

HOUSE COMMITTEE OF REFERENCE REPORT

Chair of Committee

November 17, 2023
Date

Committee on State, Civic, Military, & Veterans Affairs.

After consideration on the merits, the Committee recommends the following:

HB23B-1003 be amended as follows, and as so amended, be referred to the Committee on Appropriations with favorable recommendation:

1 Amend printed bill, strike everything below the enacting clause and
2 substitute:

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

5 (a) Colorado has experienced historic growth in property values
6 which has caused property taxes to rise well above the rate of inflation,
7 contributing to an increase in the cost of housing;

8 (b) Legislation passed in 2022 and 2023 temporarily reduced
9 property taxes for homeowners and businesses;

10 (c) It is important that leaders come together to work towards
11 developing a property tax structure for future years that balances the
12 needs of homeowners, businesses, and local governments that rely on
13 property tax to provide local services;

14 (d) The state of Colorado has a long tradition of respecting local
15 control. In furtherance of that tradition, the general assembly declares that
16 buy-in and involvement from individuals with an intimate understanding
17 of the needs of their communities will be crucial in realizing its goal to
18 develop a permanent and sustainable property tax structure for the state.

19 (e) Colorado public schools receive over half of their funding
20 from property tax and the Colorado general assembly has a bipartisan
21 objective to fully fund the Public School Finance Act without a budget
22 stabilization factor; and

23 (f) Renters pay property taxes through their rent, which
24 contributes to the high cost of housing, making renters an important
25 consideration in any property tax proposal.

26 **SECTION 2.** In Colorado Revised Statutes, **add** part 22 to article
27 2 of title 2 as follows:

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PART 22
PROPERTY TAX TASK FORCE

2-2-2201. Commission on property tax - creation - powers and duties - report - repeal. (1) NOTWITHSTANDING SECTION 2-3-303.3, THERE IS CREATED THE COMMISSION ON PROPERTY TAX, REFERRED TO IN THIS SECTION AS THE "COMMISSION", FOR THE PURPOSE OF STUDYING AND MAKING RECOMMENDATIONS FOR A PROPERTY TAX STRUCTURE THAT PROTECTS PROPERTY OWNERS AND RENTERS FROM RISING PROPERTY TAXES WHILE MEETING THE NEEDS OF GOVERNMENTS THAT RELY ON PROPERTY TAX TO PAY FOR LOCAL SERVICES.

(2) THE COMMISSION SHALL CONSIST OF SEVENTEEN MEMBERS AS FOLLOWS:

(a) THREE MEMBERS OF THE HOUSE OF REPRESENTATIVES, WITH TWO MEMBERS OF THE MAJORITY PARTY APPOINTED BY THE SPEAKER OF THE HOUSE OF REPRESENTATIVES AND ONE MEMBER OF THE MINORITY PARTY APPOINTED BY THE HOUSE MINORITY LEADER;

(b) THREE MEMBERS OF THE SENATE, WITH TWO MEMBERS OF THE MAJORITY PARTY APPOINTED BY THE PRESIDENT OF THE SENATE AND ONE MEMBER OF THE MINORITY PARTY APPOINTED BY THE SENATE MINORITY LEADER;

(c) THE PROPERTY TAX ADMINISTRATOR IN THE DIVISION OF PROPERTY TAX OF THE DEPARTMENT OF LOCAL AFFAIRS;

(d) ONE INDIVIDUAL REPRESENTING A STATEWIDE ORGANIZATION REPRESENTING MUNICIPALITIES OR LOCAL GOVERNMENTS, APPOINTED BY THE SPEAKER OF THE HOUSE OF REPRESENTATIVES;

(e) ONE INDIVIDUAL WHO IS SERVING OR HAS SERVED AS A COUNTY ASSESSOR, APPOINTED BY THE GOVERNOR;

(f) ONE INDIVIDUAL REPRESENTING A STATEWIDE ORGANIZATION REPRESENTING SPECIAL DISTRICTS, APPOINTED BY THE PRESIDENT OF THE SENATE;

(g) ONE INDIVIDUAL WHO IS SERVING AS THE CHIEF FINANCIAL OFFICER OF A SCHOOL DISTRICT;

(h) ONE INDIVIDUAL WHO IS SERVING OR HAS SERVED AS A COUNTY COMMISSIONER FOR A COUNTY HAVING A POPULATION OF LESS THAN THREE HUNDRED THOUSAND, APPOINTED BY THE SPEAKER OF THE HOUSE OF REPRESENTATIVES;

