

**Second Regular Session  
Seventy-fifth General Assembly  
STATE OF COLORADO**

**INTRODUCED**

LLS NO. 26-0402.01 Alison Killen x4350

**HOUSE BILL 26-1119**

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**HOUSE SPONSORSHIP**

**Woodrow,**

**SENATE SPONSORSHIP**

**Hinrichsen,**

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**House Committees**

Finance

**Senate Committees**

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**A BILL FOR AN ACT**

101      **CONCERNING THE AUTHORITY OF LOCAL TAXING ENTITIES TO IMPOSE**  
102              **PROPERTY TAXES ON THE ASSESSED VALUE OF LAND AND THE**  
103              **ASSESSED VALUE OF IMPROVEMENTS THEREON AT DIFFERENT**  
104              **MILL LEVY RATES.**

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**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>.)*

**Section 2** of the bill allows local governments and certain special districts authorized to impose property taxes (local taxing entities) to tax certain land and improvements thereon at different mill levy rates,

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.

provided that the mill levy rate for the improvements is less than or equal to the mill levy rate for the land. A local taxing entity may not impose different mill levy rates for agricultural land, land used for renewable energy production, land subject to a perpetual conservation easement, leaseholds and lands producing oil or gas, producing mines or nonproducing mining claims, or state-assessed land. Nothing in **section 2** allows a local taxing entity to impose property taxes on the assessed value of land and the assessed value of improvements thereon at different mill levy rates in a manner that is not consistent with section 20 of article X of the state constitution or any statutory limitation on the local taxing entity's mill levy rates or total property tax revenue.

**Section 3** requires boards of county commissioners and other local taxing entities to include with their certifications of all property tax levies the individual certification of any local taxing entity required by **section 5** regarding the different mill levy rates used for land and improvements thereon by the local taxing entity.

**Section 4** updates the tax and levy rate information required to be made publicly available to include the specific, different mill levy rates used for land and improvements thereon, if applicable.

**Section 5** modifies the duty of local taxing entities to certify their property tax levy to the board of county commissioners to require any local taxing entity that imposes property taxes on the assessed value of land and the assessed value of improvements thereon at different rates, as allowed by **section 2**, to specify those mill levy rates in the local taxing entity's certification of its levy.

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

2 **SECTION 1. Legislative declaration.** (1) The general assembly  
3 finds and declares that:

4 (a) Colorado faces a severe housing shortage, with the state  
5 estimated to have a housing deficit of more than one hundred six  
6 thousand units according to the state demographer's office at the  
7 department of local affairs;

8 (b) More than one in three Colorado households are  
9 cost-burdened, spending more than thirty percent of their income on  
10 housing, and more than half of Colorado's renter households are  
11 cost-burdened, while nearly ninety percent of Colorado's extremely

1 low-income rental households are cost-burdened;

2 (c) The median monthly home mortgage payment in Colorado  
3 increased by seventy-one percent between 2017 and 2023 according to the  
4 Colorado housing and finance authority;

5 (d) Rising land costs are a significant driver of housing  
6 unaffordability in Colorado, with land values rising from thirty-one  
7 percent of Colorado home values in 2012 to fifty-eight percent in 2024,  
8 according to the American Enterprise Institute;

9 (e) High land costs create significant barriers to housing  
10 development, as developers struggle to make projects financially viable  
11 when the improvements they make to the property incur a larger property  
12 tax liability;

13 (f) Creating a partial building exemption will reduce this barrier  
14 to housing, making it easier to build and finance new housing  
15 development;

16 (g) The value of land is determined primarily by its location and  
17 the amenities and services surrounding it-factors created by the  
18 community-rather than by any ingenuity, investment, or initiative of the  
19 landowner, whereas the value of buildings reflects productive investments  
20 made by property owners;

21 (h) When governments invest in public services and amenities like  
22 transit, parks, and schools, the resulting increase to nearby land values is  
23 captured by private landowners rather than reinvested for the public  
24 benefit, creating windfall wealth increases for landowners, whose  
25 contributions to such improvements are substantially outweighed by the  
26 increased cost of housing for workers and families;

27 (i) While a shift towards a property tax system where all buildings

1 and improvements are exempt and only land is taxed is administratively  
2 and politically unrealistic in the short-term, one simple step in that  
3 direction is allowing local taxing entities to choose to "split" their mill  
4 levies so that a lower mill levy rate is imposed on buildings compared to  
5 unimproved land;

