

2023-2024 #97 – Final 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 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 ACTUAL VALUE FOR REAL PROPERTY SHALL NOT BE INCREASED ANNUALLY BY MORE THAN INFLATION, LIMITED TO 2.5%, AND THAT THE ACTUAL VALUE OF REAL PROPERTY SHALL EQUAL THE AMOUNT OF THE PROPERTY’S MOST RECENT SALE, ALTHOUGH THE ACTUAL VALUE OF REAL PROPERTY THAT HAS NOT SOLD SINCE JUNE 30, 2020, SHALL BE EQUAL TO THE ACTUAL VALUE USED TO CALCULATE THE PROPERTY’S 2021 PROPERTY TAXES, UNLESS THE PROPERTY IS SUBSTANTIALLY IMPROVED IN WHICH CASE THE PROPERTY’S ACTUAL VALUE SHALL BE REAPPRAISED AND DETERMINED BY APPROPRIATE CONSIDERATION OF COST APPROACH, MARKET APPROACH, AND INCOME APPROACH TO APPRAISAL. However, the actual value of residential real property shall NOT be INCREASED ANNUALLY BY MORE THAN INFLATION, LIMITED TO 2.5%; AND SHALL EQUAL THE AMOUNT OF THE PROPERTY’S MOST RECENT SALE, ALTHOUGH THE ACTUAL VALUE OF REAL PROPERTY THAT HAS NOT SOLD SINCE JUNE 30, 2020, SHALL BE EQUAL TO THE ACTUAL VALUE USED TO CALCULATE THE PROPERTY’S 2021 PROPERTY TAXES, UNLESS THE PROPERTY IS SUBSTANTIALLY IMPROVED IN WHICH CASE THE PROPERTY’S ACTUAL VALUE SHALL BE REAPPRAISED AND determined solely by consideration of ~~cost approach~~ ~~and~~ THE market approach to appraisal; 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. NOTWITHSTANDING ANYTHING IN THIS SUBSECTION (1)(a) OF ARTICLE X OF THE COLORADO CONSTITUTION, THE ACTUAL VALUE OF AGRICULTURAL LANDS EXCLUSIVE OF BUILDING IMPROVEMENTS THEREON, PRODUCING AND NONPRODUCING MINES, LANDS OR LEASEHOLDS PRODUCING OIL OR GAS, AND OPERATING PROPERTY AND PLANTS OF ANY PUBLIC UTILITIES DOING BUSINESS IN THE STATE SHALL NOT BE SUBJECT TO ANY ANNUAL LIMITATION ON VALUE OR TO ANY REQUIREMENT THAT VALUE EQUAL THE MOST RECENT SALE. NOTHING IN THIS SUBSECTION (1)(a) OF ARTICLE X OF THE COLORADO CONSTITUTION SHALL BE CONSTRUED TO CHANGE THE APPLICABILITY OF THE HOMESTEAD EXEMPTION FOR QUALIFYING SENIORS AND QUALIFYING DISABLED VETERANS AS SET FORTH IN SECTION 3.5 OF ARTICLE X OF THE COLORADO CONSTITUTION.

**SECTION 2.** In Colorado Revised Statutes, **add** 39-1-102.5 as follows:

**39-1-102.5. Additional definitions.** AS USED IN SECTIONS 39-1-103 AND 39-1-104, UNLESS THE CONTEXT OTHERWISE REQUIRES:

(1) "INFLATION" MEANS THE ANNUAL PERCENTAGE CHANGE IN THE UNITED STATES BUREAU OF LABOR STATISTICS CONSUMER PRICE INDEX FOR DENVER-AURORA-LAKEWOOD, ALL ITEMS, ALL URBAN CONSUMERS, OR ITS SUCCESSOR INDEX.

