

CHAPTER 7

GENERAL ASSEMBLY

HOUSE BILL 23B-1003

BY REPRESENTATIVE(S) Snyder, Amabile, Bird, Boesenecker, Brown, Daugherty, Duran, Epps, Froelich, Herod, Jodeh, Joseph, Kipp, Lindsay, Lukens, Marshall, Mauro, McLachlan, Ortiz, Sharbini, Story, Titone, Valdez, Velasco, Weissman, Young, McCluskie, English, Lieder, Ricks, Vigil, Willford, Woodrow;
also SENATOR(S) Mullica and Fenberg, Bridges, Cutter, Exum, Hansen, Jaquez Lewis, Marchman, Michaelson Jenet, Priola, Roberts, Sullivan.

AN ACT

CONCERNING THE CREATION OF THE COMMISSION ON PROPERTY TAX, AND, IN CONNECTION THEREWITH, MAKING AN APPROPRIATION.

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

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

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

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

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

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

Capital letters or bold & italic numbers indicate new material added to existing law; dashes through words or numbers indicate deletions from existing law and such material is not part of the act.

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

(f) Residential tenants pay property taxes through their rent, which contributes to the high cost of housing, making residential tenants an important consideration in any property tax proposal.

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

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 RESIDENTIAL TENANTS FROM RISING PROPERTY TAXES WHILE MEETING THE NEEDS OF GOVERNMENTS THAT RELY ON PROPERTY TAX TO PAY FOR LOCAL SERVICES.

(2) THE COMMISSION CONSISTS OF NINETEEN MEMBERS THAT REPRESENT THE DEMOGRAPHIC AND GEOGRAPHIC DIVERSITY OF THE STATE AS FOLLOWS:

(a) TWO MEMBERS OF THE HOUSE OF REPRESENTATIVES, WITH ONE MEMBER 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) TWO MEMBERS OF THE SENATE, WITH ONE MEMBER 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 TAXATION IN THE DEPARTMENT OF LOCAL AFFAIRS;

(d) ONE INDIVIDUAL WHO IS A MAYOR OR ELECTED CITY COUNCIL PERSON, OR THE DESIGNEE OF A MAYOR OR ELECTED CITY COUNCIL PERSON, APPOINTED BY THE COLORADO MUNICIPAL LEAGUE;

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

(f) THE EXECUTIVE DIRECTOR OF THE SPECIAL DISTRICT ASSOCIATION OF COLORADO;

(g) ONE INDIVIDUAL WHO IS THE CHIEF FINANCIAL OFFICER OF A SCHOOL DISTRICT, APPOINTED BY THE COLORADO ASSOCIATION OF SCHOOL EXECUTIVES;

(h) ONE INDIVIDUAL REPRESENTING A STATEWIDE ORGANIZATION THAT HAS

EXPERTISE IN COLORADO SCHOOL FUNDING POLICY OR A STATEWIDE ORGANIZATION THAT REPRESENTS COLORADO EDUCATORS, APPOINTED BY THE PRESIDENT OF THE SENATE;

(i) ONE INDIVIDUAL REPRESENTING AN ORGANIZATION THAT REPRESENTS COLORADO COMMERCIAL OR RESIDENTIAL PROPERTY OWNERS, APPOINTED BY THE HOUSE MINORITY LEADER;

(j) ONE INDIVIDUAL WHO IS A FIRE CHIEF, APPOINTED BY THE COLORADO STATE FIRE CHIEFS;

(k) ONE INDIVIDUAL REPRESENTING AN ORGANIZATION WITH EXPERTISE IN ADVOCATING FOR LOW-INCOME INDIVIDUALS, SENIORS, INDIVIDUALS WITH FIXED INCOMES, OR RESIDENTIAL TENANTS, APPOINTED BY THE SPEAKER OF THE HOUSE OF REPRESENTATIVES;

(l) THE EXECUTIVE DIRECTOR OF A STATEWIDE OR REGIONAL BUSINESS ORGANIZATION, APPOINTED BY THE SENATE MINORITY LEADER;

(m) ONE INDIVIDUAL WHO IS SERVING AS A COUNTY COMMISSIONER FROM A COUNTY THAT IS IN THE FRONT RANGE REGION, AS DEFINED IN SECTION 26-5-103.5 (2)(c)(I)(B), APPOINTED BY THE PRESIDENT OF THE SENATE;

(n) ONE INDIVIDUAL WHO IS SERVING AS A COUNTY COMMISSIONER FROM A COUNTY THAT IS IN THE MOUNTAIN REGION, AS DEFINED IN SECTION 26-5-103.5 (2)(c)(I)(C), APPOINTED BY THE SPEAKER OF THE HOUSE OF REPRESENTATIVES;

