

Second Regular Session
Sixty-seventh General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 10-0419.01 Ed DeCecco

SENATE BILL 10-085

SENATE SPONSORSHIP

Scheffel,

HOUSE SPONSORSHIP

Priola,

Senate Committees
State, Veterans & Military Affairs

House Committees

A BILL FOR AN ACT

101 CONCERNING THE CREATION OF A BUSINESS PERSONAL PROPERTY TAX
102 EXEMPTION REIMBURSEMENT PILOT PROGRAM.

Bill Summary

(Note: This summary applies to this bill as introduced and does not reflect any amendments that may be subsequently adopted. If this bill passes third reading in the house of introduction, a bill summary that applies to the reengrossed version of this bill will be available at <http://www.leg.state.co.us/billsummaries>.)

The bill establishes a pilot program to reimburse 5 participating counties for revenue lost as a result of a business personal property tax exemption. To qualify as a participating county, a county must:

- ! Enact an ordinance to eliminate the business personal property tax for 5 years; and

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

! Have a population that is greater than 20,000 but less than 500,000.

The state will reimburse a participating county for lost property tax revenue for 4 of the 5 years that the exemption is in place. The first year the reimbursement will be 100% of the lost property tax revenue, and that percentage will be reduced by 25% in each of the next 4 years.

After the 5 years of the county business personal property tax exemptions, legislative council staff will undertake a study to determine whether the exemptions stimulated economic growth. Staff will prepare a report of the findings to be delivered to legislative committees.

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

2 **SECTION 1.** Title 39, Colorado Revised Statutes, is amended BY
3 THE ADDITION OF A NEW ARTICLE to read:

4 **ARTICLE 3.3**

5 **Business Personal Property Tax Exemption**

6 **Pilot Program**

7 **39-3.3-101. Legislative declaration.** (1) THE GENERAL
8 ASSEMBLY HEREBY FINDS AND DECLARES THAT:

9 (a) PURSUANT TO SECTION 20 (8) (a) OF ARTICLE X OF THE STATE
10 CONSTITUTION, A COUNTY HAS THE POWER TO CREATE AN EXEMPTION TO
11 REDUCE OR END THE BUSINESS PERSONAL PROPERTY TAX LEVIED BY THE
12 COUNTY;

13 (b) THE STATE CAN ENCOURAGE A COUNTY TO CREATE THIS TYPE
14 OF EXEMPTION BY REIMBURSING IT FOR A PORTION OF THE PROPERTY TAX
15 REVENUE THAT IS LOST AS A RESULT OF THE CREDIT; AND

16 (c) IF THE EXEMPTIONS WERE CREATED IN SEVERAL COUNTIES ON
17 A TEMPORARY BASIS, IT WOULD PROVIDE AN EXCELLENT OPPORTUNITY
18 FOR THE STATE TO STUDY THE FINANCIAL IMPACT OF THE EXEMPTIONS AND
19 TO ASSESS WHETHER THE EXEMPTIONS CONTRIBUTE TO ECONOMIC
20 GROWTH AND DEVELOPMENT WITHIN THE STATE.

1 (2) THEREFORE, IT IS THE INTENT OF THE GENERAL ASSEMBLY TO
2 ESTABLISH A PILOT PROGRAM TO PARTIALLY REIMBURSE A PARTICIPATING
3 COUNTY THAT ESTABLISHES A BUSINESS PERSONAL PROPERTY TAX
4 EXEMPTION AND TO STUDY THE ECONOMIC IMPACT OF THE EXEMPTION.

5 **39-3.3-102. Definitions.** AS USED IN THIS ARTICLE, UNLESS THE
6 CONTEXT OTHERWISE REQUIRES:

7 (1) "COUNTY" MEANS A COUNTY OR A CITY AND COUNTY.

8 (2) "EXEMPTION REIMBURSEMENT PILOT PROGRAM" MEANS THE
9 SYSTEM OF REIMBURSEMENT FROM THE STATE TO A PARTICIPATING
10 COUNTY THAT IS ESTABLISHED PURSUANT TO SECTION 39-3.3-104.

