

Report to the Colorado General Assembly:

RECOMMENDATIONS FOR 1988

PROPERTY TAX



COLORADO LEGISLATIVE COUNCIL

**RESEARCH PUBLICATION NO. 317
December, 1987**

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COLORADO LEGISLATIVE COUNCIL
RECOMMENDATIONS FOR 1988

COMMITTEE ON PROPERTY TAX

Legislative Council
Report to the
Colorado General Assembly

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To Members of the Fifty-sixth Colorado General Assembly:

Submitted herewith is the final report of the Committee on Property Tax. The committee was appointed by the Legislative Council pursuant to House Joint Resolution No. 1032, 1987 session.

At its meeting on November 18, the Legislative Council reviewed this report. A motion to forward the report and recommendations of the Committee on Property Tax to the Fifty-sixth General Assembly was also approved.

Respectfully submitted,

/s/ Senator Ted Strickland
Chairman, Colorado Legislative
Council

TS/pn

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SUMMARY OF RECOMMENDATIONS

House Joint Resolution No. 1032 provided that the 1987 interim Committee on Property Tax study include the following:

A study of the effects of the implementation of House Concurrent Resolution No. 1005 (Amendment No. 1) adopted in 1982 on the property tax policy of the state of Colorado and to recommend any changes in the property tax laws found in the constitution or in statutes which appear desirable as a result of such study.

The committee held nine days of meetings during the interim. After two meetings in Denver, the committee determined that it was important to conduct a series of out-state public hearings. Meetings were held in the following cities and towns: Akron, Canon City, Castle Rock, Colorado Springs, Craig, Durango, Fort Collins, Grand Junction, Greeley, Gunnison, La Junta, Montrose, Rifle, and Sterling.

Interested citizens, county commissioners, assessors, appraisers, realtors, and representatives of the Division of Property Taxation testified regarding their concerns about property taxation. Testimony focused on the issues listed below:

1. the implementation of Senate Bill 88 (1987 session) and the feasibility of annual or biennial appraisals;
2. the need for educating the public about the property tax assessment process;
3. the methods for assessment of open-space residential land; and
4. the problems encountered by citizens as well as county assessors and county boards of equalization with the appeals process.

The committee recommends six bills and one proposed constitutional amendment addressing various aspects of the property tax system:

- a bill revising procedures for a taxpayer's appeal of the valuation of his property for purposes of taxation -- Bill 1;
- a bill modifying the method of determining the level of valuation, requiring that the rate of property taxation be expressed in dollars per one thousand dollars of valuation, and requiring assessors to conduct annual physical inspections of property -- Bill 2;

- a bill establishing a two-year reassessment cycle for the valuation of taxable property -- Bill 3;
- a bill establishing a data bank for real property transfer information in the office of each county assessor -- Bill 4;
- a bill revising statutory provisions regarding the valuation of federal property used for recreational purposes -- Bill 5;
- a bill amending the definition of "open space-residential land" for purposes of property taxation -- Bill 6; and
- a concurrent resolution amending the constitutional definition of "residential real property" to include "open space-residential land" -- Concurrent Resolution A.

COMMITTEE FINDINGS

Valuation of Property

Constitutional provisions. The Colorado Constitution, through an amendment adopted by the people in 1982, sets forth certain requirements for the valuation for assessment of property for taxation purposes. Article X, section 3 provides that the actual value of property subject to taxation be determined as prescribed by statute. The constitution does require, however, that actual value be determined by appropriate consideration of the cost, market, and income approaches to appraisal. Specific provisions are included for residential and agricultural property. The actual value of residential real property is to be based solely on the cost and market approaches to appraisal. The actual value of agricultural lands is determined by consideration of the earning or productive capacity of the land capitalized at a rate prescribed by law. Currently, this rate is set at thirteen percent (Senate Bill 151, 1985 session).

Article X, section 3 also requires that residential real property be valued for assessment at 21 percent of actual value, but with one caveat to this provision. The General Assembly must ensure that the percentage of the aggregate statewide valuation for assessment attributable to residential property remains the same as it was the year preceding a reappraisal. In order to maintain this percentage, the General Assembly is directed to adjust the ratio of valuation for assessment for residential property in years in which there is a change in the level of value used for determining actual value, if such a change is necessary to comply with the constitution. This rate is currently set at 18 percent of actual value (House Bill 1003, 1987 session). Except for producing mines and oil and gas lands, all other taxable property is valued for assessment at 29 percent of its actual value.

The valuation for assessment for producing mines and lands or leaseholds producing oil or gas is required to be a portion of the actual annual or actual average annual production, based upon the value of the unprocessed material. Producing mines and lands or leaseholds producing oil or gas are defined by statute. The percentage of the production used to calculate the assessed value is also prescribed by law according to the different types of minerals.

Use of a base year in determining actual value. The first mention of a base year in the determination of actual value occurred with the passage of House Bill 1025, 1976 session. This bill specified a regularly occurring four-year cycle of base-year manuals that would "serve as the basis for the revaluation" of taxable property. House Bill 1452, 1977 session, was the first bill to be enacted to explicitly recognize a "base year level of value." The first base year under House Bill 1452 was 1973 and this year was used to assess property from 1977 through 1982. In 1983, the base year was changed to 1977.

The provisions of House Bill 1452 continued until the 1983 session when the General Assembly enacted House Bill 1004. This act continued the 1977 base year level of value through 1985 after which the base year would be 1984. House Bill 1004 also established a two-year cycle of assessments, a recommendation of the 1981 interim Committee on Property Tax Laws and Mobile Home Taxation. According to the committee report:

accelerating the base year and shortening the four-year assessment cycle will provide a more current value of property, a better understanding of the establishment of value by the taxpayer, and will reduce the impact of the shifts between base years. 1/

In 1984, the General Assembly adopted House Bill 1051 which extended the 1977 base year for one year, i.e., through 1986. The bill specified that the base year for tax years 1987 and 1988 would be 1985 and a two-year cycle of base year level of valuation would continue thereafter.

In summary, Colorado has used the following base years through 1987 and is scheduled to have the following base years thereafter.

<u>Assessment Years</u>	<u>Base Year Level of Value</u>
1977 through 1982	1973
1982 through 1986	1977
1987 through 1988	1985
1988 through 1989	1987*
1989 through 1991	1989*

* These years are the primary data collection years, as explained in the subsequent paragraph.

In the 1987 session, the General Assembly enacted Senate Bill 88 which phases out an explicit base year level of value and phases in annual assessments beginning in 1991. The purpose of Senate Bill 88 is to value property as close to current value as is practicable. (A more detailed explanation of Senate Bill 88 is provided on pages 8 and 9).

1/ Colorado Legislative Council Research Publication No. 265, December 1981, p. 3.

Instead of a base year definition, Senate Bill 88 provides the following dates for gathering data on comparable sales to be used for valuing property:

<u>Assessment Year</u>	<u>Sales Data To Be Used From</u>
1987	January 1, 1983 through December 31, 1984
1988	January 1, 1983 through December 31, 1984
1989	January 1, 1987 through June 30, 1988
1990	January 1, 1987 through June 30, 1988
1991	January 1, 1989 through June 30, 1990

Current year level of value. In its public meetings throughout the state, assessors, appraisers, county commissioners, real estate agents, property owners, and private citizens spoke to the feasibility and desirability of using current value as the basis for the valuation of property. There was near unanimity in support of using current value instead of a base year level of value in valuating property. Many persons commented that taxes would be more equitable between counties and because property owners could better compare actual value with market value.

Many persons recognized that a period of data gathering on actual sales was necessary and the length of this period should be as close to current value as could be achieved. A majority of interested individuals indicated that the 18 month period provided for in Senate Bill 88 would be sufficient. Others testified that 18 months of data might not be enough for a valid sample in some counties.

In Bill 4, the committee seeks to keep actual value as close to current value as possible by establishing local data banks on comparable sales which can be shared between the assessors on an as needed basis. The provision for 18 months of data is retained.

Bill 4 also contains provisions for the improved reliability of the comparable sales data. The concern of the committee for improved reliability of the data base from which assessors value property is also found in the provision in Bill 2 requiring assessors to physically inspect ten percent of all properties each year.

The 1987 reappraisal. In 1987, all classes of property were reappraised to the 1985 level of value using sales data from 1983 and 1984. The last reappraisal was in 1983 and the next reappraisal is scheduled for 1989.

In 1983, the base year changed from 1973 to 1977 (a four-year jump) and assessed valuation statewide totaled \$17.2 billion, an increase of 9.3 percent over the prior year. In 1987, the base year changed from 1977 to 1985 (an eight-year jump) and the preliminary figures for assessed valuation indicate the total will be \$33.8 billion. This represents a 75.8 percent increase over the figure for 1986. Part of the increase can be attributed to the large jump in base years and to the rapid increases in the price of homes, especially the increases that occurred from 1977 through the early 1980s.

Recent Legislation Concerning Current Values

The following bills, enacted during the 1987 session, indicate the intent of the General Assembly to change from a base year level of value to a current year level of value. The committee supports this position but recommends biennial rather than annual assessments.

Oil and gas. Senate Bill 8 provides that the valuation for assessment of oil and gas lands and leaseholds be determined solely by the current year value of production rather than by a base year. This act revises the valuation process for oil and gas lands and leaseholds that has been used in past years.

Producing mines. House Bill 1002 provides that the valuation for assessment of producing mines is based on the net proceeds from the preceding calendar year rather than from the 1985 base year. This act applies to property tax years beginning on or after January 1, 1987.