(o) ONE INDIVIDUAL WHO IS SERVING AS A COUNTY COMMISSIONER FROM A COUNTY THAT IS IN THE EASTERN REGION, AS DEFINED IN SECTION 26-5-103.5 (2)(c)(I)(A), APPOINTED BY THE HOUSE MINORITY LEADER;

(p) ONE INDIVIDUAL WHO IS SERVING AS A COUNTY COMMISSIONER FROM A COUNTY THAT IS IN THE SOUTHERN REGION, AS DEFINED IN SECTION 26-5-103.5 (2)(c)(I)(D), APPOINTED BY THE SENATE MINORITY LEADER; AND

(q) ONE INDIVIDUAL WHO IS SERVING AS A COUNTY COMMISSIONER FROM A COUNTY THAT IS IN THE WESTERN REGION, AS DEFINED IN SECTION 26-5-103.5 (2)(c)(I)(E), APPOINTED BY THE GOVERNOR.

(3)(a) ALL APPOINTMENTS DESCRIBED IN SUBSECTION (2) OF THIS SECTION SHALL BE MADE NO LATER THAN DECEMBER 4, 2023. AN INDIVIDUAL WHO IS MATERIALLY CONNECTED TO AN INITIATIVE PETITION THAT CONCERNS PROPERTY TAX AND THAT HAS BEEN SUBMITTED TO THE DIRECTORS OF THE LEGISLATIVE COUNCIL AND THE OFFICE OF LEGISLATIVE LEGAL SERVICES FOR REVIEW AND COMMENT PURSUANT TO SECTION 1-40-105 (1) OR WHO IS A REGISTERED AGENT OR COMPENSATED EMPLOYEE OF AN ISSUE COMMITTEE, AS DEFINED IN SECTION 1-45-103 (12), THAT SUPPORTS OR OPPOSES SUCH AN INITIATED MEASURE IS INELIGIBLE TO BE APPOINTED TO THE COMMISSION.

(b) THE PRESIDENT OF THE SENATE SHALL APPOINT THE CHAIR OF THE

COMMISSION AND THE SPEAKER OF THE HOUSE OF REPRESENTATIVES SHALL APPOINT THE VICE-CHAIR OF THE COMMISSION.

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

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

(e) AS SOON AS FEASIBLE AFTER THE EFFECTIVE DATE OF THIS SUBSECTION (3)(e), THE COMMISSION SHALL ENTER INTO A CONTRACT WITH A FACILITATOR WITH EXPERIENCE IN TAX POLICY TO GUIDE THE WORK OF THE COMMISSION AND TO ASSIST IN DRAFTING THE REPORT REQUIRED IN SUBSECTION (6)(a) OF THIS SECTION. THE COMMISSION SHALL SELECT A NEUTRAL FACILITATOR WHO IS NOT AFFILIATED WITH A STATEWIDE ORGANIZATION DESCRIBED IN SUBSECTION (2) OF THIS SECTION.

(4) (a) THE COMMISSION SHALL MEET AT LEAST TWICE A MONTH BEGINNING THE WEEK OF DECEMBER 18, 2023, THROUGH THE WEEK OF MARCH 15, 2024; EXCEPT THAT, THE COMMISSION NEED NOT MEET MORE THAN ONCE IN DECEMBER, 2023. THE COMMISSION MAY MEET MORE OFTEN AT THE DISCRETION OF THE CHAIR. A MAJORITY OF THE MEMBERS OF THE COMMISSION MAY VOTE TO EXTEND THE WORK OF THE COMMISSION PAST MARCH 15, 2024, OR TO TERMINATE THE WORK OF THE COMMISSION AT ANY TIME, AND THE WORK OF THE COMMISSION MAY ALSO BE EXTENDED AS REQUIRED BY SUBSECTION (6)(a) OF THIS SECTION.

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

(5) (a) THE PURPOSE OF THE COMMISSION IS TO IDENTIFY, CONSIDER, AND EVALUATE LEGISLATIVE OPTIONS FOR A PERMANENT AND SUSTAINABLE PROPERTY TAX STRUCTURE FOR THE STATE. IN CONNECTION WITH SUCH IDENTIFICATION, CONSIDERATION, AND EVALUATION, THE COMMISSION SHALL, AS IT DEEMS APPROPRIATE, IDENTIFY, CONSIDER, AND EVALUATE PROPOSED INITIATIVES CONCERNING PROPERTY TAX FOR THE 2024 GENERAL ELECTION.

(b) THE COMMISSION SHALL IDENTIFY, CONSIDER, AND EVALUATE OPTIONS FOR A PROPERTY TAX STRUCTURE THAT PROTECTS PROPERTY OWNERS FROM RISING TAX BILLS AND IS SUSTAINABLE FOR LOCAL GOVERNMENTS AND PUBLIC SCHOOLS, WHICH

MAY INCLUDE CONSIDERATION OF PROPERTY TAX PROPOSALS THAT HAVE BEEN SUBMITTED TO THE STATE TITLE BOARD.

