

Second Regular Session
Seventy-fourth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 24-0428.01 Megan McCall x4215

HOUSE BILL 24-1299

HOUSE SPONSORSHIP

Bird,

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House Committees
Finance

Senate Committees

A BILL FOR AN ACT

101 CONCERNING THE CLASSIFICATION OF SHORT-TERM RENTAL UNITS
102 FOR PURPOSES OF PROPERTY TAX TREATMENT.

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://leg.colorado.gov>.)

The bill defines a short-term rental unit as a building that is designed for use predominantly as a place of residency by a person, a family, or families, is leased or available to be leased for short-term stays, and includes the land upon which the building is located. A commercial short-term rental unit is defined as a short-term rental unit that is not the owner's primary or secondary residence.

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters or bold & italic numbers indicate new material to be added to existing law.
Dashes through the words or numbers indicate deletions from existing law.

A commercial short-term rental unit is classified as lodging property, which is a subclass of nonresidential property for purposes of valuation for assessment. A short-term rental unit that is the owner's primary or secondary residence will continue to be classified as residential property.

On or before November 15, 2024, and on or before November 15 of each year thereafter, an owner of a short-term rental unit shall submit to the assessor of the county in which the property is located an affidavit signed by the owner, under the penalty of perjury in the second degree, identifying whether the property will continue to be used as a short-term rental unit in the following property tax year commencing on January 1, and if so, whether it will be the owner's primary or secondary residence. Absent contrary information, the assessor shall use the information in the affidavit to determine whether the property is a commercial short-term rental unit. If a commercial short-term rental unit is sold, the new owner shall submit an affidavit to the county assessor if the property will no longer be a commercial short-term rental unit for the classification of the property to change for the subsequent property tax year.

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

2 **SECTION 1.** In Colorado Revised Statutes, 39-1-102, **amend**
3 (3.2), (3.3), and (14.3); and **add** (3.4), (15.6), (15.7), and (15.8) as
4 follows:

5 **39-1-102. Definitions.** As used in articles 1 to 13 of this title 39,
6 unless the context otherwise requires:

7 (3.2) ~~"Conservation purpose" means any of the following~~
8 ~~purposes as set forth in section 170 (h) of the federal "Internal Revenue~~
9 ~~Code of 1986", as amended:~~

10 ~~(a) The preservation of land areas for outdoor recreation, the~~
11 ~~education of the public, or the protection of a relatively natural habitat for~~
12 ~~fish, wildlife, plants, or similar ecosystems; or~~

13 ~~(b) The preservation of open space, including farmland and forest~~
14 ~~land, where such preservation is for the scenic enjoyment of the public or~~
15 ~~is pursuant to a clearly delineated federal, state, or local government~~

1 ~~conservation policy and where such preservation will yield a significant~~
2 ~~public benefit.~~ "COMMERCIAL SHORT-TERM RENTAL UNIT" MEANS A
3 SHORT-TERM RENTAL UNIT THAT IS NOT THE OWNER'S PRIMARY OR
4 SECONDARY RESIDENCE.

5 (3.3) ~~"Controlled environment agricultural facility" or "CEA~~
6 ~~facility" means a nonresidential structure and related equipment and~~
7 ~~appurtenances that combines engineering, horticultural science, and~~
8 ~~computerized management techniques to optimize hydroponics, plant~~
9 ~~quality, and food production efficiency from the land's water for human~~
10 ~~or livestock consumption. The sole purpose of growing crops in a CEA~~
11 ~~facility is to obtain a monetary profit from the wholesale of plant-based~~
12 ~~food for human or livestock consumption.~~ "CONSERVATION PURPOSE"

13 MEANS ANY OF THE FOLLOWING PURPOSES AS SET FORTH IN SECTION 170
14 (h) OF THE FEDERAL "INTERNAL REVENUE CODE OF 1986", AS AMENDED:

15 (a) THE PRESERVATION OF LAND AREAS FOR OUTDOOR
16 RECREATION, THE EDUCATION OF THE PUBLIC, OR THE PROTECTION OF A
17 RELATIVELY NATURAL HABITAT FOR FISH, WILDLIFE, PLANTS, OR SIMILAR
18 ECOSYSTEMS; OR

19 (b) THE PRESERVATION OF OPEN SPACE, INCLUDING FARMLAND
20 AND FOREST LAND, WHERE SUCH PRESERVATION IS FOR THE SCENIC
21 ENJOYMENT OF THE PUBLIC OR IS PURSUANT TO A CLEARLY DELINEATED
22 FEDERAL, STATE, OR LOCAL GOVERNMENT CONSERVATION POLICY AND
23 WHERE SUCH PRESERVATION WILL YIELD A SIGNIFICANT PUBLIC BENEFIT.

24 (3.4) "CONTROLLED ENVIRONMENT AGRICULTURAL FACILITY" OR
25 "CEA FACILITY" MEANS A NONRESIDENTIAL STRUCTURE AND RELATED
26 EQUIPMENT AND APPURTENANCES THAT COMBINES ENGINEERING,
27 HORTICULTURAL SCIENCE, AND COMPUTERIZED MANAGEMENT

1 TECHNIQUES TO OPTIMIZE HYDROPONICS, PLANT QUALITY, AND FOOD
2 PRODUCTION EFFICIENCY FROM THE LAND'S WATER FOR HUMAN OR
3 LIVESTOCK CONSUMPTION. THE SOLE PURPOSE OF GROWING CROPS IN A
4 CEA FACILITY IS TO OBTAIN A MONETARY PROFIT FROM THE WHOLESALE
5 OF PLANT-BASED FOOD FOR HUMAN OR LIVESTOCK CONSUMPTION.

6 (14.3) "Residential improvements" means a building, or that
7 portion of a building, designed for use predominantly as a place of
8 residency by a person, a family, or families. The term includes buildings,
9 structures, fixtures, fences, amenities, and water rights that are an integral
10 part of the residential use. The term also includes a manufactured home,
11 a mobile home, a modular home, a tiny home, and a nursing home as
12 defined in subsection (8.6) of this section, regardless of a resident's length
13 of stay, AND A SHORT-TERM RENTAL UNIT THAT IS USED AS AN OWNER'S
14 PRIMARY OR SECONDARY RESIDENCE BUT EXCLUDES A COMMERCIAL
15 SHORT-TERM RENTAL UNIT.

16 (15.6) "SECONDARY RESIDENCE" MEANS A RESIDENTIAL
17 IMPROVEMENT THAT IS NOT THE OWNER'S PRIMARY RESIDENCE BUT AT
18 WHICH THE OWNER STAYS PART-TIME. AN OWNER SHALL NOT HAVE MORE
19 THAN ONE SECONDARY RESIDENCE.

20 (15.7) "SHORT-TERM RENTAL UNIT" MEANS A BUILDING THAT IS
21 DESIGNED FOR USE PREDOMINANTLY AS A PLACE OF RESIDENCY BY A
22 PERSON, A FAMILY, OR FAMILIES AND THAT IS LEASED OR AVAILABLE TO
23 BE LEASED FOR ONE OR MORE SHORT-TERM STAYS. "SHORT-TERM RENTAL
24 UNIT" INCLUDES THE LAND UPON WHICH THE BUILDING IS LOCATED.

25 (15.8) "SHORT-TERM STAY" MEANS OVERNIGHT LODGING THAT IS
26 PROVIDED TO AN INDIVIDUAL OR BUSINESS FOR LESS THAN THIRTY
27 CONSECUTIVE DAYS IN EXCHANGE FOR MONETARY PAYMENT.