11 (3) "LOST PROPERTY TAX REVENUE" MEANS AN AMOUNT EQUAL TO
12 THE VALUE OF BUSINESS PERSONAL PROPERTY LOCATED WITHIN A
13 PARTICIPATING COUNTY THAT IS EXEMPT FROM THE PROPERTY TAX
14 PURSUANT TO THE ORDINANCE IDENTIFIED IN SECTION 39-3.3-103 (1) (b)
15 MULTIPLIED BY THE NUMBER OF MILLS OTHERWISE LEVIED BY THE
16 COUNTY.

17 (4) "PARTICIPATING COUNTY" MEANS A COUNTY THAT IS
18 QUALIFIED TO RECEIVE REIMBURSEMENT FROM THE STATE PURSUANT TO
19 SECTION 39-3.3-104 FOR LOST PROPERTY TAX REVENUE.

20 **39-3.3-103. Participating county - eligibility - qualification.**

21 (1) A COUNTY SHALL NOT BE ELIGIBLE TO BE A PARTICIPATING COUNTY
22 IN THE EXEMPTION REIMBURSEMENT PILOT PROGRAM, UNLESS:

23 (a) AT THE TIME OF THE NOTICE REQUIRED BY PARAGRAPH (a) OF
24 SUBSECTION (2) OF THIS SECTION, THE COUNTY POPULATION IS GREATER
25 THAN TWENTY THOUSAND BUT LESS THAN FIVE HUNDRED THOUSAND;

26 (b) THE GOVERNING BODY OF THE COUNTY HAS ENACTED AN
27 ORDINANCE THAT FULLY EXEMPTS BUSINESS PERSONAL PROPERTY FROM

1 THE LEVY AND COLLECTION OF THE COUNTY PROPERTY TAX FOR FIVE
2 PROPERTY TAX YEARS BEGINNING WITH THE PROPERTY TAX YEAR
3 COMMENCING ON JANUARY 1, 2011.

4 (2) (a) IN ORDER TO PARTICIPATE IN THE EXEMPTION
5 REIMBURSEMENT PILOT PROGRAM, A COUNTY SHALL SUBMIT A WRITTEN
6 REQUEST FOR PARTICIPATION TO THE ADMINISTRATOR NO LATER THAN
7 DECEMBER 1, 2010. IN ADDITION TO ANY OTHER INFORMATION REQUIRED
8 BY THE ADMINISTRATOR, THE REQUEST SHALL INCLUDE A COPY OF THE
9 ORDINANCE REQUIRED PURSUANT TO PARAGRAPH (b) OF SUBSECTION (1)
10 OF THIS SECTION.

11 (b) UPON A DETERMINATION THAT THE COUNTY MEETS THE
12 ELIGIBILITY REQUIREMENTS SET FORTH IN SUBSECTION (1) OF THIS
13 SECTION, THE ADMINISTRATOR SHALL NOTIFY THE COUNTY IN WRITING
14 THAT THE COUNTY HAS BEEN QUALIFIED AS A PARTICIPATING COUNTY.
15 THE ADMINISTRATOR SHALL MAKE A DETERMINATION OF QUALIFICATION
16 WITHIN THIRTY DAYS OF THE RECEIPT OF THE WRITTEN REQUEST FOR
17 PARTICIPATION. A COPY OF THE NOTIFICATION SHALL BE SENT TO THE
18 STATE TREASURER.

19 (c) NO MORE THAN FIVE COUNTIES AT A TIME MAY QUALIFY AS
20 PARTICIPATING COUNTIES. WRITTEN REQUESTS FOR PARTICIPATION SHALL
21 BE QUALIFIED IN THE ORDER OF RECEIPT BY THE ADMINISTRATOR.

22 (3) IF A COUNTY PARTIALLY OR WHOLLY REPEALS THE BUSINESS
23 PERSONAL PROPERTY TAX EXEMPTION IDENTIFIED IN PARAGRAPH (b) OF
24 SUBSECTION (1) OF THIS SECTION, THE COUNTY SHALL BE DISQUALIFIED AS
25 A PARTICIPATING COUNTY. THE ADMINISTRATOR SHALL SEND A NOTICE OF
26 THE DISQUALIFICATION TO THE STATE TREASURER. IN THE EVENT OF SUCH
27 DISQUALIFICATION, A REPLACEMENT COUNTY MAY BECOME A

1 PARTICIPATING COUNTY THROUGH THE PROCEDURES ESTABLISHED BY
2 SUBSECTION (2) OF THIS SECTION. A REPLACEMENT COUNTY SHALL BE
3 REQUIRED TO ENACT AN ORDINANCE THAT FULLY EXEMPTS BUSINESS
4 PERSONAL PROPERTY FROM THE LEVY AND COLLECTION OF THE COUNTY
5 PROPERTY TAX FOR THE NEXT PROPERTY TAX YEAR THROUGH THE LAST
6 YEAR SET FORTH IN PARAGRAPH (b) OF SUBSECTION (1) OF THIS SECTION.

