

Proposed initiative 2023-2024 #148 ORIGINAL TEXT

Be it Enacted by the People of the State of Colorado:

SECTION 1. In the constitution of the state of Colorado, **amend** section 3 (1) (a) of article X as follows:

Section 3. Uniform taxation – exemptions. (1)(a) Each property tax levy shall be uniform upon all real and personal property not exempt from taxation under this article located within the territorial limits of the authority levying the tax. The actual value of all real and personal property not exempt from taxation under this article shall be determined under general laws, which shall prescribe such methods and regulations as shall secure just and equalized valuations for assessments of all real and personal property not exempt from taxation under this article. Valuations for assessment shall be based on appraisals by assessing officers to determine the actual value of property in accordance with provisions of law, which laws shall provide that actual value be determined by appropriate consideration of cost approach, market approach, and income approach to appraisal, EXCEPT THAT BEGINNING WITH THE PROPERTY TAX YEAR WHICH COMMENCES JANUARY 1, 2024, THE ACTUAL VALUE OF QUALIFYING RESIDENTIAL REAL PROPERTY SHALL EQUAL THE AMOUNT OF THE PROPERTY’S MOST RECENT SALE and, however, the actual value of agricultural lands, as defined by law, shall be determined solely by consideration of the earning or productive capacity of such lands capitalized at a rate as prescribed by law. NOTHING IN THIS SUBSECTION (1)(a) OF ARTICLE X OF THE COLORADO CONSTITUTION SHALL BE CONSTRUED TO CHANGE THE APPLICABILITY OF THE HOMESTEAD EXEMPTION AS SET FORTH IN SECTION 3.5 OF ARTICLE X OF THE COLORADO CONSTITUTION.

SECTION 2. In Colorado Revised Statutes, **add** subsection 14.6 to 39-1-102 as follows:

“QUALIFYING RESIDENTIAL REAL PROPERTY” MEANS RESIDENTIAL REAL PROPERTY SOLD IN AN ARMS LENGTH TRANSACTION BETWEEN UNRELATED PARTIES AS ATTESTED TO BY A “NO” RESPONSE TO QUESTION 8 ON REAL PROPERTY TRANSFER DECLARATION FORM TD-1000 OR RESIDENTIAL REAL PROPERTY INHERITED BY A SURVIVING SPOUSE.

SECTION 3. In the constitution of the state of Colorado, **amend** section 20 (8) (c) of article X as follows:(c) Regardless of reassessment frequency, valuation notices shall be mailed annually and may be appealed annually, with no presumption in favor of any pending valuation. Past or future sales by a lender or government shall also be considered as comparable market sales and their sales prices kept as public records. Actual value shall be stated on all property tax bills and valuation notices and, for residential real property, determined solely by the market approach to appraisal, EXCEPT BEGINNING WITH THE PROPERTY TAX YEAR WHICH COMMENCES JANUARY 1, 2024, THE ACTUAL VALUE OF QUALIFYING RESIDENTIAL REAL PROPERTY SHALL BE DETERMINED BY THE AMOUNT OF THE PROPERTY’S MOST RECENT SALE.

SECTION 4. In Colorado Revised Statutes, 39-1-103 **amend** (5)(a) and (15) and **add** subsections(15.5)(a) (15.6) and (15.7) to 39-1-103 as follows:

39-1-103. Actual value determined – when.

(5) (a) All real and personal property shall be appraised and the actual value thereof for property tax purposes determined by the assessor of the county wherein such property is located. The actual value of such property, other than agricultural lands exclusive of building improvements thereon and other than residential real property and other than producing mines and lands or leaseholds producing oil or gas, shall be that value determined by appropriate consideration of the cost approach, the market approach, and the income approach to appraisal. The assessor shall consider and document all elements of such approaches that are applicable prior to a determination of actual value. The actual value reflects the value of the fee simple estate. Despite any orders of the state board of equalization, no assessor shall arbitrarily increase the valuations for assessment of all parcels represented within the abstract of a county or within a class or subclass of parcels on that abstract by a common multiple in response to the order of said board. If an assessor is required, pursuant to the order of said board, to increase or decrease valuations for assessment, such changes shall be made only upon individual valuations for assessment of each and every parcel, using each of the approaches to appraisal specified in this subsection (5)(a), if applicable. The actual value of agricultural lands, exclusive of building improvements thereon, shall be determined by consideration of the earning or productive capacity of such lands during a reasonable period of time, capitalized at a rate of thirteen percent. Land that is valued as agricultural and that becomes subject to a perpetual conservation easement shall continue to be valued as agricultural notwithstanding its dedication for conservation purposes; except that, if any portion of such land is actually used for nonagricultural commercial or nonagricultural residential purposes, that portion shall be valued according to such use. Nothing in this subsection (5) shall be construed to require or permit the reclassification of agricultural land or improvements, including residential property, due solely to subjecting the land to a perpetual conservation easement. The actual value of residential real property shall be determined solely by consideration of the market approach to appraisal EXCEPT THAT BEGINNING WITH THE PROPERTY TAX YEAR WHICH COMMENCES JANUARY 1, 2024, THE ACTUAL VALUE OF QUALIFYING RESIDENTIAL REAL PROPERTY SHALL EQUAL THE AMOUNT OF THE PROPERTY'S MOST RECENT SALE. A gross rent multiplier may be considered as a unit of comparison within the market approach to appraisal. The valuation for assessment of producing mines and of lands or leaseholds producing oil or gas shall be determined pursuant to articles 6 and 7 of this title 39.