(i) ONE INDIVIDUAL WHO IS SERVING OR HAS SERVED AS A COUNTY COMMISSIONER FOR A COUNTY HAVING A POPULATION OF EQUAL TO OR GREATER THAN THREE HUNDRED THOUSAND, APPOINTED BY THE PRESIDENT OF THE SENATE;

(j) ONE INDIVIDUAL WITH PROFESSIONAL EXPERIENCE RELATED TO BOTH COMMERCIAL AND RESIDENTIAL REAL PROPERTY, APPOINTED BY THE SPEAKER OF THE HOUSE OF REPRESENTATIVES;

1 (k) ONE INDIVIDUAL REPRESENTING LOCAL FIRE DISTRICTS,
2 APPOINTED BY THE PRESIDENT OF THE SENATE;

3 (l) ONE INDIVIDUAL REPRESENTING A LABOR ORGANIZATION
4 REPRESENTING WORKERS IN INDUSTRIES MATERIALLY IMPACTED BY
5 PROPERTY TAX REVENUE, APPOINTED BY THE PRESIDENT OF THE SENATE;
6 AND

7 (m) ONE INDIVIDUAL REPRESENTING A STATEWIDE OR REGIONAL
8 ORGANIZATION REPRESENTING BUSINESSES MATERIALLY IMPACTED BY
9 PROPERTY TAX REVENUE, APPOINTED BY THE GOVERNOR.

10 (3) (a) ALL APPOINTMENTS DESCRIBED IN SUBSECTION (2) OF THIS
11 SECTION SHALL BE MADE NO LATER THAN NOVEMBER 26, 2023.

12 (b) THE SPEAKER OF THE HOUSE OF REPRESENTATIVES SHALL
13 APPOINT THE CHAIR OF THE COMMISSION AND THE PRESIDENT OF THE
14 SENATE SHALL APPOINT THE VICE-CHAIR OF THE COMMISSION. THE CHAIR
15 AND VICE-CHAIR OF THE COMMISSION MUST BE LEGISLATORS APPOINTED
16 PURSUANT TO SUBSECTIONS (2)(a) AND (2)(b) OF THIS SECTION.

17 (c) MEMBERS OF THE COMMISSION SERVE AT THE PLEASURE OF THE
18 APPLICABLE APPOINTING AUTHORITY OR UNTIL THE MEMBER NO LONGER
19 SERVES IN THE POSITION FOR WHICH THAT MEMBER WAS APPOINTED TO
20 THE COMMISSION, AT WHICH TIME A VACANCY IS DEEMED TO EXIST ON THE
21 COMMISSION. IF A VACANCY OCCURS, THE APPROPRIATE APPOINTING
22 AUTHORITY SHALL APPOINT A REPLACEMENT MEMBER THAT MEETS THE
23 REQUIREMENTS SET FORTH IN SUBSECTION (2) OF THIS SECTION FOR THE
24 VACANT POSITION NOT LATER THAN TEN BUSINESS DAYS FROM THE DATE
25 THE VACANCY IS DEEMED TO EXIST. IF THE APPROPRIATE APPOINTING
26 AUTHORITY FAILS TO APPOINT A REPLACEMENT MEMBER AS REQUIRED BY
27 THIS SUBSECTION (3)(c), THE SPEAKER OF THE HOUSE OF
28 REPRESENTATIVES SHALL APPOINT A REPLACEMENT MEMBER THAT MEETS
29 THE REQUIREMENTS SET FORTH IN SUBSECTION (2) OF THIS SECTION.

30 (d) THE COMMISSION MAY ESTABLISH SPECIAL PURPOSE
31 SUBCOMMITTEES WITH NONVOTING MEMBERS TO EVALUATE AND
32 CONSIDER PROPERTY TAX ISSUES AS IT DEEMS NECESSARY TO FULFILL ITS
33 GOALS AND OBJECTIVES SET FORTH IN SUBSECTION (5) OF THIS SECTION.

