

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

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

(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; EXCEPT THAT A SUPPLEMENTAL TAX MAY BE IMPOSED FOR STATEWIDE PURPOSES UPON LUXURY RESIDENTIAL REAL PROPERTY AS DETERMINED BY ACTUAL VALUE. 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. However, the actual value of residential real property shall be determined solely by consideration of cost approach and 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.

SECTION 2. In the constitution of the state of Colorado, section 20 of article X, **amend** (8)(a) as follows:

(8)(a) Revenue limits. New or increased transfer tax rates on real property are prohibited. No new ~~state real property tax~~ or local district income tax shall be imposed. Neither an income tax rate increase nor a new state definition of taxable income shall apply before the next tax year. Any income tax law change after July 1, 1992 shall also require all taxable net income to be taxed at one rate, excluding refund tax credits or voter-approved tax credits, with no added tax or surcharge.

SECTION 3. In Colorado Revised Statutes, **add** section 39-1-104.3 as follows:

39-1-104.3. Supplemental tax on luxury residential real property – legislative declaration – definitions. (1) Legislative declaration. THE PEOPLE OF THE STATE OF COLORADO FIND AND DECLARE THAT:

(a) ACCORDING TO THE NATIONAL LOW INCOME HOUSING COALITION, COLORADO HAS OVER A 113,000 DEFICIT OF AFFORDABLE HOUSING UNITS FOR LOW-INCOME FAMILIES AND 140,000 UNIT SHORTAGE FOR FAMILIES MAKING LESS THAN 50 PERCENT OF AREA MEDIUM INCOME;

(b) THIS SHORTAGE OF AFFORDABLE HOUSING UNITS IMPACTS DIFFERENT COMMUNITIES AND POLITICAL SUBDIVISIONS THROUGHOUT THE STATE IN DIFFERENT WAYS. COLORADO’S TWO

LARGEST REAL ESTATE MARKETS, DENVER AND COLORADO SPRINGS, WERE IN THE TOP TEN LEAST AFFORDABLE HOUSING MARKETS IN THE COUNTRY IN 2022. MULTIPLE MOUNTAIN COMMUNITIES ARE DECLARING STATES OF EMERGENCY OR SUSPENDING VACATION RENTALS DUE TO LACK OF HOUSING. THE SHORTAGES AND RESULTING IMPACTS IN ONE COMMUNITY NECESSARILY AFFECT AND IMPACT OTHER COMMUNITIES AND POLITICAL SUBDIVISIONS STATEWIDE. A SIGNIFICANT RESULT OF THIS UPWARD PRESSURE ON ACTUAL PROPERTY VALUATIONS HAS BEEN A CONTRACTION OF PROPERTY AVAILABLE FOR AFFORDABLE HOUSING FOR INDIVIDUALS AND FAMILIES WITH LIMITED INCOMES AND ECONOMIC RESOURCES WHO WISH TO LIVE AND WORK IN COMMUNITIES THROUGHOUT COLORADO; THESE INDIVIDUALS AND FAMILIES ARE ESSENTIAL TO THE ECONOMIC HEALTH OF LOCAL BUSINESSES AND COMMUNITIES THROUGHOUT THE STATE.

(c) NATIONWIDE DATA SHOW THAT INCREASES IN PRICES OF HOME OWNERSHIP ARE OUTPACING INCOMES AT A THREE-TO-ONE RATE. FURTHER, RENTAL HOUSING IS BECOMING MORE EXPENSIVE, WITH HALF OF ALL RENTERS IN COLORADO SPENDING MORE THAN THIRTY PERCENT OF THEIR INCOME ON HOUSING.

(d) INCREASED COSTS OF AND DEFICITS IN AFFORDABLE HOUSING ALSO IMPACT BOTH LARGE AND SMALL BUSINESSES THROUGH PRESSURE ON WAGES AND RESULTING UNAVAILABILITY OF WORKERS;

(e) ACCORDING TO CENSUS DATA, COLORADO HAS THE ELEVENTH LOWEST HOMEOWNERSHIP RATE IN THE COUNTRY, WITH A STARK RACIAL HOMEOWNERSHIP GAP NATIONWIDE AND IN COLORADO. COLORADO HOME OWNERSHIP RATES HAVE DECLINED FROM 72.1 PERCENT IN 2005 TO 64.9 PERCENT IN THE FOURTH QUARTER OF 2021. PROJECTIONS FORECAST THAT THESE RATES WILL CONTINUE TO DECLINE AND THE RACIAL HOMEOWNERSHIP GAP WILL CONTINUE TO WORSEN.

(f) NATIONWIDE DATA SHOW THAT INCREASED CONSTRUCTION AND INFLATED PRICES OF LARGER, MORE EXPENSIVE, "LUXURY," HOMES IS OUTPACING AND CROWDING OUT CONSTRUCTION OF SMALLER HOMES AND RENTAL PROPERTIES AND IS NEGATIVELY IMPACTING THE PRODUCTION AND AVAILABILITY OF AFFORDABLE HOUSING THROUGHOUT THE STATE. WHILE MARKETS ARE SEEING THREE HUNDRED PERCENT INCREASES IN HOMES SOLD FOR ONE MILLION DOLLARS OR MORE, THERE WAS A FORTY-SEVEN PERCENT DECREASE IN HOMES SOLD FOR LESS THAN ONE-MILLION DOLLARS BETWEEN 2021 AND 2022; AND