(15) The general assembly hereby finds and declares that assessing officers shall give appropriate consideration to the cost approach, market approach, and income approach to appraisal as required by section 3 of article X of the state constitution in determining the actual value of taxable property. In the absence of evidence shown by the assessing officer that the use of the cost approach, market approach, and income approach to appraisal requires the modification of the actual value of taxable property the first year of a reassessment cycle in order to result in uniform and just and equal valuation for the second year of a reassessment cycle, the assessing officer shall consider the actual value of any taxable property for the first year of a reassessment cycle, as may have been adjusted as

a result of protests and appeals, if any, prior to the assessment date of the second year of a reassessment cycle, to be the actual value of such taxable property for the second year of a reassessment cycle. HOWEVER, BEGINNING WITH THE PROPERTY TAX YEAR WHICH COMMENCES JANUARY 1, 2024, THE ACTUAL VALUE OF QUALIFYING RESIDENTIAL REAL PROPERTY SHALL EQUAL THE AMOUNT OF THE PROPERTY'S MOST RECENT SALE.

(15.5)(a) A TAXPAYER MAY PROTEST THE ACTUAL VALUE OF RESIDENTIAL REAL PROPERTY IN ACCORDANCE WITH SECTION 39-5-121 (1)(a)(I) OR MAY APPEAL THE ACTUAL VALUE OF RESIDENTIAL REAL PROPERTY IN ACCORDANCE WITH SECTION 39-5-122 (2). IF THE PROTEST OR APPEAL RESULTS IN AN ACTUAL VALUE THAT IS LESS THAN OR EQUAL TO THE VALUE OF THE RESIDENTIAL REAL PROPERTY'S MOST RECENT SALE OR APPRAISAL, THEN THE RESIDENTIAL REAL PROPERTY SHALL BE REAPPRAISED, PURSUANT TO SECTION 39-1-104 (10.2), AND THE ACTUAL VALUE SHALL BE THE REAPPRAISED VALUE UNTIL THE RESIDENTIAL REAL PROPERTY IS SOLD.

(15.6) BEGINNING WITH THE PROPERTY TAX YEAR WHICH COMMENCES JANUARY 1, 2024, THE ASSESSMENT RATE FOR RESIDENTIAL REAL ESTATE SHALL BE 6.7%. ANY INCREASE IN THE ASSESSMENT RATE SHALL BE APPROVED BY A YES VOTE OF 51% OF THE REGISTERED VOTERS OF THE STATE OF COLORADO.

(15.7) BEGINNING WITH THE PROPERTY TAX YEAR WHICH COMMENCES JANUARY 1, 2024, THE MILL RATE FOR RESIDENTIAL REAL ESTATE SHALL BE THE MILL RATE AS OF JANUARY 1, 2021. ANY INCREASE IN THE MILL RATE SHALL BE APPROVED BY A YES VOTE OF 51% OF THE REGISTERED VOTERS OF THE TAXING DISTRICT.

SECTION 6. In Colorado Revised Statutes, 39-1-104 **add** (10.2) (f) as follows:

(f) BEGINNING WITH THE PROPERTY TAX YEAR WHICH COMMENCES JANUARY 1, 2024, THE ACTUAL VALUE OF QUALIFYING RESIDENTIAL REAL PROPERTY SHALL BE EQUAL TO THE AMOUNT OF THE PROPERTY'S MOST RECENT SALE.

SECTION 7. Effective date.

THIS INITIATIVE SHALL BECOME EFFECTIVE UPON THE EARLIER OF THE OFFICIAL DECLARATION OF THE VOTE HEREON BY PROCLAMATION OF THE GOVERNOR OR THIRTY DAYS AFTER THE VOTE HAS BEEN CANVASSED, PURSUANT TO SUBSECTION (4) OF SECTION 1 OF ARTICLE V OF THE COLORADO CONSTITUTION.