6 (j) Split-rate property taxation, which taxes land at a higher rate  
7 while providing partial "exemptions", provides economic incentives for  
8 productive investment and real estate development while disincentivizing  
9 land speculation and combating blight, because owners of vacant and  
10 underutilized land face higher tax burdens relative to owners who put  
11 their property to productive use;

12 (k) Split-rate property taxation incentivizes more efficient land  
13 use and development patterns by encouraging construction on vacant lots,  
14 infill development, and higher-density construction in areas with existing  
15 infrastructure, thereby reducing urban sprawl, lowering per-unit land  
16 costs, and minimizing environmental impacts associated with  
17 development on the urban fringe;

18 (l) Research and experience from jurisdictions that have  
19 implemented split-rate property taxation demonstrate that this policy can  
20 meaningfully boost housing construction while simultaneously reducing  
21 tax burdens for the majority of property owners who have invested in  
22 improving their land;

23 (m) The United States has more than a century of experience with  
24 split-rate property taxation, with split-rate taxation previously the law in  
25 Hawaii, as well as twenty-three jurisdictions in Pennsylvania having  
26 implemented such systems since 1913, and sixteen Pennsylvania cities  
27 currently using split-rate taxation, providing substantial empirical

1 evidence of its effects;

2 (n) The city of Harrisburg, Pennsylvania, which adopted split-rate  
3 taxation in 1975 and gradually increased the tax differential between land  
4 and buildings, experienced a transformation from one of the most  
5 distressed cities in the United States to a thriving community, with an  
6 eighty-five percent reduction in vacant structures over twenty years, a  
7 seven-fold increase in taxable real estate value, and between eighty and  
8 ninety percent of property owners paying less under the split-rate taxation  
9 system than they would have paid under a single, uniform property tax  
10 rate;

11 (o) The city of Pittsburgh, Pennsylvania, which adopted split-rate  
12 property taxation in 1913, experienced a seventy percent increase in  
13 building permits following an increase in their land-to-building tax  
14 differential in the 1980s, during a period in which comparable peer cities  
15 experienced a fourteen percent decline in building activity;

16 (p) Split-rate municipalities in Pennsylvania have experienced  
17 significantly higher construction activity than comparable single, uniform  
18 property tax rate cities, according to a 2000 study published in the Journal  
19 of Urban Economics;

20 (q) A 2010 study published in the Journal of Urban Economics  
21 found that split-rate property tax jurisdictions experienced five additional  
22 percentage points of housing growth compared to single, uniform  
23 property tax rate jurisdictions, with the increase occurring through infill  
24 developments rather than sprawl, leading the researchers to characterize  
25 split-rate property tax as "a potentially powerful anti-sprawl tool";

26 (r) Split-rate property taxation can have a significantly positive  
27 impact on aggregate market property values, with a 2022 study published

1 in the Public Finance Review finding that it can increase aggregate  
2 residential property value by twelve percent and commercial property  
3 value by twenty percent;

4 (s) Economist Joseph Stiglitz has demonstrated that higher land  
5 taxes are correlated with higher economic growth rates because such  
6 taxes discourage land speculation that diverts investment from productive  
7 economic activities;

8 (t) Split-rate property taxation is supported by a broad range of  
9 economists across the political spectrum because of its efficiency,  
10 neutrality, and lack of economic distortions, beginning with Adam Smith  
11 and including Nobel laureates Milton Friedman, Paul Krugman, and  
12 Joseph Stiglitz;

13 (u) Colorado county assessors already assess land values and  
14 improvement values separately on property tax records;

15 (v) Colorado already operates a form of split-rate property  
16 taxation, as the assessment rates for school district property taxes differ  
17 from the assessment rates for other local government taxes; and

18 (w) Allowing local governments and certain special districts to  
19 choose to adopt split-rate property taxation or building exemptions  
20 supports and reinforces recent state and local actions to address the  
21 housing supply and affordability crisis, including efforts to encourage  
22 transit-oriented development, accessory dwelling units, infill  
23 development, and smart growth strategies, all of which seek to promote  
24 more efficient use of land within existing communities and urban centers.

25 (2) Therefore, by enacting this House Bill \_\_\_\_\_, the general  
26 assembly intends to provide municipalities, counties, and certain special  
27 districts with the freedom to choose to split their mill levies and create

1 "building exemptions" so that a lower rate is levied on buildings and  
2 improvements compared to the land without improvements, consistent  
3 with section 20 of article X of the state constitution, to encourage housing  
4 production, discourage land speculation, promote efficient land use, and  
5 reduce tax burdens on property owners who productively improve and  
6 develop their land.