Assessment schedule. Senate Bill 88 deletes any references to "base year" from Section 39-12-104, C.R.S. (valuation for assessment). It provides that valuation will make use of sales data from an 18 month period ending July 1 prior to any reassessment year. Senate Bill 88 also provides that 24 months of sales data may be used in valuing property if 18 months of data is insufficient. The bill requires biennial reassessments in 1989 and 1991 and annual assessments after 1991.

The actual and reasonable costs of implementing annual assessments are currently under study by the State Board of Equalization and the Legislative Council. The estimated costs will be used in consideration of an appropriation to the counties in fiscal

year 1988-89. The Division of Property Taxation indicated that the costs of implementing annual assessments beginning in 1991 would be \$13 million. A two-year assessment cycle, on the other hand, would cost an additional \$3 million. Both these estimates include the costs of a ten-year cycle of physical inspection of all properties within each county. The committee concluded that the problem of using three year old data in the second year of a biennial cycle is insufficient to justify the \$10 million in cost of going from biennial to annual assessments.

Other provisions of Senate Bill 88 require county assessors to revalue any real property in the 1987 and 1988 tax years to reflect any changes in value due to the ending of a property's economic life. The bill also requires that coal mines and other non-metallic producing lands be valued for assessment based on current year level of value rather than the 1985 base year.

The act also specifies that the amount of payments into escrow accounts for the payment of ad valorem taxes be increased only upon official notification of an increase in the amount of taxes levied, and cannot be increased solely upon notification of an increase in the valuation for assessment.

Property Tax Appeal Activity

There were a record number of appeals of property assessments in 1987, primarily a result of the change in base years from 1977 to 1985. The Colorado Public Expenditure Council reported that the average county increase in valuation for 1987 compared to 1986 was 77 percent. The counties showing the largest one-year increase in valuation were the following:

<u>County</u>	<u>1986 Valuation</u>	<u>1987 Valuation</u>	<u>Percentage Increase</u>
Eagle	\$ 306 Million	\$ 785 Million	156 %
San Miguel	37 Million	88 Million	138
Pitkin	218 Million	495 Million	127
Arapahoe	2.2 Billion	4.8 Billion	113
Summit	247 Million	526 Million	113
Grand	176 Million	376 Million	113

SOURCE: Colorado Public Expenditure Council

In a number of counties the volume of appeals in 1987 was ten times greater than ever before. A total of 22,500 appeals were filed with the Denver County Assessor in 1987 compared to 2,600 in 1984. The number of appeals filed with the Eagle County Assessor in 1984 was 117. The 1987 figure was 6,500. The biggest source of appeals for Front Range counties was residential, approximately 65 percent of the total. In a number of Western Slope counties, a majority of appeals were filed by owners of vacant land which had a statewide increase in valuation of 185 percent.

A survey recently conducted by Colorado Counties, Inc., indicated that, for the 60 counties responding to the survey, a total of 182,400 taxpayer protests were filed with assessors (step 1 in the appeals process). At the second step in making an appeal, the county boards of equalization (actually the county commissioners) heard approximately 32,000 appeals of assessors' determinations involving 51,444 individual parcels of land. A flow chart showing the property tax appeal procedures is provided in Appendix A, page 55.

Substantial costs were incurred by county officials in responding to taxpayer appeals. In order to meet statutory deadlines relating to appeals response, many counties paid staff overtime and hired outside hearing officers to assist the county boards of equalization. Examples of expenditures for response to appeals as reported by Colorado Counties, Inc. included \$300,000 in Arapahoe County, \$79,000 in Eagle County, and \$50,000 in Mesa County.

Some persons predicted that the number of protests and appeals in future years will decline compared to 1987, but will likely remain at a higher level than in previous years. The reason that the number of appeals is expected to remain high is the jump in the statistical base scheduled for 1989. The 1987 reassessment was based on sales from 1983 and 1984, while the 1989 reassessment will use sales data from 1987 and the first half of 1988, an effective jump of four years. As a result, the number of appeals is not likely to decline dramatically until a two-year cycle of reassessments has been established pursuant to provisions of Senate Bill 88, as amended by Bill 3.

Citizen concerns about assessment and appeals procedures. Testimony at a number of meetings indicated the need for the public to become better educated about the appeals process and the property tax system. For example, the sizable increases in assessed valuations caused many citizens to be concerned that their property tax bills would increase as much as the value of their property. Committee members and locally elected officials emphasized that a doubling of assessed value probably will not result in a doubling of property taxes. Current law limits the growth in property tax revenues of cities, counties, and special districts to a 5.5 percent increase in budget year 1988 over budget year 1987. A six percent limitation is mandated for budget years 1989 and thereafter.

Concern was expressed that property taxes are too high. While state taxes are below the national average, locally imposed sales taxes and property taxes are among the highest in the nation. It was suggested that too great a burden is placed on local governments to raise revenue to pay for K-12 education, transportation, welfare, and housing. The Colorado Public Expenditure Council reported that Colorado's per capita state and local property tax level was above the national average in 1985. Colorado's state and local property tax collections per capita in fiscal year 1985 were \$497 which was 14 percent above the national average of \$435.

Denial of appeals. A number of citizens and several county assessors stated that a substantial number of appeals were given

blanket denials. Approximately 10,000 of the 18,000 appeals received in Boulder County were given blanket denials. About 8,000 of the 22,500 protests in Denver were denied without being reviewed. As a result, property owners expressed concern that the property tax appeal system is unfair and inequitable.

Recommendations for Improving the Appeals Process.

County commissioners and assessors at each of the out-state hearings suggested that the statutory deadlines be revised for issuing notices of valuation (NOVs) for real property and holding taxpayer protest hearings. This change will give county officials more time to process taxpayer's objections to real property assessments. Local government officials pointed out that, under current deadlines, they do not have sufficient time to respond to taxpayer requests for review of assessments and property taxpayers are not receiving an adequate analysis and thorough response to their request for review of assessments.

The Colorado Assessors' Association made the following specific recommendations for amending calendar deadlines.

<u>Activity</u>	<u>Deadline - Existing Law</u>	<u>Proposed New Deadline</u>
Assessor sends notice of valuation of property to taxpayer	On or before May 24	On or before May 15
Assessor sits to hear all objections concerning real property valuations	Beginning on the first working day in June	Beginning the day after NOVs are mailed to taxpayers
Owners of real estate mail written objections to assessor	Postmarked by June 20	Postmarked by June 10
Assessor must conclude all hearings of real property valuations	By June 25	By June 15
Assessor mails two copies of determination of protest concerning real property to taxpayer	On or before the last working day in June	No change

Citizen testimony pointed out that local government officials should make a more concerted effort to inform taxpayers of the documentation they need to provide at hearings on their property valuations. It was suggested that at the time notices of valuation are sent to taxpayers, the mailing should include an explanation of appeal rights and suggestions to the taxpayer on how to be fully prepared for a hearing on his property valuation. In response to concerns expressed by citizens and local government officials, the committee recommends Bill 1 which is summarized on pages 13 and 14 of this report.

Several Western Slope residents focused on the need to replace county commissioners on county boards of equalization with persons who are professionals in the field of appraisals. It was alleged that county commissioners are not sufficiently knowledgeable about assessment and appraisal procedures and too frequently serve only as a "rubber stamp" for decisions previously made by the county assessor. It was recommended that county boards of equalization be appointed by district judges and include persons removed from any political persuasion. The committee submits no recommendations in response to this proposal.

Other Topics Involving Property Taxation

The interim meetings also afforded the committee an opportunity to learn about computerization of property in county assessor offices, the annual audit of county assessor practices, and the needs for technical and corrective changes to the property tax statutes.

A number of county assessors indicated that most of the metro area counties have computerized their valuations to a high degree; out-state counties have computerized residential valuation. Very few counties do not have access to computers. Several assessors recommended that the Division of Property Taxation take a more active role, for reasons of cost, in the selection and purchase of computer hardware and software. The committee concluded that there may be a role for the Division of Property Taxation in this area to the extent that uniformity in valuation is encouraged by the sharing of data and the use of similar valuation programs.

Mr. William H. Hoover and Mr. Garth Thimgan, Partners of W. H. Hoover and Associates, explained the methodology used in their assessment study (i.e., the annual one percent audit of assessor practices in the 63 Colorado counties). County assessors, at each of the committee's out-state hearings, commented on the assessment study. In a majority of cases, assessors approved of the findings and recommendations of the one percent audits applicable to their respective counties.

An overview of property tax statutes requiring technical revisions or repeal was provided by the Division of Property Taxation. In response to that presentation, the committee recommends Bill 2 which is reviewed on page 14 of this report.

COMMITTEE RECOMMENDATIONS

The following bills and resolution are recommended for action in the 1988 session of the Colorado General Assembly.

Concerning Procedures Which Pertain to a Taxpayer's Appeal of the Valuation of His Property for Purposes of Taxation -- Bill 1

The 1987 reassessments in property values produced record numbers of appeals. The appeals were a result of a change in the base year from 1977 to 1985 for determining property values. The committee found that there is a widespread lack of understanding of the property tax assessment and appeals procedures. In a number of counties, assessors were unable to meet the deadlines for hearing appeals and, as a result, numerous tax protests were denied without review. In response to these concerns, the committee recommends Bill 1. The major provisions of Bill 1 are as follows.

