

CHAPTER 25

GOVERNMENT - SPECIAL DISTRICTS

HOUSE BILL 05-1048

BY REPRESENTATIVE(S) May M., Garcia, Judd, McCluskey, Berens, Crane, Harvey, Marshall, Massey, McFadyen, Paccione, Stafford, and Romanoff;
also SENATOR(S) Lamborn, Keller, Veiga, Sandoval, and Wiens.

AN ACT

CONCERNING THE AUTHORITY OF A SPECIAL DISTRICT TO ENTER INTO A PROPERTY TAX REDUCTION AGREEMENT WITH A TAXPAYER FOR THE PURPOSE OF ECONOMIC DEVELOPMENT.

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

SECTION 1. Article 1 of title 32, Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW PART to read:

**PART 17
PROPERTY TAX REDUCTION AGREEMENT**

32-1-1701. Legislative declaration. THE GENERAL ASSEMBLY HEREBY FINDS AND DECLARES THAT THE HEALTH, SAFETY, AND WELFARE OF THE PEOPLE OF THIS STATE ARE DEPENDENT UPON THE ATTRACTION OF NEW PRIVATE ENTERPRISE AS WELL AS THE RETENTION AND EXPANSION OF EXISTING PRIVATE ENTERPRISE; THAT INCENTIVES ARE OFTEN NECESSARY IN ORDER TO ATTRACT PRIVATE ENTERPRISE; AND THAT PROVIDING INCENTIVES STIMULATES ECONOMIC DEVELOPMENT IN THE STATE AND RESULTS IN THE CREATION AND MAINTENANCE OF NEW JOBS.

32-1-1702. New business facilities - expansion of existing business facilities - incentives - limitations - authority to exceed revenue-raising limitation.

(1) NOTWITHSTANDING ANY LAW TO THE CONTRARY, A SPECIAL DISTRICT MAY NEGOTIATE FOR AN INCENTIVE PAYMENT OR CREDIT WITH A TAXPAYER WHO ESTABLISHES A NEW BUSINESS FACILITY, AS DEFINED IN SECTION 39-22-508.2 (3), C.R.S., BUT EXCLUDING THE REQUIREMENTS OF PARAGRAPH (b) OF SUCH SUBSECTION (3), IN THE SPECIAL DISTRICT. IN NO INSTANCE SHALL ANY NEGOTIATION RESULT IN AN ANNUAL INCENTIVE PAYMENT OR CREDIT THAT IS GREATER THAN FIFTY PERCENT OF THE AMOUNT OF TAXES LEVIED BY THE SPECIAL DISTRICT UPON THE TAXABLE

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

BUSINESS PERSONAL PROPERTY LOCATED AT OR WITHIN THE NEW BUSINESS FACILITY AND USED IN CONNECTION WITH THE OPERATION OF THE NEW BUSINESS FACILITY FOR THE CURRENT PROPERTY TAX YEAR. THE TERM OF ANY AGREEMENT MADE PURSUANT TO THE PROVISIONS OF THIS SECTION SHALL NOT EXCEED TEN YEARS, INCLUDING THE TERM OF ANY ORIGINAL AGREEMENT BEING RENEWED.

(2) NOTWITHSTANDING ANY LAW TO THE CONTRARY, A SPECIAL DISTRICT MAY NEGOTIATE FOR AN INCENTIVE PAYMENT OR CREDIT WITH A TAXPAYER WHO EXPANDS A FACILITY, AS DEFINED IN SECTION 39-22-508.2 (2) (a), C.R.S., THE EXPANSION OF WHICH CONSTITUTES A NEW BUSINESS FACILITY, AS DEFINED IN SECTION 39-22-508.2 (3), C.R.S., BUT EXCLUDING THE REQUIREMENTS OF PARAGRAPH (b) OF SUCH SUBSECTION (3), AND WHICH IS LOCATED IN THE SPECIAL DISTRICT. IN NO INSTANCE SHALL ANY NEGOTIATION RESULT IN AN ANNUAL INCENTIVE PAYMENT OR CREDIT THAT IS GREATER THAN FIFTY PERCENT OF THE AMOUNT OF THE TAXES LEVIED BY THE SPECIAL DISTRICT UPON THE TAXABLE BUSINESS PERSONAL PROPERTY DIRECTLY ATTRIBUTABLE TO THE EXPANSION LOCATED AT OR WITHIN THE EXPANDED FACILITY AND USED IN CONNECTION WITH THE OPERATION OF THE EXPANDED FACILITY FOR THE CURRENT PROPERTY TAX YEAR. THE TERM OF ANY AGREEMENT MADE PURSUANT TO THE PROVISIONS OF THIS SECTION SHALL NOT EXCEED TEN YEARS, INCLUDING THE TERM OF ANY ORIGINAL AGREEMENT BEING RENEWED.

(3) A SPECIAL DISTRICT SHALL NOT ENTER INTO AN AGREEMENT PURSUANT TO THE PROVISIONS OF THIS SECTION UNLESS, PRIOR TO OR SIMULTANEOUS WITH THE EXECUTION OF THE AGREEMENT, THE TAXPAYER ALSO ENTERS INTO AN AGREEMENT WITH A MUNICIPALITY OR COUNTY PURSUANT TO SECTION 30-11-123, 31-15-903, OR 39-30-107.5, C.R.S.

(4) A SPECIAL DISTRICT THAT NEGOTIATES AN AGREEMENT PURSUANT TO THE PROVISIONS OF THIS SECTION SHALL INFORM ANY MUNICIPALITY, COUNTY, AND SCHOOL DISTRICT IN WHICH A NEW BUSINESS FACILITY WOULD BE LOCATED OR AN EXPANDED BUSINESS FACILITY IS LOCATED, WHICHEVER IS APPLICABLE, OF SUCH NEGOTIATIONS.

SECTION 2. 39-30-107.5 (1), Colorado Revised Statutes, is amended to read:

39-30-107.5. Taxable property valuations - sales taxes - incentives - definitions. (1) (a) Notwithstanding any law to the contrary, any SPECIAL DISTRICT, county, municipality, or city and county within an enterprise zone may negotiate with any taxpayer who qualifies for a credit pursuant to section 39-30-105, who establishes a new business facility within an enterprise zone, or who expands a facility within an enterprise zone, the expansion of which constitutes a new business facility, for an incentive payment or credit equal to not more than the amount of the taxes levied upon the taxable property of the taxpayer; but in no instance shall any such negotiation result in such an incentive payment or credit which is greater than the difference between the current property tax liability and the tax liability for the same property for the year preceding the year in which the enterprise zone was approved.

(b) A SPECIAL DISTRICT SHALL NOT ENTER INTO AN AGREEMENT PURSUANT TO THE PROVISIONS OF THIS SUBSECTION (1) UNLESS, PRIOR TO OR SIMULTANEOUS WITH THE EXECUTION OF THE AGREEMENT, THE TAXPAYER ALSO ENTERS INTO AN AGREEMENT

WITH A MUNICIPALITY OR COUNTY PURSUANT TO THIS SECTION.

SECTION 3. 39-30-107.5 (3), Colorado Revised Statutes, is amended BY THE ADDITION OF A NEW PARAGRAPH to read:

39-30-107.5. Taxable property valuations - sales taxes - incentives - definitions. (3) As used in this section:

(c) "SPECIAL DISTRICT" MEANS A SPECIAL DISTRICT AS DEFINED IN SECTION 32-1-103 (20), C.R.S.

SECTION 4. Effective date. 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 (August 10, 2005, if adjournment sine die is on May 11, 2005); 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.

Approved: April 5, 2005