34 (4) (a) THE COMMISSION SHALL MEET ONCE A WEEK BEGINNING
35 THE WEEK OF NOVEMBER 27, 2023, THROUGH THE WEEK OF MARCH 1,
36 2024, EXCLUDING THE WEEK OF DECEMBER 27, 2023. A MAJORITY OF THE
37 MEMBERS OF THE COMMISSION MAY VOTE TO EXTEND THE WORK OF THE
38 COMMISSION PAST MARCH 1, 2024, TO ALTER THE MEETING SCHEDULE OF
39 THE COMMISSION, OR TO TERMINATE THE WORK OF THE COMMISSION AT
40 ANY TIME.

41 (b) THE LEGISLATIVE COUNCIL STAFF AND THE OFFICE OF
42 LEGISLATIVE LEGAL SERVICES SHALL BE AVAILABLE TO ASSIST THE
43 COMMISSION IN CARRYING OUT ITS DUTIES.

1 (5) (a) THE PURPOSE OF THE COMMISSION IS TO IDENTIFY AND
2 CONSIDER LEGISLATIVE OPTIONS FOR A PERMANENT AND SUSTAINABLE
3 PROPERTY TAX STRUCTURE FOR THE STATE.

4 (b) THE COMMISSION SHALL IDENTIFY AND CONSIDER OPTIONS FOR
5 A PROPERTY TAX STRUCTURE THAT PROTECTS PROPERTY OWNERS FROM
6 RISING TAX BILLS AND IS SUSTAINABLE FOR LOCAL GOVERNMENTS AND
7 PUBLIC SCHOOLS, INCLUDING PROPERTY TAX PROPOSALS THAT HAVE BEEN
8 SUBMITTED TO THE STATE TITLE BOARD.

9 (c) FOR EACH PROPERTY TAX STRUCTURE OPTION, THE
10 COMMISSION SHALL CONSIDER THE FOLLOWING FACTORS:

11 (I) LOCAL CONTROL;

12 (II) IMPACT TO PROPERTY OWNERS AND LOCAL TAXING
13 JURISDICTIONS IN DIFFERENT AREAS OF THE STATE;

14 (III) IMPACT TO RESIDENTIAL AND NONRESIDENTIAL REAL
15 PROPERTY;

16 (IV) IMPACT TO SCHOOL FINANCE AND THE BUDGET STABILIZATION
17 FACTOR;

18 (V) LONG-TERM IMPACT TO PROPERTY OWNERS AND LOCAL
19 TAXING JURISDICTIONS UNDER DIFFERENT PROPERTY VALUE GROWTH
20 SCENARIOS;

21 (VI) IMPACTS TO HOUSING AFFORDABILITY, INCLUDING FOR
22 RENTERS; AND

23 (VII) IMPACTS TO TENANTS, INCENTIVES FOR DEVELOPMENT, AND
24 THE POTENTIAL FOR LOWER PROPERTY TAXES FOR RESIDENCES AS A
25 RESULT OF CHANGING TO A LAND VALUE TAX SYSTEM.

26 (6) (a) NO LATER THAN MARCH 1, 2024, THE COMMISSION SHALL
27 MAKE A REPORT TO THE GENERAL ASSEMBLY AND THE GOVERNOR,
28 INCLUDING RECOMMENDATIONS FOR BOTH SHORT-TERM AND LONG-TERM
29 LEGISLATIVE CHANGES THAT WILL FURTHER THE PURPOSE OF THE
30 COMMISSION SET FORTH IN SUBSECTION (5)(a) OF THIS SECTION.

31 (b) THE COMMISSION REPORT MUST CONTAIN ONLY
32 RECOMMENDATIONS SUPPORTED BY ELEVEN OR MORE MEMBERS OF THE
33 COMMISSION.

34 (c) IF A MAJORITY OF COMMISSION MEMBERS VOTE TO EXTEND THE
35 WORK OF THE COMMISSION PAST MARCH 1, 2024, IN ACCORDANCE WITH
36 SUBSECTION (4)(a) OF THIS SECTION, THEN THE COMMISSION SHALL MAKE
37 A REPORT TO THE GENERAL ASSEMBLY AND THE GOVERNOR IN
38 ACCORDANCE WITH THIS SUBSECTION (6) NO LATER THAN DECEMBER 31,
39 2024.

40 (7) THIS SECTION IS REPEALED, EFFECTIVE DECEMBER 31, 2024.

41 **SECTION 3. Safety clause.** The general assembly finds,
42 determines, and declares that this act is necessary for the immediate
43 preservation of the public peace, health, or safety or for appropriations for

- 1 the support and maintenance of the departments of the state and state
- 2 institutions."

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