Mailing of notices of valuation. The deadline for assessors to send to taxpayers notices of valuation of property is changed from May 24 to May 15. Taxpayers, as a result, will have additional time to consider and be prepared for filing appeals on the notice of valuation. Additional information must be transmitted to the taxpayer with the mailing of the notice of valuation. The notice is required to state the actual value of land and improvements in the previous year, the actual value of the current year, and the amount of such increase in actual value. In addition, the notice must set forth in general terms all the administrative remedies available to taxpayers and must explain that it is only while pursuing the administrative remedies that taxpayers or assessors may introduce evidence to support their cases.

Revised hearings schedule for assessors. The date for assessors to begin to hear objections and protests concerning valuations of taxable real property is changed from the first working day of June to the first working day after notices of increased valuation are mailed to taxpayers (approximately May 16). The date by which assessors must conclude such hearings is changed from June 25 to June 15.

Timely submittal of taxpayer appeals. A presumption is established that communications from taxpayers to protest decisions of assessors are on time unless assessors can present evidence to show otherwise.

Duties of county board of equalization. The county board of equalization is required to notify a petitioner whose petition has been denied, in whole or in part, of the petitioner's right to appeal to the State Board of Assessment Appeals. Notification is to be made within 30 days following denial. The notice is to include the phone numbers and addresses of the Board of Assessment Appeals.

Extension of hearing days. The total number of days of per diem compensation to the members of the State Board of Assessment Appeals is expanded from 160 days to 200 days for calendar years 1988 and 1989. The extension is granted in recognition of the need for additional hearing days necessitated by the significant increase in the appeals filed with the board.

Removal of hearings deadlines. For calendar years 1988 and 1989 only, the State Board of Assessment Appeals will not be subject to any deadlines in completing hearings on assessment appeals from either county assessors or county boards of equalization. Removal of the deadline will help ensure equitable hearing treatment for all taxpayers.

Modification of appeal procedure. Provisions are eliminated under which the appeal of decisions of a county board of equalization may be made to the district court instead of to the State Board of Assessment Appeals.

Concerning Various Technical Amendments to the Property Tax Statutes -- Bill 2

A number of issues were raised during committee hearings which are addressed in Bill 2. Provisions of the bill include the following.

Date for setting level of value. The level of value is required to be adjusted to the final day of the period of time used to determine the level of value. This change provides a date certain on which depreciation ceases to be taken into account on real property.

Simplification of property tax terminology. To help the taxpayer know and understand the property taxation system, it is required that any communication regarding the rate of property taxation be converted from mills to dollars per thousand dollars of valuation.

Physical inspections. County assessors must annually physically inspect a minimum of ten percent of all property in their county.

Notification requirements for assessors. In instances when a person fails to make a complete disclosure of his personal property for assessment purposes, the county assessor is required to so notify the person and the person then has ten days to comply prior to imposition of any penalty.

Repealers. Statutory references to pollution control property are repealed since the pollution control income tax credit is not longer in effect. A statutory reference to agricultural supplies is also repealed since such supplies are constitutionally exempt from the levying of property tax.

Concerning the Establishment of a Two-Year Reassessment Cycle for the Valuation of Taxable Property -- Bill 3

Bill 3 eliminates annual revaluations of taxable property which were to begin in 1991 under Senate Bill 88, 1987 session. The two-year reassessment cycle for the valuation of taxable property established in Senate Bill 88 will be continued after 1991.

Concern was expressed by a number of assessors in medium size and smaller counties that annual assessments are not cost-effective. Assessors from small and medium sized counties noted the difficulty in accurately estimating property value fluctuations on an annual basis due to a lack of current market information. The Division of Property Taxation indicated that with the use of a ten-year schedule of physical inspection of all properties, the additional cost for implementation of annual assessments beginning in 1991 would be \$13 million. A two-year assessment cycle, on the other hand is projected to cost an additional \$3 million.

Establishing a Data Bank for Real Property Transfer in the Office of Each County Assessor -- Bill 4

There is a lack of data available to assessors on comparable sales in some counties because the number of sales is few. Assessors are not receiving information concerning real estate transfers at the time of the transaction. In response to these concerns, the committee recommends Bill 4.

Bill 4 requires that, at the time a document evidencing the transfer of title to real property is offered for recordation with the county clerk and recorder, a declaration be filed disclosing specific information related to the transfer of the property. The declaration is to include a recitation of the total consideration paid and the amount of the total consideration. The document must also include the legal description of the property being transferred, the name and addresses of the grantor and grantee, and the date of the execution of the transaction. The bill provides that the declarations filed will be kept confidential and not subject to public inspection.

The county clerk and recorder is required to transmit copies of declarations to the county assessor. Each county assessor is directed to maintain a data bank consisting of information derived from the declarations. This information is to be used to adjust sales for sales ratio analysis and for determining valuations for assessment of property transferred and other property.

Concerning the Conformance of Statutory Provisions Regarding the Valuation of Federal Property Used for Recreational Purposes to Constitutional Provisions Concerning Valuations for Assessment -- Bill 5

Bill 5 amends the statutes concerning the valuation of federal (United States Forest Service) property used for recreational purposes to provide that the actual value of such property be determined by appropriate consideration of the cost, market, and income approaches to appraisal. The statutes currently provide that the valuation for assessment of such lands be 30 percent of the fees paid by the user of said lands to the United States for the use thereof in the previous year. The purpose of the bill is to bring the statutes into conformity with the constitutional changes to property taxation which were approved with the passage of Amendment No. 1 in 1982.

Concerning the Definition of Open-Space Residential Land -- Bill 6 and Concurrent Resolution A

Bill 6 is recommended to define the term "open space-residential land" as undeveloped land held either for future residential use or for the preservation of open space. This term is included within the definition of "residential real property."

Assessment of undeveloped land suitable for residential development at 29 percent of actual value, rather than at the current residential rate of 18 percent, penalizes persons who own vacant residential land because these lands require fewer governmental services than developed areas. Assessing undeveloped land suitable for residential development at a higher percentage may also force persons to sell lots upon which they had hoped to build in future years.

Bill 6 shall take effect only if Concurrent Resolution A amending the constitution is approved by the electorate at the 1988 general election. The resolution amends Section 3 of Article X of the Colorado Constitution to include open space-residential land within the definition of real property, with the result that open space-residential land will be assessed as residential real property.

A BILL FOR AN ACT

1 CONCERNING PROCEDURES WHICH PERTAIN TO A TAXPAYER'S APPEAL OF
2 THE VALUATION OF HIS PROPERTY FOR PURPOSES OF TAXATION,
3 AND MAKING AN APPROPRIATION IN CONNECTION THEREWITH.

Bill Summary

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments which may be subsequently adopted.)

Makes various changes in the statutes regarding a taxpayer's appeal of the valuation of his real or personal property, including the following: For a limited period of time, removes any deadline by which the board of assessment appeals must conclude hearing on appeals from decisions of the county assessors and the county boards of equalization, and extends the number of days for which board members shall be compensated; provides that any person who is a party in a proceeding before the board of assessment appeals may appear on his behalf or be represented by an attorney; changes the dates by which an assessor shall send the taxpayer notice of an increased valuation of his property and shall hear protests of such increases, and by which the taxpayer shall petition the county board of equalization for review of the assessor's decision; specifies what information regarding the assessor's valuation of the property and the administrative remedies to protest such valuation must be included in the notice of increased valuation mailed to the taxpayer; requires the assessor to mail with the notice of increased valuation a form which, if completed by the taxpayer, shall initiate an appeal of the assessor's determination; provides that communications from taxpayers to protest decisions of assessors are presumed to be timely made unless there is evidence to show otherwise; eliminates a reason for protesting an increase in valuation;

requires the county board of equalization to notify a petitioner whose petition has been denied by the assessor of the right to appeal the decision to the board of assessment appeals and of the right, at this hearing, to introduce new evidence regarding valuation of the property; and eliminates provisions authorizing the appeal of decisions of a county board of equalization to the district court of the county wherein the property is located in lieu of appeal to the board of assessment appeals.

Makes an appropriation to compensate members of the board of assessment appeals for the additional days the board conducts hearings.

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

2 SECTION 1. 39-2-123 (3), Colorado Revised Statutes, 1982
3 Repl. Vol., as amended, is amended to read:

4 39-2-123. Board of assessment appeals created - members
5 - compensation. (3) (a) Members of the board shall be
6 compensated one hundred forty dollars per diem and shall be
7 reimbursed for their actual and necessary expenses. Per diem
8 compensation, not to exceed one hundred sixty days in any
9 calendar year, shall be paid only when the board is in session
10 or when any member thereof conducts a hearing pursuant to
11 section 39-2-127. The board shall be in session when it
12 determines that it is necessary, or as directed by the
13 executive director of the department of local affairs.

14 (b) (I) FOR THE CALENDAR YEARS 1988 AND 1989, PER DIEM
15 COMPENSATION SHALL NOT BE PAID FOR MORE THAN TWO HUNDRED DAYS
16 IN EACH CALENDAR YEAR.

17 (II) THIS PARAGRAPH (b) IS REPEALED, EFFECTIVE JANUARY
18 1, 1990.

19 SECTION 2. 39-2-125, Colorado Revised Statutes, 1982

1 Repl. Vol., as amended, is amended BY THE ADDITION OF A NEW
2 SUBSECTION to read:

3 39-2-125. Duties of the board.

4 (1.5) (a) Notwithstanding any other law to the contrary, for
5 calendar years 1988 and 1989, the board shall not be subject
6 to any deadline in completing hearings on assessment appeals
7 from decisions of either the county assessor or the county
8 board of equalization pursuant to subsection (1) of this
9 section.

10 (b) This subsection (1.5) is repealed, effective January
11 1, 1990.

