



Please Support HB 25-1289 Metropolitan District Leases & Property Tax Exemptions

Sponsored by Representatives Zokaie & Richardson, Senators Weissman & Frizell

Background on Metro Districts

Metropolitan districts are considered a "political subdivision" of the State. Current statute (Section 39-3-124(1)(b)(I)(A), C.R.S.) directs assessors to exempt real property from taxation that is used for purposes of a political subdivision pursuant to a lease of at least a one-year term.

- This intent of this language is to exempt property that was leased by the state.
- Owners of real property frequently form metropolitan districts to provide services and infrastructure for residents. Metro districts are operated by a board of directors, and these same directors can "lease" the property they own to the metro district (which they control) and benefit from a full property tax exemption.

Purpose of the Bill

1. To close the loophole that exists for exempting for-profit business when operating on leased property by a metro district.

Examples:

- A metro district is created for recreational property. The recreational property is a golf course, which is a for-profit business and leased to the metro district. Under current law, this land is exempt from taxation.
 - A metro district is created for commercial property and includes office buildings. One office space is occupied by the metro district and the remaining spaces are leased to private business. The whole office space is leased to the metro district. Under current law, this entire property is exempt from taxation.
 - A metro district is created and it contains large areas of vacant land. The vacant land will most likely eventually be developed, but it is currently leased to the metro district as open space. Under current law, this land is exempt from taxation.
2. To ensure local governments are aware of the potential change in taxable status and agrees the use of the leased space is for the purpose of the metro district. If local governments (cities and counties) want to exempt certain land from taxation, they can.

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