(2) "SALE" MEANS THE TRANSFER OF MORE THAN 50% OWNERSHIP OF REAL PROPERTY MADE EITHER:

(a) IN THE ORDINARY COURSE OF BUSINESS FOR FULL AND ADEQUATE CONSIDERATION AND A TRANSACTION THAT IS:

(I) BONA FIDE;

(II) AT ARM'S LENGTH; AND

(III) FREE FROM ANY DONATIVE INTENT; OR

(b) UPON THE DEATH OF THE PROPERTY'S OWNER, IF THE PROPERTY PASSES AT DEATH TO ANYONE OTHER THAN THE DECEASED'S SPOUSE.

(3) "SUBSTANTIALLY IMPROVED" MEANS HAVING CHANGED THE SQUARE FOOTAGE OF ANY EXISTING STRUCTURES OR BUILDINGS ON THE REAL PROPERTY OR HAVING ADDED ANY NEW STRUCTURES OR BUILDINGS TO THE REAL PROPERTY. PROPERTY THAT IS RECONSTRUCTED OR REPAIRED AFTER BEING DAMAGED OR DESTROYED BY NATURAL DISASTER OR OTHER UNFORESEEN EVENT IS NOT CONSIDERED TO BE SUBSTANTIALLY IMPROVED SO LONG AS THE RECONSTRUCTED OR REPAIRED PROPERTY DOES NOT EXCEED 120% OF THE SQUARE FOOTAGE OF THE PROPERTY BEFORE THE DAMAGE OR DESTRUCTION.

**SECTION 3.** In Colorado Revised Statutes, 39-1-103 **amend** (5)(a) and (15) and **add** (15.5) 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; EXCEPT THAT ACTUAL VALUE FOR REAL PROPERTY SHALL NOT BE INCREASED ANNUALLY BY MORE THAN INFLATION, LIMITED TO 2.5%, AND THAT THE ACTUAL VALUE OF REAL PROPERTY SHALL EQUAL THE AMOUNT OF THE PROPERTY'S MOST RECENT SALE, ALTHOUGH THE ACTUAL VALUE OF REAL PROPERTY THAT HAS NOT SOLD SINCE JUNE 30, 2020, SHALL BE EQUAL TO THE ACTUAL VALUE USED TO CALCULATE THE PROPERTY'S 2021 PROPERTY TAXES, UNLESS THE PROPERTY IS SUBSTANTIALLY IMPROVED IN WHICH CASE THE PROPERTY'S ACTUAL VALUE SHALL BE REAPPRAISED ACCORDING TO SECTION 39-1-104 (10.2) AND

DETERMINED BY 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. 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 paragraph (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 NOT be INCREASED ANNUALLY BY MORE THAN INFLATION, LIMITED TO 2.5%, AND SHALL EQUAL THE AMOUNT OF THE PROPERTY'S MOST RECENT SALE, UNLESS THE PROPERTY IS SUBSTANTIALLY IMPROVED IN WHICH CASE THE PROPERTY'S ACTUAL VALUE SHALL BE REAPPRAISED, PURSUANT TO SECTION 39-1-104 (10.2), AND determined solely by consideration of the market approach to appraisal. 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.

(15) EXCEPT AS OTHERWISE PROVIDED IN THIS ARTICLE, 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.

(15.5)(a) IF A REAL PROPERTY SUFFERS A DECLINE IN VALUE, THE TAXPAYER MAY PROTEST THE ACTUAL VALUE OF THE PROPERTY IN ACCORDANCE WITH SECTION 39-5-121 (1)(a)(I) OR MAY APPEAL THE ACTUAL VALUE OF THE PROPERTY IN ACCORDANCE WITH SECTION 39-5-122 (2). IF THE PROTEST OR APPEAL RESULTS IN AN ACTUAL VALUE THAT IS LESS THAN THE VALUE OF THE REAL PROPERTY'S MOST RECENT SALE OR REAPPRAISAL, OR THAT IS LESS THAN THE ACTUAL VALUE USED TO CALCULATE THE PROPERTY'S 2021 PROPERTY TAXES IF THE PROPERTY HAS NOT SOLD SINCE JUNE 30, 2020, AS DEFINED IN SECTION 39-1-102.5(2), THEN THE PROPERTY SHALL BE

REAPPRAISED, PURSUANT TO SECTION 39-1-104 (10.2), ANNUALLY AND THE ACTUAL VALUE SHALL BE THE REAPPRAISED VALUE UNTIL THE PROPERTY RECOVERS ALL ITS VALUE, CALCULATED AS THE ACTUAL VALUE OF THE PROPERTY PRIOR TO WHEN THE PROTEST OR APPEAL CONCLUDED, ADJUSTED FOR INFLATION TO THE CURRENT YEAR.