1 **SECTION 2.** In Colorado Revised Statutes, 39-1-103, **add** (10.6)
2 as follows:

3 **39-1-103. Actual value determined - when - legislative**
4 **declaration.** (10.6) (a) THE GENERAL ASSEMBLY HEREBY FINDS AND
5 DECLARES THAT:

6 (I) RESIDENTIAL REAL PROPERTY IS DEFINED IN THE STATE
7 CONSTITUTION TO INCLUDE ALL RESIDENTIAL DWELLING UNITS AND THE
8 LAND ON WHICH SUCH UNITS ARE LOCATED, AND IT SPECIFICALLY
9 EXCLUDES HOTELS AND MOTELS;

10 (II) HOTELS AND MOTELS ARE COMMERCIAL ESTABLISHMENTS
11 THAT PROVIDE LODGING FOR GUESTS IN EXCHANGE FOR PAYMENT AND
12 THEY ARE CLASSIFIED AS LODGING PROPERTY, WHICH IS A SUBCLASS OF
13 NONRESIDENTIAL PROPERTY;

14 (III) SHORT-TERM RENTAL UNITS ARE IMPROVEMENTS THAT ARE
15 OSTENSIBLY RESIDENTIAL IMPROVEMENTS, BUT THEY ARE ALSO USED FOR
16 THE COMMERCIAL PURPOSE OF PROVIDING LODGING FOR LESS THAN
17 THIRTY CONSECUTIVE DAYS IN EXCHANGE FOR PAYMENT;

18 (IV) WHILE SHORT-TERM RENTAL UNITS ARE NOT A NEW
19 PHENOMENON, THEY HAVE BECOME MORE PREVALENT WITH THE INCREASE
20 OF INTERNET HOSPITALITY SERVICES;

21 (V) AS A RESULT, SOME COLORADO COMMUNITIES NOW HAVE A
22 SIGNIFICANT PORTION OF THEIR HOUSING STOCK BEING USED AS
23 SHORT-TERM RENTAL UNITS;

24 (VI) THE CURRENT STATUTORY STRUCTURE DOES NOT PROVIDE
25 COUNTY ASSESSORS WITH AN ADEQUATE MEANS FOR PROPERLY
26 CLASSIFYING DIFFERENT SHORT-TERM RENTAL UNITS; AND

27 (VII) IT IS NECESSARY TO DIFFERENTIATE SHORT-TERM RENTAL

1 UNITS THAT SHOULD BE CLASSIFIED AS RESIDENTIAL REAL PROPERTY AND
2 THOSE THAT ARE LODGING PROPERTY AKIN TO A HOTEL OR MOTEL BASED
3 ON THE OWNER'S USE OF THE PROPERTY.

4 (b) FOR PROPERTY TAX YEARS COMMENCING ON AND AFTER
5 JANUARY 1, 2025, A SHORT-TERM RENTAL UNIT MAY BE A MIXED-USE
6 PROPERTY THAT IS CLASSIFIED AS RESIDENTIAL REAL PROPERTY AND
7 LODGING PROPERTY, OR BOTH. IN ACCORDANCE WITH THE AFFIDAVIT
8 REQUIRED PURSUANT TO SUBSECTION (10.6)(c) OF THIS SECTION
9 REGARDING THE USE OF A SHORT-TERM RENTAL UNIT IN THE NEXT
10 PROPERTY TAX YEAR, A SHORT-TERM RENTAL UNIT THAT IS A PRIMARY OR
11 SECONDARY RESIDENCE IS CLASSIFIED AS RESIDENTIAL REAL PROPERTY
12 AND A COMMERCIAL SHORT-TERM RENTAL UNIT IS CLASSIFIED AS LODGING
13 PROPERTY.