12 SECTION 3. 39-2-127, Colorado Revised Statutes, 1982
13 Repl. Vol., as amended, is amended BY THE ADDITION OF A NEW
14 SUBSECTION to read:

15 39-2-127. Board of assessment appeals meetings -
16 proceedings - representation before board. (4) Any person
17 who is a party in a proceeding before the board may appear on
18 his own behalf or be represented by an attorney admitted to
19 practice law in this state.

20 SECTION 4. 39-5-113.3 (2), Colorado Revised Statutes,
21 1982 Repl. Vol., as amended, is amended to read:

22 39-5-113.3. Oil and gas drilling rigs - apportionment of
23 value. (2) The assessor, upon receiving such inventory and
24 notification that his county was the first location of the rig
25 in Colorado, shall determine its value and shall apportion
26 such value between the counties in which the drilling rig was
27 located during the preceding year and the districts thereof,

1 in the proportion that the periods of time during which such
2 equipment was located or maintained in such counties bear to
3 the full calendar year. On or before May-24 JUNE 20, the
4 assessor shall furnish a copy of such valuation for assessment
5 and apportionment to the owner of such equipment or to his
6 agent and shall also transmit a copy thereof to the assessor
7 of each county affected, together with a copy of the drilling
8 log for that rig. For purposes of making such apportionment,
9 the valuation for assessment of the oil or gas drilling rig
10 made by the assessor of the first Colorado county on the log
11 shall be used by all county assessors involved. In the
12 subsequent counties, the assessor shall accept the returned
13 declaration with the rig's name and location data as a proper
14 filing.

15 SECTION 5. 39-5-121 (1) and (1.5), Colorado Revised
16 Statutes, 1982 Repl. Vol., are amended to read:

17 39-5-121. Notice of increased valuation. (1) No later
18 than May--24 MAY 15 in each year, the assessor shall mail to
19 each person whose land or improvements have been valued at an
20 amount greater than the same were valued in the previous year
21 a notice setting forth the amount of such increase in
22 valuation. THE NOTICE SHALL STATE THE ACTUAL VALUE OF SUCH
23 LAND OR IMPROVEMENTS IN THE PREVIOUS YEAR, THE ACTUAL VALUE IN
24 THE CURRENT YEAR, AND THE AMOUNT OF SUCH INCREASE IN ACTUAL
25 VALUE. THE NOTICE SHALL NOT STATE THE VALUATION FOR
26 ASSESSMENT OF SUCH LAND OR IMPROVEMENTS. THE NOTICE SHALL
27 ALSO SET FORTH THE ASSESSMENT PERCENTAGE TO BE APPLIED TO SAID

1 ACTUAL VALUE PRIOR TO THE CALCULATION OF PROPERTY TAXES FOR
2 THE CURRENT YEAR. The notice shall state, in bold-faced type,
3 that the taxpayer has the right to protest such increase in
4 valuation, THE CLASSIFICATION OF THE PROPERTY WHICH DETERMINES
5 THE ASSESSMENT PERCENTAGE TO BE APPLIED, and the dates and
6 places at which the assessor will hear such protest. SUCH
7 NOTICE SHALL ALSO SET FORTH IN GENERAL TERMS, ALL THE
8 ADMINISTRATIVE REMEDIES AVAILABLE TO THE TAXPAYER AND SHALL
9 EXPLAIN THAT IT IS ONLY WHILE PURSUING THE ADMINISTRATIVE
10 REMEDIES THAT THE TAXPAYER OR THE ASSESSOR MAY INTRODUCE
11 EVIDENCE TO SUPPORT HIS CASE. THE NOTICE SHALL BE MAILED
12 TOGETHER WITH A FORM WHICH, IF COMPLETED BY THE TAXPAYER,
13 ALLOWS THE TAXPAYER TO EXPLAIN THE BASIS FOR HIS VALUATION OF
14 THE PROPERTY. SUCH FORM MAY BE COMPLETED BY THE TAXPAYER TO
15 INITIATE AN APPEAL OF THE ASSESSOR'S VALUATION. HOWEVER, IN
16 ACCORDANCE WITH SECTION 39-5-122 (2), COMPLETION OF THIS FORM
17 SHALL NOT CONSTITUTE THE EXCLUSIVE MEANS OF APPEALING THE
18 ASSESSOR'S VALUATION.

19 (1.5) No later than June 20 in each year, the assessor
20 shall mail to each person whose taxable personal property has
21 been valued at an amount greater than that returned by him in
22 his personal property schedule a notice setting forth the
23 amount of such increase in valuation. THE NOTICE SHALL STATE
24 THE ACTUAL VALUE OF SUCH PERSONAL PROPERTY IN THE PREVIOUS
25 YEAR, THE ACTUAL VALUE IN THE CURRENT YEAR, AND THE AMOUNT OF
26 SUCH INCREASE IN ACTUAL VALUE. THE NOTICE SHALL NOT STATE THE
27 VALUATION FOR ASSESSMENT OF SUCH PERSONAL PROPERTY. THE

1 NOTICE SHALL ALSO SET FORTH THE ASSESSMENT PERCENTAGE TO BE
2 APPLIED TO SAID ACTUAL VALUE PRIOR TO THE CALCULATION OF
3 PROPERTY TAXES FOR THE CURRENT YEAR. The notice shall state,
4 in bold-faced type, that the taxpayer has the right to protest
5 such increase in valuation and the dates and places at which
6 the assessor will hear such protest. SUCH NOTICE SHALL ALSO
7 SET FORTH IN GENERAL TERMS, ALL THE ADMINISTRATIVE REMEDIES
8 AVAILABLE TO THE TAXPAYER AND SHALL EXPLAIN THAT IT IS ONLY
9 WHILE PURSUING THE ADMINISTRATIVE REMEDIES THAT THE TAXPAYER
10 OR THE ASSESSOR MAY INTRODUCE EVIDENCE TO SUPPORT HIS CASE.
11 THE NOTICE SHALL BE MAILED TOGETHER WITH A FORM WHICH, IF
12 COMPLETED BY THE TAXPAYER, ALLOWS THE TAXPAYER TO EXPLAIN THE
13 BASIS FOR HIS VALUATION OF THE PROPERTY. SUCH FORM MAY BE
14 COMPLETED BY THE TAXPAYER TO INITIATE AN APPEAL OF THE
15 ASSESSOR'S VALUATION. HOWEVER, IN ACCORDANCE WITH SECTION
16 39-5-122 (2), COMPLETION OF THIS FORM SHALL NOT CONSTITUTE THE
17 EXCLUSIVE MEANS OF APPEALING THE ASSESSOR'S VALUATION.

18 SECTION 6. 39-5-122 (1), (2), and (4), Colorado Revised
19 Statutes, 1982 Repl. Vol., as amended, are amended to read:

20 39-5-122. Taxpayer's remedies to correct errors.

21 (1) On or before ~~May~~ MAY 15 of each year, the assessor
22 shall give public notice in at least one issue of a newspaper
23 published in his county that beginning on the first working
24 day ~~of June~~ AFTER NOTICES OF INCREASED VALUATION ARE MAILED TO
25 TAXPAYERS he will sit to hear all objections and protests
26 concerning valuations of taxable real property determined by
27 him for the current year. The notice shall also state that

1 objections and protests concerning valuations of taxable
2 personal property determined by him for the current year will
3 be heard commencing June 20. If there is no such newspaper,
4 then such notice shall be conspicuously posted in the offices
5 of the assessor, the treasurer, and the county clerk and
6 recorder and in at least two other public places in the county
7 seat. The assessor shall send news releases containing such
8 notice to radio stations, television stations, and newspapers
9 of general circulation in the county.

10 (2) If any person is of the opinion that his property
11 has been valued too high, or has been twice valued, or is
12 exempt by law from taxation, ~~or that he did not own taxable~~
13 ~~property on the assessment date~~, or that property has been
14 erroneously assessed to him, he may appear before the assessor
15 and object, HE MAY COMPLETE THE FORM MAILED WITH HIS NOTICE OF
16 VALUATION PURSUANT TO SECTION 39-5-121 (1) OR (1.5), or he may
17 file a written letter of objection and protest by mail with
18 the assessor's office before the last day specified in the
19 notice, stating in general terms the reason for the objection
20 and protest. If THE FORM INITIATING AN APPEAL OR the written
21 letter of objection and protest is filed by mail, it shall be
22 presumed that it was received as of the day it was postmarked.
23 IF THE FORM INITIATING AN APPEAL OR THE WRITTEN LETTER OF
24 OBJECTION AND PROTEST IS HAND DELIVERED, THE DATE IT WAS
25 RECEIVED BY THE ASSESSOR SHALL BE STAMPED ON THE FORM OR
26 LETTER. ALL SUCH FORMS AND LETTERS RECEIVED FROM PROTESTORS
27 SHALL BE PRESUMED TO BE ON TIME UNLESS THE ASSESSOR CAN

1 PRESENT EVIDENCE TO SHOW OTHERWISE. The county shall not
2 prescribe the written form of objection and protest to be
3 used. The protestor shall have the opportunity on the days
4 specified in the public notice to present his objection by
5 mail or protest in person and be heard, whether or not there
6 has been a change in valuation of such property from the
7 previous year and whether or not any change is the result of a
8 determination by the assessor for the current year or by the
9 state board of equalization for the previous year. If the
10 assessor finds any valuation to be erroneous or otherwise
11 improper, he shall correct such error, but, if he declines to
12 change any valuation which he has determined, he shall state
13 his reasons in writing on the form described in section
14 39-8-106, shall insert the information otherwise required by
15 the form, and shall, on or before the last regular working day
16 of the assessor in June in the case of real property and July
17 10 in the case of personal property, mail two copies of such
18 completed form to the person presenting the objection and
19 protest so denied.