(c) FOR EACH PROPERTY TAX STRUCTURE OPTION IDENTIFIED, CONSIDERED, AND EVALUATED PURSUANT TO SUBSECTIONS (5)(a) AND (5)(b) OF THIS SECTION, THE COMMISSION SHALL CONSIDER THE FOLLOWING FACTORS:

(I) LOCAL CONTROL;

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

(III) IMPACT TO RESIDENTIAL AND NONRESIDENTIAL REAL PROPERTY;

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

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

(VI) IMPACTS TO HOUSING AFFORDABILITY, INCLUDING FOR RESIDENTIAL TENANTS;

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

(VIII) IMPACTS TO THE ABILITY OF COUNTIES TO PROVIDE STATUTORILY MANDATED AND VOTER-APPROVED SERVICES TO COLORADO RESIDENTS; AND

(IX) DISPROPORTIONATE IMPACTS OF THE RISING TAX BILLS ON PEOPLE WITH LOWER INCOMES, ESPECIALLY PEOPLE WITH FIXED INCOMES, IN PROVIDING FAIR AND EQUITABLE PROPERTY TAX RELIEF.

(6) (a) NO LATER THAN MARCH 15, 2024, THE COMMISSION SHALL MAKE A REPORT TO THE GENERAL ASSEMBLY AND THE GOVERNOR, INCLUDING RECOMMENDATIONS FOR BOTH SHORT-TERM AND LONG-TERM LEGISLATIVE CHANGES THAT WILL FURTHER THE PURPOSE OF THE COMMISSION SET FORTH IN SUBSECTION (5)(a) OF THIS SECTION. THE COMMISSION SHALL, AS IT DEEMS APPROPRIATE, INCLUDE IN THE REPORT AN EVALUATION OF PROPOSED INITIATIVES CONCERNING PROPERTY TAX FOR THE 2024 GENERAL ELECTION THAT ADDRESSES THE FACTORS SET FORTH IN SUBSECTION (5)(c) OF THIS SECTION. IF A PROPOSED INITIATIVE CONCERNING PROPERTY TAX FOR THE 2024 GENERAL ELECTION IS TIMELY SUBMITTED TO THE DIRECTORS OF THE LEGISLATIVE COUNCIL AND THE OFFICE OF LEGISLATIVE LEGAL SERVICES FOR REVIEW AND COMMENT PURSUANT TO SECTION 1-40-105(1) AFTER THE COMMISSION HAS SUBMITTED THE REPORT, THE COMMISSION SHALL RECONVENE, CONSIDER THE EFFECT OF THE PROPOSED INITIATIVE IF IT WERE TO BE APPROVED BY THE VOTERS OF THE STATE AND BECOME LAW AND, IF DEEMED APPROPRIATE BY THE COMMISSION, SUPPLEMENT THE REPORT WITH ADDITIONAL INFORMATION ABOUT THE PROPOSED INITIATIVE.

(b) THE COMMISSION REPORT MUST CONTAIN ONLY RECOMMENDATIONS SUPPORTED BY TEN OR MORE MEMBERS OF THE COMMISSION.

(c) IF A MAJORITY OF COMMISSION MEMBERS VOTE TO EXTEND THE WORK OF THE COMMISSION PAST MARCH 15, 2024, IN ACCORDANCE WITH SUBSECTION (4)(a) OF THIS SECTION, THEN THE COMMISSION SHALL MAKE A REPORT TO THE GENERAL ASSEMBLY AND THE GOVERNOR IN ACCORDANCE WITH THIS SUBSECTION (6) NO LATER THAN DECEMBER 31, 2024.

(7) THE EXECUTIVE COMMITTEE OF THE LEGISLATIVE COUNCIL, CREATED IN SECTION 2-3-301 (1), MAY ALLOCATE FUNDING FROM THE LEGISLATIVE DEPARTMENT CASH FUND, CREATED IN SECTION 2-2-1601, FOR THE PURPOSES OF THE COMMISSION INCLUDING FOR HIRING PROFESSIONAL FACILITATION SERVICES, PUBLIC OUTREACH AND ENGAGEMENT, AND OTHER NECESSARY SERVICES.

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

SECTION 3. Appropriation. (1) For the 2023-24 state fiscal year, \$80,271 is appropriated to the legislative department. This appropriation is from the general fund. To implement this act, the department may use this appropriation as follows:

(a) \$8,492 for use by the general assembly;

(b) \$63,185 for use by the legislative council, which amount is based on an assumption that the legislative council will require an additional 0.8 FTE; and

(c) \$8,594 for use by the office of legislative legal services, which amount is based on an assumption that the office will require an additional 0.1 FTE.

SECTION 4. Safety clause. The general assembly finds, determines, and declares that this act is necessary for the immediate preservation of the public peace, health, or safety or for appropriations for the support and maintenance of the departments of the state and state institutions.

Approved: November 28, 2023