(g) FOR THE REASONS SET FORTH ABOVE, THE PEOPLE FIND AND DECLARE THAT "LUXURY RESIDENTIAL REAL PROPERTY" – AS DEFINED IN SUBSECTION (2) OF THIS SECTION – PRESENTS SIGNIFICANT STATEWIDE ECONOMIC, BUSINESS, SOCIAL, AND GOVERNMENTAL IMPACTS AND PUBLIC POLICY CONSIDERATIONS DIFFERENT AND DISTINCT FROM THOSE PRESENTED BY OTHER CLASSES AND CATEGORIES OF RESIDENTIAL REAL PROPERTY. THE PEOPLE FURTHER FIND AND DECLARE THAT THESE IMPACTS AND POLICY CONSIDERATIONS AFFECT THE ENTIRE STATE, AND NOT SOLELY THE LOCAL TAXING DISTRICTS WITHIN WHICH SUCH PROPERTY IS LOCATED. THEREFORE, THE PEOPLE FIND AND DECLARE THAT "LUXURY RESIDENTIAL REAL PROPERTY" IS PROPERLY CLASSIFIED FOR PURPOSES OF VALUATION FOR ASSESSMENT AND DISTRIBUTION OF REVENUE RESULTING FROM TAXATION DIFFERENTLY FROM OTHER RESIDENTIAL REAL PROPERTY.

(2) Definition. AS USED IN THIS SECTION, “LUXURY RESIDENTIAL REAL PROPERTY” MEANS RESIDENTIAL REAL PROPERTY WITH ACTUAL VALUE, AS DETERMINED BY THE ASSESSOR AND THE ADMINISTRATOR IN THE MANNER PRESCRIBED BY LAW, OF AT LEAST TWO MILLION DOLLARS, ADJUSTED FOR INFLATION AS DETERMINED BY THE UNITED STATES BUREAU OF LABOR STATISTICS CONSUMER PRICE INDEX FOR DENVER- AURORA-LAKEWOOD AREA, ALL ITEMS, ALL URBAN CONSUMERS, OR ITS SUCCESSOR INDEX.

(3) Supplemental luxury residential real property tax. FOR PROPERTY TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2023, A SUPPLEMENTAL TAX SHALL BE ASSESSED AND IMPOSED UPON LUXURY RESIDENTIAL REAL PROPERTY IN THE AMOUNT OF 0.57 PERCENT OF THE ACTUAL VALUE OF SUCH PROPERTY AS DETERMINED BY THE ASSESSOR AND THE ADMINISTRATOR IN THE MANNER PRESCRIBED BY LAW. THIS TAX SHALL BE IN ADDITION TO ANY OTHER TAX IMPOSED UNDER THIS TITLE 39.

SECTION 4. In Colorado Revised Statutes, **amend** 39-1-112 as follows:

39-1-112. Taxes available – when. (1) Except as otherwise provided IN THIS SECTION AND in article 1.5 of this title, all taxes levied pursuant to the provisions of articles 1 to 13 of this title shall be available for expenditure by the political subdivision for which levied during its fiscal year as collected.

(2) UPON RECEIPT BY A POLITICAL SUBDIVISION OF REVENUES FROM SUPPLEMENTAL TAXES LEVIED UPON LUXURY RESIDENTIAL REAL PROPERTY PURSUANT TO SECTION 39-1-104.3 OF THIS TITLE, THE POLITICAL SUBDIVISION SHALL REMIT SUCH REVENUES TO THE DEPARTMENT OF THE TREASURY, WHICH SHALL DEPOSIT AND HOLD SUCH FUNDS IN A SEPARATE LUXURY RESIDENTIAL REAL PROPERTY TAX FUND.

(3) ON OR BEFORE JANUARY 1, 2024, THE DEPARTMENT OF LOCAL AFFAIRS SHALL DEVELOP CRITERIA FOR THE REALLOCATION AND DISTRIBUTION OF ALL FUNDS DEPOSITED AND HELD IN THE LUXURY RESIDENTIAL REAL PROPERTY TAX FUND TO THE POLITICAL SUBDIVISIONS OF THE STATE FOR THE SPECIFIC PURPOSE OF ADDRESSING SHORTAGES IN AND ENHANCING THE AVAILABILITY OF AFFORDABLE HOUSING ON AN EQUITABLE AND NEED-DRIVEN BASIS THROUGHOUT THE STATE. SUCH FUNDS SHALL BE DISBURSED BY THE DEPARTMENT OF THE TREASURY TO THE STATE’S POLITICAL SUBDIVISIONS NO LATER THAN DECEMBER 31 OF EACH YEAR IN WHICH RECEIVED, EXCEPT THAT FUNDS RECEIVED PRIOR TO JANUARY 1, 2024, SHALL BE DISTRIBUTED PRIOR TO DECEMBER 31, 2024. ALL FUNDS DISTRIBUTED FROM THE LUXURY RESIDENTIAL REAL PROPERTY TAX FUND SHALL BE IMMEDIATELY AVAILABLE FOR EXPENDITURE BY EACH POLITICAL SUBDIVISION EXCLUSIVELY FOR SUCH PURPOSES UPON RECEIPT FROM THE DEPARTMENT OF THE TREASURY IN SUCH MANNER AS EACH POLITICAL SUBDIVISION MAY DETERMINE.

(4) THE REVENUE RECEIVED AND DISTRIBUTED BY THE DEPARTMENT OF THE TREASURY PURSUANT TO THIS SECTION MAY BE COLLECTED, RETAINED, DEPOSITED AND DISTRIBUTED BY THE STATE AS A VOTER-APPROVED REVENUE CHANGE UNDER SECTION 20 OF ARTICLE X OF THE STATE CONSTITUTION.

SECTION 5. Effective date. This act takes effect January 1, 2023.