7 **SECTION 2.** In Colorado Revised Statutes, **add** 29-1-306 as  
8 follows:

9 **29-1-306. Split mill levy - different mill levy rates for land and**  
10 **improvements to land - limitations - requirements - definitions.**

11 (1) AS USED IN THIS SECTION, UNLESS THE CONTEXT OTHERWISE  
12 REQUIRES:

13 (a) "AGRICULTURAL PROPERTY" MEANS THE SUBCLASS OF  
14 NONRESIDENTIAL PROPERTY DESCRIBED IN SECTION 39-1-104 (1.6)(c).

15 (b) "CONSERVATION EASEMENT PROPERTY" MEANS PROPERTY  
16 SUBJECT TO A PERPETUAL CONSERVATION EASEMENT.

17 (c) "IMPROVEMENTS" HAS THE MEANING SET FORTH IN SECTION  
18 39-1-102 (6.3).

19 (d) "LOCAL TAXING ENTITY" MEANS ANY COUNTY, CITY AND  
20 COUNTY, CITY, TOWN, METROPOLITAN DISTRICT, BUSINESS IMPROVEMENT  
21 DISTRICT, LOCAL IMPROVEMENT DISTRICT, PUBLIC IMPROVEMENT  
22 DISTRICT, SPECIAL IMPROVEMENT DISTRICT, DOWNTOWN DEVELOPMENT  
23 AUTHORITY, URBAN RENEWAL AUTHORITY, OR COUNTY REVITALIZATION  
24 AREA AUTHORIZED TO LEVY PROPERTY TAXES.

25 (e) "MINING PROPERTY" MEANS PRODUCING MINES AND  
26 NONPRODUCING MINING CLAIMS VALUED FOR ASSESSMENT IN  
27 ACCORDANCE WITH ARTICLE 6 OF TITLE 39.

1           (f) "OIL AND GAS PROPERTY" MEANS LEASEHOLDS AND LANDS  
2     PRODUCING OIL OR GAS VALUED FOR ASSESSMENT IN ACCORDANCE WITH  
3     ARTICLE 7 OF TITLE 39.

4           (g) "PERPETUAL CONSERVATION EASEMENT" HAS THE MEANING  
5     SET FORTH IN SECTION 39-1-102 (8.7).

6           (h) "RENEWABLE ENERGY PRODUCTION PROPERTY" MEANS THE  
7     SUBCLASS OF NONRESIDENTIAL PROPERTY DESCRIBED IN SECTION 39-1-104  
8     (1.6)(b).

9           (i) "STATE-ASSESSED PROPERTY" MEANS THE PROPERTY REQUIRED  
10    TO BE VALUED BY THE PROPERTY TAX ADMINISTRATOR PURSUANT TO  
11    SECTION 39-2-109 (1)(a).

12          (2) (a) NOTWITHSTANDING ANY LAW TO THE CONTRARY, EXCEPT  
13    AS PROVIDED IN SUBSECTION (2)(b) OF THIS SECTION, FOR PROPERTY TAX  
14    YEARS COMMENCING ON OR AFTER JANUARY 1, 2027, THE GOVERNING  
15    BODY OF A LOCAL TAXING ENTITY MAY, BY ORDINANCE OR RESOLUTION,  
16    IMPOSE PROPERTY TAXES ON THE ASSESSED VALUE OF LAND AND THE  
17    ASSESSED VALUE OF IMPROVEMENTS THEREON AT DIFFERENT MILL LEVY  
18    RATES, PROVIDED THAT THE MILL LEVY RATE IMPOSED BY THE LOCAL  
19    TAXING ENTITY FOR THE IMPROVEMENTS IS LESS THAN OR EQUAL TO THE  
20    MILL LEVY RATE IMPOSED BY THE LOCAL TAXING ENTITY FOR THE LAND.

21          (b) A LOCAL TAXING ENTITY SHALL NOT IMPOSE PROPERTY TAXES  
22    ON THE ASSESSED VALUE OF LAND AND THE ASSESSED VALUE OF  
23    IMPROVEMENTS THEREON AT DIFFERENT MILL LEVY RATES PURSUANT TO  
24    SUBSECTION (2)(a) OF THIS SECTION FOR AGRICULTURAL PROPERTY,  
25    CONSERVATION EASEMENT PROPERTY, MINING PROPERTY, OIL AND GAS  
26    PROPERTY, RENEWABLE ENERGY PRODUCTION PROPERTY, OR  
27    STATE-ASSESSED PROPERTY.