7 **39-3.3-104. Exemption reimbursement pilot program -**
8 **payment to a participating county.** (1) NO LATER THAN MAY 15, 2012,
9 AND NO LATER THAN MAY 15 OF EACH OF THE NEXT THREE YEARS
10 THEREAFTER, THE COUNTY TREASURER OF EACH PARTICIPATING COUNTY
11 SHALL CERTIFY THE AMOUNT OF THE PARTICIPATING COUNTY'S LOST
12 PROPERTY TAX REVENUE FOR THE PRIOR PROPERTY TAX YEAR. THE
13 AMOUNT OF THE STATE REIMBURSEMENT PAID TO A COUNTY TREASURER
14 SHALL BE EQUAL TO THE AMOUNT OF LOST PROPERTY TAX MULTIPLIED BY
15 THE FOLLOWING PERCENTAGES:

16 (a) FOR THE REIMBURSEMENT MADE IN 2012, ONE HUNDRED
17 PERCENT;

18 (b) FOR THE REIMBURSEMENT MADE IN 2013, SEVENTY-FIVE
19 PERCENT;

20 (c) FOR THE REIMBURSEMENT MADE IN 2014, FIFTY PERCENT; AND

21 (d) FOR THE REIMBURSEMENT MADE IN 2015, TWENTY-FIVE
22 PERCENT.

23 (2) NO LATER THAN JUNE 15, 2012, AND NO LATER THAN JUNE 15
24 OF EACH OF THE NEXT THREE YEARS THEREAFTER, THE STATE TREASURER
25 SHALL ISSUE A WARRANT TO EACH COUNTY TREASURER OF A
26 PARTICIPATING COUNTY FOR THE AMOUNT SET FORTH IN SUBSECTION (1)
27 OF THIS SECTION TO REIMBURSE THE PARTICIPATING COUNTY. THE

1 REIMBURSEMENT SHALL BE PAID FROM THE STATE GENERAL FUND, AND
2 THE GENERAL ASSEMBLY SHALL APPROPRIATE MONEYS FOR SUCH
3 PURPOSE.

4 **39-3.3-105. Study of economic impact.** LEGISLATIVE COUNCIL
5 STAFF SHALL CONDUCT A STUDY OF THE PARTICIPATING COUNTIES IN
6 ORDER TO DETERMINE WHETHER THE BUSINESS PERSONAL PROPERTY TAX
7 EXEMPTIONS STIMULATED ECONOMIC GROWTH IN THE PARTICIPATING
8 COUNTIES AND THE STATE AS A WHOLE. ON OR BEFORE APRIL 1, 2017,
9 LEGISLATIVE COUNCIL STAFF SHALL SUBMIT A REPORT THAT SETS FORTH
10 ITS FINDINGS TO THE BUSINESS AFFAIRS AND LABOR COMMITTEE OF THE
11 HOUSE OF REPRESENTATIVES AND THE BUSINESS, LABOR, AND
12 TECHNOLOGY COMMITTEE OF THE SENATE, OR ANY SUCCESSOR
13 COMMITTEES.

14 **39-3.3-106. Repeal.** THIS ARTICLE IS REPEALED, EFFECTIVE
15 JANUARY 1, 2018.

16 **SECTION 2. Act subject to petition - effective date.** This act
17 shall take effect at 12:01 a.m. on the day following the expiration of the
18 ninety-day period after final adjournment of the general assembly (August
19 11, 2010, if adjournment sine die is on May 12, 2010); except that, if a
20 referendum petition is filed pursuant to section 1 (3) of article V of the
21 state constitution against this act or an item, section, or part of this act
22 within such period, then the act, item, section, or part shall not take effect
23 unless approved by the people at the general election to be held in
24 November 2010 and shall take effect on the date of the official
25 declaration of the vote thereon by the governor.