20 (4) The assessor shall continue his hearings from day to
21 day until all objections and protests have been heard, but all
22 such hearings shall be concluded by ~~JUNE-25~~ JUNE 15 in the
23 case of real property and July 10 in the case of personal
24 property.

25 SECTION 7. 39-8-105 (2), Colorado Revised Statutes, 1982
26 Repl. Vol., is amended to read: -

27 39-8-105. Reports of assessor. (2) At a meeting of the

1 board on July 15, the assessor shall report the valuation of
2 all taxable personal property in the county and shall note any
3 valuations for assessment of portable or movable equipment
4 which have been apportioned pursuant to the provisions of
5 section 39-5-113. He shall submit a list of all persons in
6 the county who have failed to return any schedules and shall
7 report his action in each case. He shall also submit a list
8 of persons who have appeared before him to present objections
9 or protests and ~~whose objections or protests have been refused~~
10 ~~by him~~ HIS ACTION IN EACH CASE.

11 SECTION 8. 39-8-106 (1) (a), Colorado Revised Statutes,
12 1982 Repl. Vol., is amended to read:

13 39-8-106. Petitions for appeal. (1) (a) A statement
14 informing such person of his right to appeal, the time and
15 place at which the county board of equalization will hear
16 appeals from determinations of the assessor, and that, by
17 mailing one copy of the form to the county board of
18 equalization WHICH IS RECEIVED ON OR before the second Monday
19 of July of that year for real property and July 15 of that
20 year for personal property, such person will be deemed to have
21 filed his petition for hearing with the county board of
22 equalization. THE DATE THE FORM IS RECEIVED BY THE COUNTY
23 BOARD OF EQUALIZATION SHALL BE STAMPED ON THE FORM. ALL SUCH
24 FORMS SHALL BE PRESUMED TO BE ON TIME UNLESS THE COUNTY BOARD
25 OF EQUALIZATION CAN PRESENT EVIDENCE TO SHOW OTHERWISE;

26 SECTION 9. 39-8-107 (1), Colorado Revised Statutes, 1982
27 Repl. Vol., is amended to read:

1 39-8-107. Hearings on appeal. (1) At the hearing upon a
2 petition, the assessor or his authorized representative shall
3 be present. The board shall hear all testimony and examine
4 all exhibits produced or introduced by either the petitioner
5 or the assessor, and may subpoena witnesses to testify. The
6 costs of producing his witnesses shall be paid by the
7 petitioner, and the costs of producing the assessor's
8 witnesses shall be paid by the county. On the basis of the
9 testimony produced and the exhibits introduced, the board
10 shall grant or deny the petition, in whole or in part, and
11 shall notify the petitioner and the assessor in writing. IF
12 THE BOARD DENIES THE PETITION, IN WHOLE OR IN PART, SUCH
13 WRITTEN NOTICE SHALL INFORM THE PETITIONER OF THE RIGHT TO
14 APPEAL WITHIN THE THIRTY-DAY PERIOD FOLLOWING THE DENIAL TO
15 THE BOARD OF ASSESSMENT APPEALS PURSUANT TO THE PROVISIONS OF
16 SECTION 39-8-108 (1). SUCH NOTICE SHALL STATE THAT THE
17 HEARING BEFORE THE BOARD OF ASSESSMENT APPEALS SHALL BE THE
18 LAST HEARING AT WHICH TESTIMONY, EXHIBITS, OR ANY OTHER TYPE
19 OF EVIDENCE MAY BE INTRODUCED BY EITHER PARTY, THAT IF THERE
20 IS AN APPEAL TO THE DISTRICT COURT PURSUANT TO SECTION
21 39-8-108 (2), THE RECORD FROM THE HEARING BEFORE THE BOARD OF
22 ASSESSMENT APPEALS AND NO NEW EVIDENCE SHALL BE THE BASIS FOR
23 THE COURT'S DECISION. THE PHONE NUMBER AND ADDRESS OF THE
24 BOARD OF ASSESSMENT APPEALS SHALL ALSO BE INCLUDED ON THE
25 NOTICE.

26 SECTION 10. 39-8-108 (1) and (2), Colorado Revised
27 Statutes, 1982 Repl. Vol., as amended, are amended to read:

1 39-8-108. Decision - review. (1) If the county board
2 of equalization grants a petition, in whole or in part, the
3 assessor shall adjust the valuation for assessment
4 accordingly, but if the petition is denied, in whole or in
5 part, the petitioner may appeal to the board of assessment
6 appeals. ~~or to the district court of the county wherein his~~
7 ~~property is located, for judicial review of the decision of~~
8 ~~the county board of equalization, pursuant to section~~
9 ~~24-4-106, C.R.S.~~ Either Such appeal shall be taken no later
10 than thirty days after such denial. ANY REQUEST BY A TAXPAYER
11 FOR A HEARING BEFORE THE BOARD OF ASSESSMENT APPEALS SHALL BE
12 STAMPED WITH THE DATE SUCH REQUEST WAS RECEIVED BY THE BOARD.
13 ALL SUCH REQUESTS SHALL BE PRESUMED TO BE ON TIME UNLESS THE
14 BOARD CAN PRESENT EVIDENCE TO SHOW OTHERWISE.

15 (2) If ~~the petitioner has appealed to the board of~~
16 ~~assessment appeals and~~ the decision of the board OF ASSESSMENT
17 APPEALS is against the petitioner, he may, within thirty days
18 after such decision, petition the district court of the county
19 wherein his property is located for judicial review thereof
20 pursuant to section 24-4-106, C.R.S. If the decision of the
21 board is against the respondent, the respondent, upon the
22 recommendation of the board that it is either a matter of
23 statewide concern or has resulted in a significant decrease in
24 the total assessed valuation of the respondent county, may
25 within thirty days after such decision, petition the district
26 court of the county in which the property is located for
27 judicial review pursuant to section 24-4-106, C.R.S. If the

1 board does not recommend its decision to be a matter of
2 statewide concern or to have resulted in a significant
3 decrease in the total assessed valuation of the respondent
4 county, the respondent may petition the district court of the
5 county in which the property is located for judicial review of
6 such questions pursuant to section 24-4-106, C.R.S., within
7 thirty days of such decision.

8 SECTION 11. Repeal. 39-8-108 (3), Colorado Revised
9 Statutes, 1982 Repl. Vol., as amended, is repealed.

10 SECTION 12. Appropriation. In addition to any other
11 appropriation, there is hereby appropriated, out of any moneys
12 in the general fund not otherwise appropriated, to the
13 department of local affairs for allocation to the board of
14 assessment appeals, the sum of _____ dollars (\$ _____),
15 or so much thereof as may be necessary, for the implementation
16 of this act. The moneys appropriated in this section shall
17 become available upon passage of this act and shall remain
18 available until July 1, 1989.

19 SECTION 13. Applicability. This act shall apply to
20 property tax years commencing on or after January 1, 1988.

21 SECTION 14. Safety clause. The general assembly hereby
22 finds, determines, and declares that this act is necessary
23 for the immediate preservation of the public peace, health,
24 and safety.

A BILL FOR AN ACT

1 CONCERNING PROPERTY TAXES, AND, IN CONNECTION THEREWITH,
2 MODIFYING THE METHOD OF DETERMINING THE LEVEL OF
3 VALUATION, REQUIRING THAT THE RATE OF PROPERTY TAXATION
4 BE EXPRESSED IN DOLLARS PER ONE THOUSAND DOLLARS OF
5 VALUATION FOR ASSESSMENT IN CERTAIN CASES, REQUIRING THE
6 PHYSICAL INSPECTION OF PROPERTY, PROVIDING AN OPPORTUNITY
7 TO COMPLY WITH PERSONAL PROPERTY DISCLOSURE REQUIREMENTS,
8 AND ELIMINATING STATUTORY REFERENCES TO CERTAIN TERMS.

Bill Summary

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments which may be subsequently adopted.)

Requires that the level of value be adjusted to the final day of the period of time used to determine the level of value.

Defines the terms "communication", "mill", and "valuation for assessment".

Requires that any communication to a taxpayer regarding the rate of property taxation be converted from mills to the dollars per thousand dollars of valuation for assessment of taxable real or personal property.

Requires county assessors to physically inspect a specified percentage of all property in each county every year. Specifies that during such physical inspections the assessor shall compare the valuation for assessment of the property with the actual physical condition thereof and note

differences in the record of the property in the assessor's office.

If a person fails to make a full and complete disclosure of his personal property for assessment purposes, requires the county assessor to so notify the person and to allow a limited period of time for such a person to comply with such disclosure requirements prior to the imposition of any penalty.

Repeals statutory references to pollution control property as the pollution control income tax credit is no longer in effect. Repeals a statutory reference to agricultural supplies as such supplies are constitutionally exempt from the levying of property tax.

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

2 SECTION 1. 39-1-104 (10.1) (b), (10.1) (d), and (10.3)
3 (a), Colorado Revised Statutes, 1982 Repl. Vol., as amended,
4 are amended to read:

5 39-1-104. Valuation for assessment. (10.1) (b) During
6 the years 1987 and 1988 in preparation for implementation in
7 the years 1989 and 1990, the respective assessors shall
8 conduct revaluations of all taxable property utilizing the
9 level of value for the period of one and one-half years
10 immediately prior to July 1, 1988, and the manuals and
11 associated data published for said period by the administrator
12 and approved by the advisory committee to the administrator;
13 except that, if comparable valuation data is not available
14 from such one-and-one-half-year period to adequately determine
15 the level of value of a class of property, the period of two
16 years immediately prior to July 1, 1988, shall be utilized to
17 determine the level of value. SAID LEVEL OF VALUE SHALL BE
18 ADJUSTED TO THE FINAL DAY OF THE DATA GATHERING PERIOD.

