

## CHAPTER 115

---

**TAXATION**

---

**HOUSE BILL 96-1239**

BY REPRESENTATIVES Sullivant and Young;  
also SENATORS Wattenberg and Tebedo.

**AN ACT****CONCERNING THE VALUATION OF WATER RIGHTS FOR PROPERTY TAXATION PURPOSES.**

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

**SECTION 1.** 39-5-105 (1.1), Colorado Revised Statutes, 1994 Repl. Vol., is amended to read:

**39-5-105. Improvements - water rights - valuation.** (1.1) (a) (I) Water rights, TOGETHER WITH ANY DAM, DITCH, CANAL, FLUME, RESERVOIR, BYPASS, PIPELINE, CONDUIT, WELL, PUMP, OR OTHER ASSOCIATED STRUCTURE OR DEVICE AS DEFINED IN ARTICLE 92 OF TITLE 37, C.R.S., being used to produce water or held to produce OR EXCHANGE water to support uses of any item of real property specified in section 39-1-102 (14), other than for agricultural purposes, shall not be appraised and valued separately but shall be appraised and valued with the item of real property served as a unit.

(II) FOR PURPOSES OF THIS SECTION, VALUING THE WATER RIGHTS AND THE ITEM OF REAL PROPERTY SERVED BY THE WATER RIGHTS "AS A UNIT" MEANS THAT ANY INCREASE IN VALUE OF THE PROPERTY SERVED WITH WATER MADE AVAILABLE DIRECTLY, OR BY EXCHANGE, BY THE USE OF ANY DAM, DITCH, PIPELINE, CANAL, FLUME, RESERVOIR, BYPASS, CONDUIT, WELL, PUMP, OR OTHER ASSOCIATED STRUCTURE OR DEVICE AS DEFINED IN ARTICLE 92 OF TITLE 37, C.R.S., SHALL BE INCLUDED IN THE VALUATION OF THE REAL PROPERTY SERVED BY THE WATER RIGHTS.

(b) The general assembly finds and declares that the value of water rights, AND ANY DAM, DITCH, PIPELINE, CANAL, FLUME, RESERVOIR, BYPASS, CONDUIT, WELL, PUMP, OR OTHER ASSOCIATED STRUCTURE OR DEVICE AS DEFINED IN ARTICLE 92 OF TITLE 37, C.R.S., USED OR HELD TO PRODUCE OR EXCHANGE WATER, for taxation

---

*Capital letters indicate new material added to existing statutes; dashes through words indicate deletions from existing statutes and such material not part of act.*

purposes, should be recognized as a contribution to the value of all of the interests in the entire property served thereby and that the separate valuation of such water rights could result in double taxation. The provision of this subsection (1.1) shall not be construed to exempt any water rights from taxation but shall be construed as setting forth procedures for the valuation thereof.

**SECTION 2.** 39-10-113.5 (1), Colorado Revised Statutes, 1994 Repl. Vol., is amended to read:

**39-10-113.5. Improvements valued and taxed separately - collection of taxes.**

(1) Notwithstanding any law to the contrary and except as otherwise provided in this section, if taxes become delinquent upon improvements ~~which~~ THAT have been valued and taxed separately from land, the treasurer of the county in which such taxes are delinquent may proceed to collect such taxes pursuant to the provisions of sections 39-10-111, 39-10-112, and 39-10-113 as if such improvements were personal property. The provisions of this section shall not apply to mobile homes, improvements other than buildings on land ~~which~~ THAT is used solely and exclusively for agricultural purposes, and water rights, TOGETHER WITH ANY DAM, DITCH, PIPELINE, CANAL, FLUME, RESERVOIR, BYPASS, CONDUIT, WELL, PUMP, OR OTHER ASSOCIATED STRUCTURE OR DEVICE, AS DEFINED IN ARTICLE 92 OF TITLE 37, C.R.S., being used to produce water or held to produce OR EXCHANGE water to support uses of any item of real property specified in section 39-1-102 (14), including water rights used for agricultural purposes.

**SECTION 3. Effective date - applicability.** This act shall take effect upon passage and shall apply to property tax years commencing on or after January 1, 1996.

**SECTION 4. Safety clause.** The general assembly hereby finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, and safety.

Approved: April 23, 1996