(b) NOTWITHSTANDING THE PROVISIONS OF SUBSECTION 15.5(a) OF THIS SECTION, IF A REAL PROPERTY IS SOLD, AS DEFINED IN SECTION 39-1-102.5(2), BEFORE IT RECOVERS ALL ITS VALUE, CALCULATED AS THE ACTUAL VALUE OF THE PROPERTY PRIOR TO THE PROTEST OR APPEAL ADJUSTED FOR INFLATION TO THE CURRENT YEAR, THEN THE PROPERTY'S ACTUAL VALUE SHALL BE THE VALUE OF THE SALE AND THE PROPERTY SHALL NO LONGER BE REAPPRAISED UNLESS IT IS SUBSTANTIALLY IMPROVED.

**SECTION 4.** In Colorado Revised Statutes, 39-1-104 **amend** (10.2) as follows:

**39-1-104. Valuation for assessment - definitions.** (10.2)(a) Except as otherwise provided in ~~subsection~~ SUBSECTIONS (10.2)(f) AND (12) of this section, beginning with the property tax year which commences January 1, 1989, a reassessment cycle shall be instituted with each cycle consisting of two full calendar years. At the beginning of each reassessment cycle, the level of value to be used during the reassessment cycle in the determination of actual value of real property in any county of the state as reflected in the abstract of assessment for each year in the reassessment cycle shall advance by two years over what was used in the previous reassessment cycle; except that the level of value to be used for the years 1989 and 1990 shall be the level of value for the period of one and one-half years immediately prior to July 1, 1988; except that, if comparable valuation data is not available from such one-and-one-half-year period to adequately determine the level of value for a class of property, the period of five years immediately prior to July 1, 1988, shall be utilized to determine the level of value. Said level of value shall be adjusted to the final day of the data gathering period.

(f) BEGINNING WITH THE PROPERTY TAX YEAR WHICH COMMENCES JANUARY 1, 2025, THE ACTUAL VALUE OF REAL PROPERTY SHALL BE EQUAL TO THE AMOUNT OF THE PROPERTY'S MOST RECENT SALE. THE PROPERTY'S ACTUAL VALUE IN SUBSEQUENT TAX YEARS AFTER THE TAX YEAR IN WHICH THE PROPERTY SOLD SHALL BE EQUAL TO THE AMOUNT OF THE PROPERTY'S MOST RECENT SALE AND SHALL NOT BE INCREASED ANNUALLY BY MORE THAN INFLATION, LIMITED TO 2.5%. THE ACTUAL VALUE OF REAL PROPERTY THAT HAS NOT SOLD SINCE JUNE 30, 2020, SHALL BE EQUAL TO THE ACTUAL VALUE USED TO CALCULATE THE PROPERTY'S 2021 PROPERTY TAXES. THE PROPERTY'S ACTUAL VALUE IN SUBSEQUENT PROPERTY TAX YEARS SHALL BE EQUAL TO THE ACTUAL VALUE USED TO CALCULATE THE PROPERTY'S 2021 PROPERTY TAXES AND SHALL NOT BE INCREASED ANNUALLY BY MORE THAN INFLATION, LIMITED TO 2.5%. IF REAL PROPERTY IS SUBSTANTIALLY IMPROVED, THE PROPERTY'S ACTUAL VALUE SHALL BE REAPPRAISED. THE PROPERTY'S ACTUAL VALUE SHALL SUBSEQUENTLY BE EQUAL TO THE REAPPRAISED VALUE AND SHALL NOT BE INCREASED ANNUALLY BY MORE THAN INFLATION, LIMITED TO 2.5%.

**SECTION 5. 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.