1           (3) NOTHING IN THIS SECTION ALLOWS A LOCAL TAXING ENTITY TO  
2 IMPOSE PROPERTY TAXES ON THE ASSESSED VALUE OF LAND AND THE  
3 ASSESSED VALUE OF IMPROVEMENTS THEREON AT DIFFERENT MILL LEVY  
4 RATES IN A MANNER THAT IS NOT CONSISTENT WITH SECTION 20 OF  
5 ARTICLE X OF THE STATE CONSTITUTION OR ANY STATUTORY LIMITATION  
6 ON THE LOCAL TAXING ENTITY'S MILL LEVY RATES OR TOTAL PROPERTY  
7 TAX REVENUE.

8           **SECTION 3.** In Colorado Revised Statutes, 39-1-111, **amend** (2)  
9 as follows:

10           **39-1-111. Taxes levied by board of county commissioners.**

11           (2) (a) As soon as such levies have been made, the board of  
12 county commissioners, or other body authorized by law to levy taxes, or  
13 either group's authorized party shall forthwith certify all such levies to the  
14 assessor, upon forms prescribed by the administrator, and shall transmit  
15 a copy of such certification to the administrator, to the division of local  
16 government, and to the department of education.

17           (b) A BOARD OF COUNTY COMMISSIONERS OR OTHER BODY  
18 REQUIRED TO CERTIFY ALL LEVIES TO THE ASSESSOR PURSUANT TO  
19 SUBSECTION (2)(a) OF THIS SECTION SHALL INCLUDE WITH ITS CERTIFICATION  
20 THE CERTIFIED LEVY OF ANY LOCAL TAXING ENTITY, AS DEFINED IN  
21 SECTION 29-1-306, THAT IMPOSES PROPERTY TAXES ON THE ASSESSED  
22 VALUE OF LAND AND THE ASSESSED VALUE OF IMPROVEMENTS THEREON  
23 AT DIFFERENT MILL LEVY RATES PURSUANT TO SECTION 29-1-306 (2)(a)  
24 AND IS REQUIRED BY SECTION 39-5-128 (4) TO INCLUDE IN ITS  
25 CERTIFICATION EACH MILL LEVY RATE FOR LAND AND IMPROVEMENTS  
26 THEREON IMPOSED BY SUCH LOCAL TAXING ENTITY.

27           **SECTION 4.** In Colorado Revised Statutes, 39-1-125, **amend**

1 (1)(a)(I) as follows:

2 **39-1-125. Tax and levy rate information publicly available.**

3 (1) (a) When each town, city, school district, special district, or  
4 other taxing authority certifies its levy pursuant to section 39-5-128, it  
5 shall also provide the following information for each levy that it imposes:

6 (I) The rate of the levy, INCLUDING THE DIFFERENT RATES FOR  
7 LAND AND IMPROVEMENTS THEREON, IF APPLICABLE;

8 **SECTION 5.** In Colorado Revised Statutes, 39-5-128, **add** (4) as  
9 follows:

10 **39-5-128. Certification of valuation for assessment.**

11 (4) A LOCAL TAXING ENTITY, AS DEFINED IN SECTION 29-1-306(1),  
12 THAT IMPOSES PROPERTY TAXES ON THE ASSESSED VALUE OF LAND AND  
13 THE ASSESSED VALUE OF IMPROVEMENTS THEREON AT DIFFERENT MILL  
14 LEVY RATES PURSUANT TO SECTION 29-1-306 (2)(a) SHALL INCLUDE IN ITS  
15 CERTIFICATION EACH MILL LEVY RATE FOR LAND AND THE IMPROVEMENTS  
16 THEREON IMPOSED BY THE LOCAL TAXING ENTITY.

17 **SECTION 6. Act subject to petition - effective date.** This act  
18 takes effect at 12:01 a.m. on the day following the expiration of the  
19 ninety-day period after final adjournment of the general assembly (August  
20 12, 2026, if adjournment sine die is on May 13, 2026); except that, if a  
21 referendum petition is filed pursuant to section 1 (3) of article V of the  
22 state constitution against this act or an item, section, or part of this act  
23 within such period, then the act, item, section, or part will not take effect  
24 unless approved by the people at the general election to be held in  
25 November 2026 and, in such case, will take effect on the date of the  
26 official declaration of the vote thereon by the governor.