

## CHAPTER 333

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**TAXATION**

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**HOUSE BILL 01-1334**

BY REPRESENTATIVE(S) Romanoff, Bacon, Boyd, Chavez, Coleman, Fairbank, Garcia, Groff, Grossman, Hodge, Jahn, Jameson, Mace, Madden, Marshall, Plant, Sanchez, Stengel, Tapia, Tochtrop, Veiga, Vigil, and Williams S.; also SENATOR(S) Tate.

**AN ACT**

CONCERNING THE EXEMPTION OF PROPERTY USED FOR LOW-INCOME HOUSEHOLD RESIDENTIAL FACILITIES THAT ARE OCCUPIED BY LOW-INCOME HOUSEHOLDS FROM PROPERTY TAX.

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

**SECTION 1.** 39-3-112 (1) (a), Colorado Revised Statutes, is amended, and the said 39-3-112 (1) is further amended BY THE ADDITION OF THE FOLLOWING NEW PARAGRAPHS, to read:

**39-3-112. Definitions - residential property - orphanage - low-income elderly or disabled - homeless or abused - low-income households - charitable purposes - exemption - limitations.** (1) As used in this section, unless the context otherwise requires:

(a) ~~"Disabled" means that an individual is unable to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or which has lasted for a continuous period of not less than twelve months~~ "AREA MEDIAN INCOME" MEANS THE MEDIAN INCOME OF THE COUNTY IN WHICH THE PROPERTY IS LOCATED IN RELATION TO FAMILY SIZE, AS PUBLISHED ANNUALLY BY THE UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT.

(a.3) "DISABLED" MEANS THAT AN INDIVIDUAL IS UNABLE TO ENGAGE IN ANY SUBSTANTIAL GAINFUL ACTIVITY BY REASON OF ANY MEDICALLY DETERMINABLE PHYSICAL OR MENTAL IMPAIRMENT THAT CAN BE EXPECTED TO RESULT IN DEATH OR THAT HAS LASTED FOR A CONTINUOUS PERIOD OF NOT LESS THAN TWELVE MONTHS.

(b.3) "LOW-INCOME HOUSEHOLD" MEANS AN INDIVIDUAL OR FAMILY WHOSE TOTAL

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

INCOME IS NO GREATER THAN THIRTY PERCENT OF THE AREA MEDIAN INCOME.

(b.5) "LOW-INCOME HOUSEHOLD RESIDENTIAL FACILITY" MEANS A FACILITY:

(I) THAT IS OPERATED AS A RESIDENTIAL FACILITY FOR LOW-INCOME HOUSEHOLDS;

(II) FOR WHICH THE PUBLISHED RENT SCHEDULE INCLUDES RENTS THAT A LOW-INCOME HOUSEHOLD CAN AFFORD BY EXPENDING NO MORE THAN THIRTY PERCENT OF THE LOW-INCOME HOUSEHOLD'S TOTAL INCOME FOR RENT AND UTILITIES; AND

(III) FOR WHICH THE OWNER OF THE FACILITY HAS SHOWN THAT THE RENT FOR THE FACILITY FOR WHICH THE EXEMPTION AUTHORIZED IN SUBSECTION (2) OF THIS SECTION APPLIES IS LOWER THAN THE RENT FOR A COMPARABLE FACILITY FOR WHICH SAID EXEMPTION DOES NOT APPLY BY AN AMOUNT EQUAL TO AT LEAST THE VALUE OF SAID EXEMPTION.

**SECTION 2.** 39-3-112 (3) (a) (II), Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW SUB-SUBPARAGRAPH to read:

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

(a) The residential structure is:

(II) Occupied by:

(D) LOW-INCOME HOUSEHOLDS WHO OCCUPY A LOW-INCOME HOUSEHOLD RESIDENTIAL FACILITY.

**SECTION 3.** 39-3-112 (3) (c) (II) (A), (3) (c) (III) (A), and (3) (c) (IV) (A), Colorado Revised Statutes, are amended, and the said 39-3-112 is further amended BY THE ADDITION OF A NEW SUBSECTION, to read:

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

(c) The property is owned:

(II) (A) With respect to residential structures specified in sub-subparagraphs (A), ~~and~~ (C), AND (D) of subparagraph (II) of paragraph (a) of this subsection (3), during any compliance period, as defined by section 42 (i) (1) of the "Internal Revenue Code of 1986", as amended, by any domestic or foreign limited partnership of which any

nonprofit corporation that satisfies the provisions of subparagraph (I) of this paragraph (c) is a general partner and that was formed for the purpose of obtaining, and has been allocated, low-income housing credits pursuant to section 42 of the "Internal Revenue Code of 1986", as amended.

(III) (A) With respect to residential structures specified in sub-subparagraphs (A), ~~and (C), AND (D)~~ of subparagraph (II) of paragraph (a) of this subsection (3), by any domestic or foreign limited partnership of which all of the general and limited partners are nonprofit corporations ~~which~~ THAT satisfy the provisions of subparagraph (I) of this paragraph (c).

(IV) (A) With respect to elderly or disabled low-income residential facilities OR LOW-INCOME HOUSEHOLD RESIDENTIAL FACILITIES, during any compliance period, as defined by section 42 (i) (1) of the "Internal Revenue Code of 1986", as amended, by any domestic or foreign limited partnership so long as each of the general partners of such limited partnership is a for-profit corporation, seventy-five percent or more of the outstanding voting stock of which is owned by, and seventy-five percent or more of the members of the board of directors of which is elected by, one or more nonprofit corporations ~~which~~ THAT satisfy the provisions of subparagraph (I) of this paragraph (c) and so long as such limited partnership was formed for the purpose of obtaining, and the structure ~~which~~ THAT is owned by such limited partnership has been allocated, low-income housing credits pursuant to section 42 of the "Internal Revenue Code of 1986", as amended.

(6) FOR PURPOSES OF PROCESSING APPLICATIONS RECEIVED FOR THE EXEMPTION AUTHORIZED BY SUBSECTION (2) OF THIS SECTION FOR LOW-INCOME HOUSEHOLD RESIDENTIAL FACILITIES, THE DEPARTMENT OF LOCAL AFFAIRS SHALL CONTRACT WITH AN INDEPENDENT CONTRACTOR FOR THE PERFORMANCE OF THE APPLICATION PROCESSING SERVICES IN ACCORDANCE WITH SECTION 24-50-504, C.R.S. SAID CONTRACT SHALL BE LIMITED TO A TERM OF ONE YEAR AND SHALL COMMENCE WHEN THE EXEMPTION FOR LOW-INCOME HOUSEHOLD RESIDENTIAL FACILITIES FIRST BECOMES AVAILABLE.

**SECTION 4. Effective date.** (1) This act shall take effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly that is allowed for submitting a referendum petition pursuant to article V, section 1 (3) of the state constitution; except that, if a referendum petition is filed against this act or an item, section, or part of this act within such period, then the act, item, section, or part, if approved by the people, shall take effect on the date of the official declaration of the vote thereon by proclamation of the governor.

(2) The provisions of this act shall apply to property tax years commencing on or after January 1, 2003.

Approved: June 8, 2001