19 (d) During the years 1989 and 1990 in preparation for

1 implementation in the year 1991, the respective assessors
2 shall conduct revaluations of all taxable property utilizing
3 the level of value for the period of one and one-half years
4 immediately prior to July 1, 1990, and the manuals and
5 associated data published for said period by the administrator
6 and approved by the advisory committee to the administrator;
7 except that, if comparable valuation data is not available
8 from such one-and-one-half-year period to adequately determine
9 the level of value of a class of property, the period of two
10 years immediately prior to July 1, 1990, shall be utilized to
11 determine the level of value. SAID LEVEL OF VALUE SHALL BE
12 ADJUSTED TO THE FINAL DAY OF THE DATA GATHERING PERIOD.

13 (10.3) (a) Except as otherwise provided in subsection
14 (12) of this section, at the beginning of each property tax
15 year, the level of value to be used during the year in the
16 determination of actual value in real property in any county
17 of the state as reflected in the abstract of assessment for
18 each property tax year shall advance by one year over what was
19 used in the previous property tax year; except that the level
20 of value to be used for the property tax year 1991 shall be
21 the level of value for the period of one and one-half years
22 immediately prior to July 1, 1990; except that, if comparable
23 valuation data is not available from such
24 one-and-one-half-year period to adequately determine the level
25 of value for a class of property, the period of two years
26 immediately prior to July 1, 1990, shall be utilized to
27 determine the level of value. SAID LEVEL OF VALUE SHALL BE

1 ADJUSTED TO THE FINAL DAY OF THE DATA GATHERING PERIOD.

2 SECTION 2. Article 1 of title 39, Colorado Revised
3 Statutes, 1982 Repl. Vol., as amended, is amended BY THE
4 ADDITION OF A NEW SECTION to read:

5 39-1-121. Expression of rate of property taxation in
6 dollars per thousand dollars of valuation for assessment.

7 (1) As used in this section, unless the context otherwise
8 requires:

9 (a) "Communication" includes, but is not limited to, any
10 tax statement pursuant to section 39-10-103 or any public
11 notice of increased levy pursuant to section 22-40-102,
12 29-1-302, or 29-1-303, C.R.S.

13 (b) "Mill" means the rate of property taxation
14 equivalent to the amount of dollars per one thousand dollars
15 of valuation for assessment of taxable real or personal
16 property.

17 (c) "Valuation for assessment" means the actual value of
18 any real or personal property multiplied by the assessment
19 percentages specified in section 3 of article X of the state
20 constitution.

21 (2) The general assembly hereby finds, determines, and
22 declares that communications to taxpayers regarding the
23 imposition of property taxes expressed in mills can be unduly
24 confusing to the general public. The general assembly further
25 finds, determines, and declares that for the convenience of
26 taxpayers and to assist citizens in better understanding the
27 property taxation system, it is advantageous for governmental

1 entities levying property taxes to inform taxpayers of such
2 tax rates in terms of the amount of dollars per one thousand
3 dollars of valuation for assessment of taxable real or
4 personal property.

5 (3) In any communication to a taxpayer, any mill levy
6 amounts stated shall be converted into the amount of dollars
7 per one thousand dollars of valuation for assessment of
8 taxable real or personal property.

9 SECTION 3. Part 1 of article 5 of title 39, Colorado
10 Revised Statutes, 1982 Repl. Vol., as amended, is amended BY
11 THE ADDITION OF A NEW SECTION to read:

12 39-5-104.5. Physical inspection of property. During
13 every calendar year, beginning with calendar year 1988, the
14 assessor of each county in the state shall physically inspect
15 a minimum of ten percent of all property in each such county.
16 During such physical inspections, the assessor shall, using
17 appraisal techniques approved and recommended by the
18 administrator, compare the actual physical condition of the
19 property with the valuation for assessment of such property
20 and ascertain the accuracy of the valuation. Any changes in
21 the physical condition of the property discovered upon such
22 examination shall be incorporated by the assessor into the
23 records of the property.

24 SECTION 4. 39-5-116 (2) (a), Colorado Revised Statutes,
25 1982 Repl. Vol., as amended, is amended to read:

26 39-5-116. Failure to file schedule - failure to fully
27 and completely disclose. (2) (a) If any person owning

1 taxable personal property to whom two successive personal
2 property schedules have been mailed, or upon whom the assessor
3 or his deputy has called and left one or more schedules, fails
4 to make a full and complete disclosure of his personal
5 property for assessment purposes, the assessor, AFTER
6 NOTIFYING THE PERSON OF HIS FAILURE TO MAKE SUCH A FULL AND
7 COMPLETE DISCLOSURE AND ALLOWING SUCH PERSON TEN DAYS FROM THE
8 DATE OF NOTIFICATION TO COMPLY, shall, upon discovery,
9 determine the actual value of such person's taxable property
10 on the basis of the best information available to and
11 obtainable by him and shall promptly notify such person or his
12 agent of such valuation. The assessor shall impose a penalty
13 in an amount up to twenty-five percent of the valuation for
14 assessment determined for the omitted personal property.
15 Penalties, if unpaid, shall be certified to the treasurer for
16 collection with taxes levied upon the person's personal
17 property. A person fails to make a full and complete
18 disclosure of his personal property pursuant to this paragraph
19 (a) if he includes in a filed schedule any information
20 concerning his property which is false, erroneous, or
21 misleading, or fails to include in a schedule any taxable
22 property owned by him.

23 SECTION 5. Repeal. 39-1-102 (12.1), 39-1-104 (8),
24 39-4-110, and 39-5-131, Colorado Revised Statutes, 1982 Repl.
25 Vol., are repealed.

26 SECTION 6. Effective date - applicability. Sections 1,
27 3, 5, 6, and 7 of this act shall take effect upon its passage.

1 Section 2 of this act shall take effect July 1, 1988. Section
2 4 of this act shall take effect August 1, 1988, and shall
3 apply to personal property schedules due or filed on or after
4 said date.

5 SECTION 7. Safety clause. The general assembly hereby
6 finds, determines, and declares that this act is necessary
7 for the immediate preservation of the public peace, health,
8 and safety.

A BILL FOR AN ACT

1 CONCERNING THE ESTABLISHMENT OF A TWO-YEAR REASSESSMENT CYCLE
2 FOR THE VALUATION OF TAXABLE PROPERTY.

Bill Summary

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments which may be subsequently adopted.)

Eliminates annual revaluations of taxable property which were to begin in 1991. Establishes a two-year reassessment cycle for the valuation of taxable property to begin in 1991.

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

4 SECTION 1. 39-1-104 (10.1) (d), Colorado Revised
5 Statutes, 1982 Repl. Vol., as amended, is amended to read:

6 39-1-104. Valuation for assessment. (10.1) (d) During
7 the years 1989 and 1990 in preparation for implementation in
8 the year PROPERTY TAX YEARS 1991 AND 1992, the respective
9 assessors shall conduct revaluations of all taxable property
10 utilizing the level of value for the period of one and
11 one-half years immediately prior to July 1, 1990, and the
12 manuals and associated data published for said period by the

1 administrator and approved by the advisory committee to the
2 administrator; except that, if comparable valuation data is
3 not available from such one-and-one-half-year period to
4 adequately determine the level of value of a class of
5 property, the period of two years immediately prior to July 1,
6 1990, shall be utilized to determine the level of value.

7 SECTION 2. 39-1-104 (10.3), Colorado Revised Statutes,
8 1982 Repl. Vol., as amended, is REPEALED AND REENACTED, WITH
9 AMENDMENTS, to read:

10 39-1-104. Valuation for assessment.
11 (10.3) (a) Beginning with the property tax year which
12 commences January 1, 1991, a reassessment cycle shall be
13 instituted with each cycle consisting of two full calendar
14 years. Except as otherwise provided in subsection (12) of
15 this section, at the beginning of each reassessment cycle, the
16 level of value to be used during the reassessment cycle in the
17 determination of actual value in real property in any county
18 of the state as reflected in the abstract of assessment for
19 each year in the reassessment cycle shall advance by two years
20 over what was used in the previous reassessment cycle; except
21 that the level of value to be used for the property tax years
22 1991 and 1992 shall be the level of value for the period of
23 one and one-half years immediately prior to July 1, 1990;
24 except that, if comparable valuation data is not available
25 from such one-and-one-half-year period to adequately determine
26 the level of value for a class of property, the period of two
27 years immediately prior to July 1, 1990, shall be utilized to

1 determine the level of value.

2 (b) During the two years of each reassessment cycle, in
3 preparation for implementation in the succeeding reassessment
4 cycle, the respective assessors shall conduct revaluations of
5 all taxable real property utilizing the level of value for the
6 period which will be used to determine actual value in such
7 succeeding reassessment cycle and the manuals and associated
8 data published for the cycle.

9 (c) For the purposes of this article and article 9 of
10 this title, "level of value" means the actual value of taxable
11 real property as ascertained by the applicable factors
12 enumerated in section 39-1-103 (5) for the
13 one-and-one-half-year period immediately prior to July 1
14 immediately preceding the reassessment cycle for which the
15 administrator is required by this article to publish manuals
16 and associated data; except that, if comparable valuation data
17 is not available from such one-and-one-half-year period to
18 adequately determine such actual value for a class of
19 property, "level of value" means the actual value of taxable
20 real property as ascertained by said applicable factors for
21 the two-year period immediately prior to July 1 immediately
22 preceding the reassessment cycle.

