

Second Regular Session  
Sixty-ninth General Assembly  
STATE OF COLORADO

**REREVISED**

*This Version Includes All Amendments  
Adopted in the Second House*

LLS NO. 14-0266.01 Gregg Fraser x4325

**HOUSE BILL 14-1074**

**HOUSE SPONSORSHIP**

**Court and DelGrosso,**

**SENATE SPONSORSHIP**

**Johnston,**

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**House Committees**  
Finance

**Senate Committees**  
Finance

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**A BILL FOR AN ACT**

101 **CONCERNING PAYMENTS THAT A NONPROFIT OWNER OF A TAX-EXEMPT**  
102 **PROPERTY MAY RECEIVE FOR REASONABLE EXPENSES INCURRED**  
103 **WITHOUT AFFECTING THE TAX-EXEMPT STATUS OF THE**  
104 **PROPERTY.**

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**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>.)*

Real property that is owned and used by a nonprofit entity is generally exempt from the levy and collection of property tax. The

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.*

SENATE  
3rd Reading Unamended  
February 24, 2014

SENATE  
Amended 2nd Reading  
February 21, 2014

HOUSE  
3rd Reading Unamended  
January 27, 2014

HOUSE  
Amended 2nd Reading  
January 24, 2014

nonprofit owner is allowed to lease the property to another nonprofit entity without losing the exemption as long as the amount received by the owner does not exceed one dollar plus the reasonable expenses incurred in operating and maintaining the property. The bill specifies the following to be included as expenses incurred in operating and maintaining the property:

- ! Depreciation;
- ! Long-term maintenance expenses;
- ! Capital expenses dedicated to refurbishing the property; and
- ! Expenses incurred to allow the property to conserve energy, water, or other natural resources.

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

2 **SECTION 1.** In Colorado Revised Statutes, 39-3-116, **amend** (2)  
3 (c) as follows:

4 **39-3-116. Combination use of property - charitable, religious,**  
5 **and educational purposes - exemption - limitations.** (2) In the event  
6 that such property is used by any person or organization other than the  
7 owner:

8 (c) The amount received by the owner for the use of such property  
9 specified in sections 39-3-107 to 39-3-113.5, other than from any  
10 shareholder or member of the owner or from any person or organization  
11 controlled by an organization which also controls such shareholder or  
12 member, ~~shall~~ MUST not exceed one dollar per year plus an equitable  
13 portion of the reasonable expenses incurred in the operation and  
14 maintenance of the property so used. For purposes of this paragraph (c),  
15 reasonable expenses ~~shall~~ include interest expenses, DEPRECIATION,  
16 LONG-TERM MAINTENANCE EXPENSES ALLOWED IN ACCORDANCE WITH  
17 GENERALLY ACCEPTED ACCOUNTING PRINCIPLES, CAPITAL EXPENSES  
18 DEDICATED TO REFURBISHING THE PROPERTY, AND EXPENSES INCURRED  
19 TO ALLOW THE PROPERTY TO CONSERVE ENERGY, WATER, OR OTHER

1 NATURAL RESOURCES, but shall DO not include ~~depreciation~~ or any  
2 amount expended to reduce debt.

3 **SECTION 2. Applicability.** This act applies to property tax years  
4 commencing on or after January 1, 2014.

5 **SECTION 3. Safety clause.** The general assembly hereby finds,  
6 determines, and declares that this act is necessary for the immediate  
7 preservation of the public peace, health, and safety.