS SECTION.

4 **SECTION 3.** In Colorado Revised Statutes, 39-1-104, **amend**
5 (1.6)(a) as follows:

6 **39-1-104. Valuation for assessment - definitions.**

7 (1.6) (a) Hotels, motels, bed and breakfasts, SHORT-TERM RENTAL UNITS
8 AS SET FORTH IN SECTION 39-1-103 (10.8)(a)(II), and ALL personal
9 property located at a hotel, motel, or bed and breakfast, OR SHORT-TERM
10 RENTAL UNIT AS SET FORTH IN SECTION 39-1-103 (10.8)(a)(II) are
11 classified as lodging property, which is a subclass of nonresidential
12 property for purposes of the valuation for assessment. Classification as a
13 lodging property does not affect a partial allocation as residential real
14 property if a lodging property is a mixed-use property.

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

17 **39-2-109. Duties, powers, and authority - definition.** (1) It is
18 the duty of the property tax administrator, and the administrator shall have
19 and exercise authority:

20 (d) To approve the form and size of all personal property
21 schedules, forms, and notices furnished or sent by assessors to owners of
22 taxable property, THE FORM OF NOTICE SENT BY ASSESSORS TO OWNERS OF
23 SHORT-TERM RENTAL UNITS PURSUANT TO SECTION 39-1-103 (10.8)(c), the
24 form of petitions for abatement or refund, the form of all field books, plat
25 and block books, maps, and appraisal cards used in the office of the
26 assessor and other forms and records used and maintained by the assessor
27 and to require exclusive use of such approved schedules, books, maps,

1 appraisal cards, forms, and records by all assessors to insure uniformity;

2 (m) To establish the forms required pursuant to part 2 of article 29
3 of title 38; ~~C.R.S.~~ AND

4 (n) TO ESTABLISH AND ADMINISTER A PROGRAM BEGINNING
5 JANUARY 1, 2026, FOR THE PURPOSE OF DEVELOPING AND MAINTAINING A
6 STATEWIDE DATABASE AND UNIFORM REPORTING SYSTEM TO TRACK
7 SHORT-TERM RENTAL UNITS WHICH MUST BE SEARCHABLE BY COUNTY AND
8 ALLOW ASSESSORS TO DETERMINE THE TOTAL NUMBER OF DAYS DURING
9 THE PREVIOUS PROPERTY TAX YEAR THAT A SHORT-TERM RENTAL UNIT
10 WAS LEASED FOR SHORT-TERM STAYS.

11 **SECTION 5. Act subject to petition - effective date.** This act
12 takes effect at 12:01 a.m. on the day following the expiration of the
13 ninety-day period after final adjournment of the general assembly; except
14 that, if a referendum petition is filed pursuant to section 1 (3) of article V
15 of the state constitution against this act or an item, section, or part of this
16 act within such period, then the act, item, section, or part will not take
17 effect unless approved by the people at the general election to be held in
18 November 2024 and, in such case, will take effect on the date of the
19 official declaration of the vote thereon by the governor.