23 SECTION 3. Effective date - applicability. Section 2 of
24 this act shall take effect January 1, 1991, and shall apply to
25 property tax years commencing on or after said date. The
26 remainder of this act shall take effect upon passage.

27 SECTION 4. Safety clause. The general assembly hereby

1 finds, determines, and declares that this act is necessary
2 for the immediate preservation of the public peace, health,
3 and safety.

A BILL FOR AN ACT

1 CONCERNING THE FILING OF INFORMATION RELATED TO REAL ESTATE
2 TRANSFERS FOR THE PURPOSE OF ESTABLISHING A DATA BANK FOR
3 REAL PROPERTY TRANSFER INFORMATION IN THE OFFICE OF EACH
4 COUNTY ASSESSOR.

Bill Summary

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments which may be subsequently adopted.)

Requires that, at the time a document evidencing the transfer of title to real property is offered for recordation with the county clerk and recorder, a declaration be filed disclosing specified information related to the transfer of the property. Makes such declarations confidential.

Specifies the information to be included in the declaration. Directs the county clerk and recorder to transmit declarations submitted to the county assessor. Creates a criminal penalty for failure to file a declaration or for willfully and knowingly reciting false information.

Directs each county assessor to develop a data bank consisting of information derived from the declarations filed with documents evidencing the transfer of title and to make use of such information to properly adjust sales for sales ratio analysis and valuations for assessment.

Makes conforming amendments.

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

6 SECTION 1. Title 39, Colorado Revised Statutes, 1982

1 Repl. Vol., as amended, is amended BY THE ADDITION OF A NEW
2 ARTICLE to read:

3 ARTICLE 13.5

4 Real Property Transfer Information

5 39-13.5-101. Definitions. As used in this article,
6 unless the context otherwise requires:

7 (1) "Conveyance" means any transfer of a real property
8 interest for some consideration in money or money's worth.

9 (2) "Conveyance document" means any document, deed,
10 contract of sale, agreement, judgment, lease, quitclaim
11 serving as a source of title, or other document presented for
12 recording that purports to transfer a real property interest
13 for some consideration in money or money's worth. The term
14 "conveyance document" does not include: Security interest
15 documents such as mortgages and trust deeds; documents for
16 compulsory transactions such as those that result from
17 foreclosure, divorce, court order, condemnation, probate, and
18 the like, documents involving the partition of land between
19 tenants in common, joint tenants, or tenants by the entirety;
20 agreements and other documents for mergers, consolidations,
21 and incorporations involving solely nonlisted stock; or
22 quitclaim deeds not serving as a source of title.

23 (3) "Declaration" means the form, prescribed by the
24 property tax administrator and provided by the county clerk
25 and recorder, containing the information required to be
26 furnished under this article pursuant to section 39-13.5-102.

27 (4) "Improvements" shall have the same meaning as

1 provided in section 39-1-102 (7), (14.3), (14.4), and (14.5).

2 (5) "Personal property" shall have the same meaning as
3 provided in section 39-1-102 (11).

4 (6) "Real property" shall have the same meaning as
5 provided in section 39-1-102 (14).

6 (7) "Real property interest" means any beneficial
7 interest in real property.

8 (8) "Recordation" means the procedure whereby documents
9 are submitted to and accepted for recording by the county
10 clerk and recorder for inclusion in the land records of the
11 county.

12 (9) "Grantee" means any person, natural or judicial, who
13 purports to acquire a real property interest.

14 (10) "Grantor" means any person, natural or judicial,
15 who purports to transfer a real property interest.

16 39-13.5-102. Filing of declaration - information
17 transmitted to county assessor. (1) (a) On or after July 1,
18 1988, at the time a conveyance document is presented for
19 recordation, there shall be filed a declaration as prescribed
20 by the property tax administrator. Said declaration shall
21 require, but need not be limited to, the recitation of the
22 total consideration paid, the amount of the total
23 consideration attributable to factors other than the purchase
24 of the real estate itself, and other factors which may
25 influence the transaction. In addition, the conveyance
26 document shall include the legal description of the property
27 being transferred, the address of the property where

1 applicable, the names and addresses of the grantor and
2 grantee, and the date of the execution of the transaction.
3 Such declaration shall be signed by at least one of the
4 grantors, or his attorney or agent, and by at least one of the
5 grantees, or his attorney or agent.

6 (b) If the parties fail to furnish such statement, the
7 county clerk and recorder shall not record the deed.

8 (c) The county clerk and recorder shall not record any
9 such declaration but shall enter thereon the recording date
10 and reception number of the instrument submitted for recording
11 and shall transmit any declaration filed pursuant to this
12 section to the county assessor. Except as provided in
13 subsection (2) of this section, declarations filed pursuant to
14 this article shall be kept confidential and shall not be
15 subject to public inspection.

16 (2) Each county assessor shall maintain a data bank
17 consisting of information which has been derived from the
18 declarations filed pursuant to this article. Such information
19 shall be used to properly adjust sales for sales ratio
20 analysis and for determining valuations for assessment of
21 property transferred and other property, as well as other
22 purposes deemed appropriate by the county assessor.

23 39-13.5-103. Unlawful acts - penalty. (1) It is
24 unlawful for any person to commit the following acts:

25 (a) To fail or refuse to file the declaration required
26 by this article;

27 (b) To willfully and knowingly recite in any such

1 declaration information which is not true and correct or omit
2 to recite required information.

3 (2) Any person who commits either of the acts set forth
4 in subsection (1) of this section is guilty of a misdemeanor
5 and, upon conviction thereof, shall be punished by a fine of
6 not less than fifty dollars nor more than five hundred
7 dollars, or by imprisonment in the county jail for not less
8 than ten days nor more than three months, or by both such fine
9 and imprisonment.

10 SECTION 2. 39-13-102 (5) (a) and (5) (b), Colorado
11 Revised Statutes, 1982 Repl. Vol., as amended, are amended to
12 read:

13 39-13-102. Documentary fee imposed - amount - to whom
14 payable. (5) (a) In determining the amount of consideration
15 paid for the grant or conveyance of residential real property,
16 inclusive of liens, charges, and expenses, the total amount of
17 the sales price to the purchaser shall be deemed to be paid
18 for the grant or conveyance of real property unless evidence
19 of the separate consideration paid for personal property is
20 submitted as shown on the contract of sale or the closing or
21 settlement documents on the grant or conveyance OR UNLESS
22 EVIDENCE OF SUCH SEPARATE CONSIDERATION IS SHOWN ON THE
23 DECLARATION FILED PURSUANT TO SECTION 39-13.5-102.

24 (b) In determining the amount of consideration paid for
25 the grant or conveyance of commercial or industrial real
26 property, inclusive of liens, charges, and expenses, the total
27 amount of the sales price to the purchaser shall be deemed to

1 be paid for the grant or conveyance of real property unless
2 evidence of the separate consideration paid for personal
3 property is submitted as shown on the purchaser's use tax
4 return as filed with the department of revenue OR UNLESS
5 EVIDENCE OF SUCH SEPARATE CONSIDERATION IS SHOWN ON THE
6 DECLARATION FILED PURSUANT TO SECTION 39-13.5-102.

7 SECTION 3. Effective date - applicability. This act
8 shall take effect July 1, 1988, and shall apply to
9 declarations filed pursuant to article 13.5 of title 39,
10 Colorado Revised Statutes, on or after said date.

11 SECTION 4. Safety clause. The general assembly hereby
12 finds, determines, and declares that this act is necessary
13 for the immediate preservation of the public peace, health,
14 and safety.

A BILL FOR AN ACT

1 CONCERNING THE CONFORMANCE OF STATUTORY PROVISIONS REGARDING
2 THE VALUATION OF FEDERAL PROPERTY USED FOR RECREATIONAL
3 PURPOSES TO CONSTITUTIONAL PROVISIONS CONCERNING
4 VALUATION FOR ASSESSMENT.

Bill Summary

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments which may be subsequently adopted.)

Amends the statutory provision concerning the valuation of federal property used for recreational purposes to provide that the actual value of such property shall be determined pursuant to the three approaches to valuation as prescribed by the constitution.

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

6 SECTION 1. 39-3-112 (6), Colorado Revised Statutes, 1982
7 Repl. Vol., is amended to read:

8 39-3-112. Taxation of exempt property - taxes not to
9 become lien. (6) The valuation for assessment of lands owned
10 by the United States and used for recreational purposes shall
11 be ~~thirty~~ TWENTY-NINE percent of the ~~fees-paid-by-the-user--of~~

1 ~~said--lands--to--the--United-States--for--the--use--thereof--in--the~~
2 ~~previous--calendar--year~~ ACTUAL VALUE THEREOF AS DETERMINED BY
3 APPROPRIATE CONSIDERATION OF THE COST APPROACH, THE MARKET
4 APPROACH, AND THE INCOME APPROACH TO APPRAISAL.

5 SECTION 2. Safety clause. The general assembly hereby
6 finds, determines, and declares that this act is necessary
7 for the immediate preservation of the public peace, health,
8 and safety.

A BILL FOR AN ACT

1 CONCERNING THE DEFINITION OF OPEN SPACE-RESIDENTIAL LAND FOR
 2 PURPOSES OF PROPERTY TAXATION.

Bill Summary

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments which may be subsequently adopted.)

For purposes of the property tax, defines the term "open space-residential land" as undeveloped land held either for future residential use or for the preservation of open space. Includes such term within the definition of "residential real property".

Provides that the act shall take effect only if a house concurrent resolution amending the constitution is approved by the voters at the 1988 general election.

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

4 SECTION 1. 39-1-102 (14.5), Colorado Revised Statutes,
 5 1982 Repl. Vol., as amended, is amended, and the said 39-1-102
 6 is further amended BY THE ADDITION OF A NEW SUBSECTION, to
 7 read:

8 39-1-102. Definitions. (8.5) "Open space-residential
 9 land" means any undeveloped land which is suitable for
 10 residential development but which in the public interest is

1 left undeveloped for the preservation or conservation of
2 sites, scenes, or open space, or any undeveloped land which is
3 held for future residential use. Evidence that property is
4 held for future residential use shall include, but is not
5 limited to, evidence that the property is within an area zoned
6 for residential use or that the property is part of a tract of
7 land which has an approved plat as a residential subdivision.

8 (14.5) "Residential real property" means residential
9 land and residential improvements AND OPEN SPACE-RESIDENTIAL
10 LAND AS DEFINED IN SUBSECTION (8.5) OF THIS SECTION, but does
11 not include hotels and motels as defined in subsection (5.5)
12 of this section.

13 SECTION 2. Effective date. This act shall take effect
14 _____, following proclamation by the governor of the vote
15 of the registered electors at the 1988 general election
16 approving 1988 House Concurrent Resolution Number _____. This
17 act shall not take effect if the registered electors at the
18 1988 general election disapprove 1988 House Concurrent
19 Resolution Number _____.

20 SECTION 3. Safety clause. The general assembly hereby
21 finds, determines, and declares that this act is necessary
22 for the immediate preservation of the public peace, health,
23 and safety.

1 SUBMITTING TO THE REGISTERED ELECTORS OF THE STATE OF COLORADO
2 AN AMENDMENT TO ARTICLE X OF THE CONSTITUTION OF THE
3 STATE OF COLORADO, AMENDING THE DEFINITION OF RESIDENTIAL
4 REAL PROPERTY TO INCLUDE OPEN SPACE-RESIDENTIAL LAND IN
5 ORDER THAT OPEN SPACE-RESIDENTIAL LAND BE VALUED AS
6 RESIDENTIAL REAL PROPERTY FOR PURPOSES OF PROPERTY
7 TAXATION.

Resolution Summary

(Note: This summary applies to this resolution as introduced and does not necessarily reflect any amendments which may be subsequently adopted.)

Amends section 3 of article X of the state constitution to include open space-residential land within the definition of residential real property, thereby providing that open space-residential land shall be valued for assessment as residential real property.

8 Be It Resolved by the House of Representatives of the
9 Fifty-sixth General Assembly of the State of Colorado, the
10 Senate concurring herein:

11 SECTION 1. At the next general election for members of
12 the general assembly, there shall be submitted to the

1 registered electors of the state of Colorado, for their
2 approval or rejection, the following amendment to the
3 constitution of the state of Colorado, to wit:

4 Section 3 (1) (b) of article X of the constitution of the
5 state of Colorado is amended to read:

6 Section 3. Uniform taxation - exemptions.

7 (1) (b) Residential real property, which shall include all
8 residential dwelling units and the land, as defined by law, on
9 which such units are located, and mobile home parks, AND OPEN
10 SPACE-RESIDENTIAL LAND, AS DEFINED BY LAW, but shall not
11 include hotels and motels, shall be valued for assessment at
12 twenty-one percent of its actual value. For the property tax
13 year commencing January 1, 1985, the general assembly shall
14 determine the percentage of the aggregate statewide valuation
15 for assessment which is attributable to residential real
16 property. For each subsequent year, the general assembly
17 shall again determine the percentage of the aggregate
18 statewide valuation for assessment which is attributable to
19 each class of taxable property, after adding in the increased
20 valuation for assessment attributable to new construction and
21 to increased volume of mineral and oil and gas production.
22 For each year in which there is a change in the level of value
23 used in determining actual value, the general assembly shall
24 adjust the ratio of valuation for assessment for residential
25 real property which is set forth in this paragraph (b) as is
26 necessary to insure that the percentage of the aggregate
27 statewide valuation for assessment which is attributable to

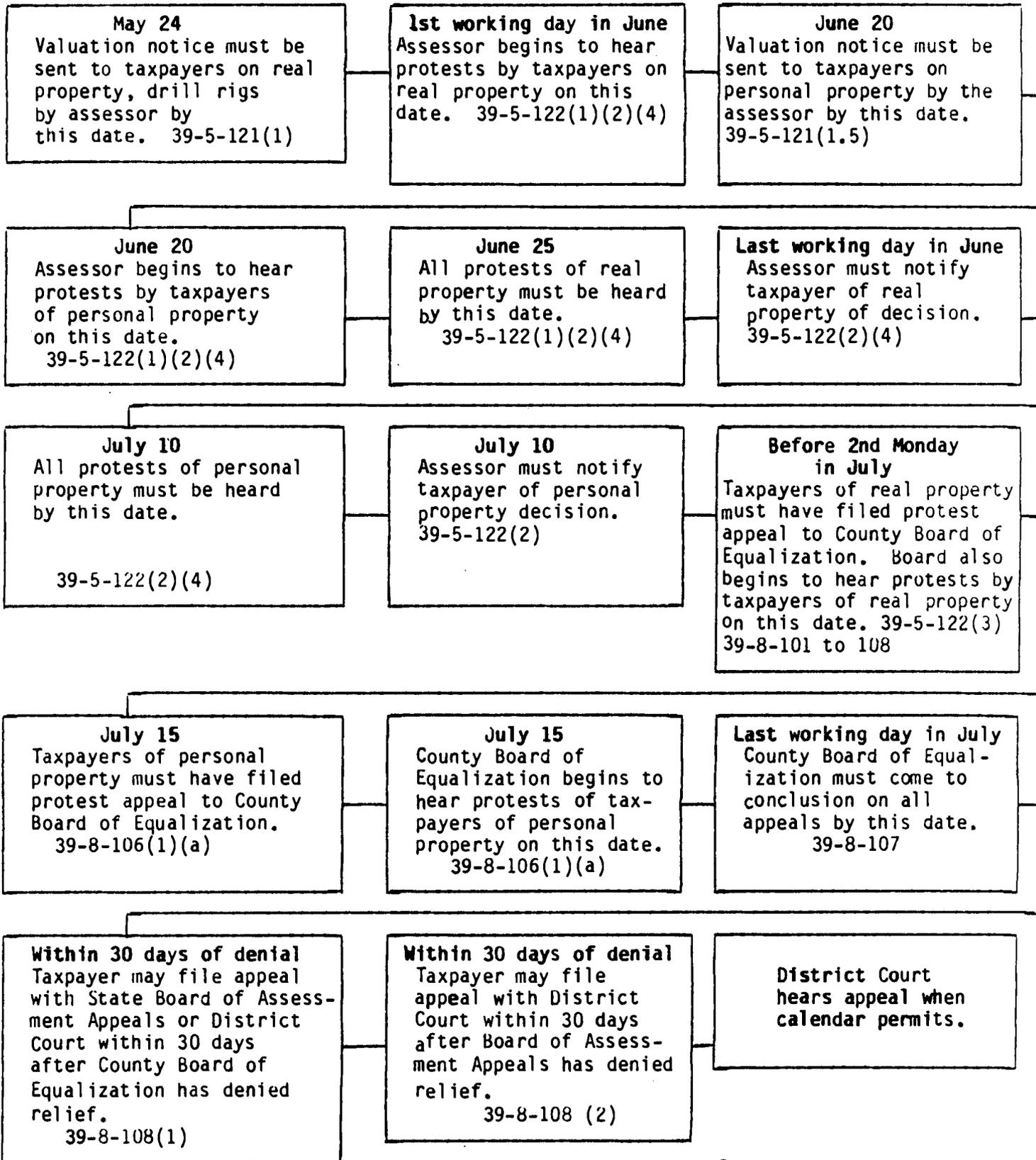
1 residential real property shall remain the same as it was in
2 the year immediately preceding the year in which such change
3 occurs. Such adjusted ratio shall be the ratio of valuation
4 for assessment for residential real property for those years
5 for which such new level of value is used. All other taxable
6 property shall be valued for assessment at twenty-nine percent
7 of its actual value. However, the valuation for assessment
8 for producing mines, as defined by law, and lands or
9 leaseholds producing oil or gas, as defined by law, shall be a
10 portion of the actual annual or actual average annual
11 production therefrom, based upon the value of the unprocessed
12 material, according to procedures prescribed by law for
13 different types of minerals.

14 SECTION 2. Each elector voting at said election and
15 desirous of voting for or against said amendment shall cast
16 his vote as provided by law either "Yes" or "No" on the
17 proposition: "An amendment to article X of the constitution
18 of the state of Colorado, amending the definition of
19 residential real property to include open space-residential
20 land in order that open space-residential land be valued as
21 residential real property for purposes of property taxation."

22 SECTION 3. The votes cast for the adoption or rejection
23 of said amendment shall be canvassed and the result determined
24 in the manner provided by law for the canvassing of votes for
25 representatives in Congress, and if a majority of the electors
26 voting on the question shall have voted "Yes", the said
27 amendment shall become a part of the state constitution.

APPENDIX A

TAX APPEAL PROCEDURES FLOWCHART



Source: Division of Property Taxation, December 1986.