14 (c) (I) ON OR BEFORE NOVEMBER 15, 2024, AND ON OR BEFORE
15 NOVEMBER 15 OF EACH YEAR THEREAFTER, AN OWNER OF A SHORT-TERM
16 RENTAL UNIT SHALL SUBMIT TO THE ASSESSOR OF THE COUNTY IN WHICH
17 THE PROPERTY IS LOCATED AN AFFIDAVIT SIGNED BY THE OWNER, UNDER
18 THE PENALTY OF PERJURY IN THE SECOND DEGREE, IDENTIFYING WHETHER
19 THE PROPERTY WILL CONTINUE TO BE USED AS A SHORT-TERM RENTAL
20 UNIT IN THE FOLLOWING PROPERTY TAX YEAR COMMENCING ON JANUARY
21 1, AND IF SO, WHETHER IT WILL BE THE OWNER'S PRIMARY OR SECONDARY
22 RESIDENCE. ABSENT CONTRARY INFORMATION, THE ASSESSOR SHALL USE
23 THE INFORMATION IN THE AFFIDAVIT TO DETERMINE WHETHER THE
24 PROPERTY IS A COMMERCIAL SHORT-TERM RENTAL UNIT.

25 (II) IF THE OWNER OF A SHORT-TERM RENTAL UNIT FAILS TO FILE
26 AN AFFIDAVIT AS REQUIRED BY SUBSECTION (10.6)(c)(I) OF THIS SECTION,
27 THERE IS A REBUTTABLE PRESUMPTION THAT A SHORT-TERM RENTAL UNIT

1 IS NOT THE OWNER'S PRIMARY OR SECONDARY RESIDENCE, BUT A
2 TAXPAYER MAY OVERCOME THIS PRESUMPTION BY PROVIDING CONTRARY
3 EVIDENCE TO THE COUNTY ASSESSOR.

4 (III) IF A COMMERCIAL SHORT-TERM RENTAL UNIT IS SOLD AND
5 SUBSEQUENT TO THE SALE THE PROPERTY WILL NOT BE A COMMERCIAL
6 SHORT-TERM RENTAL UNIT, THE OWNER SHALL SUBMIT AN AFFIDAVIT TO
7 THE COUNTY ASSESSOR ON OR BEFORE NOVEMBER 15 OF THE YEAR IN
8 WHICH THE OWNER PURCHASES THE PROPERTY TO CHANGE THE
9 CLASSIFICATION OF THE PROPERTY FOR THE PROPERTY TAX YEAR
10 SUBSEQUENT TO THE SALE OF THE PROPERTY.

11 **SECTION 3.** In Colorado Revised Statutes, 39-1-104, **amend**
12 (1.6)(a) as follows:

13 **39-1-104. Valuation for assessment - definitions.**

14 (1.6) (a) Hotels, motels, bed and breakfasts, COMMERCIAL SHORT-TERM
15 RENTAL UNITS, and personal property located at a hotel, motel, ~~or~~ bed and
16 breakfast, OR COMMERCIAL SHORT-TERM RENTAL UNIT are classified as
17 lodging property, which is a subclass of nonresidential property for
18 purposes of the valuation for assessment. Classification as a lodging
19 property does not affect a partial allocation as residential real property if
20 a lodging property is a mixed-use property.

21 **SECTION 4.** In Colorado Revised Statutes, 39-5-134, **amend** (4);
22 and **repeal** (1) as follows:

23 **39-5-134. Controlled environment agricultural facility -**
24 **valuation - affidavit - definition - repeal.** (1) ~~As used in this section,~~
25 ~~"controlled environment agricultural facility" or "CEA facility" has the~~
26 ~~same meaning as specified in section 39-1-102 (3.3).~~

27 (4) As part of the personal declaration the owner of a CEA facility

1 signs and returns to the county assessor pursuant to sections 39-5-107 and
2 39-5-108, the owner shall include an affidavit executed by the owner in
3 which the owner affirms that the CEA facility meets the requirements of
4 ~~section 39-1-102 (3.3)~~ SECTION 39-1-102 (3.4), including the
5 requirements that the facility optimizes hydroponics and that the sole
6 purpose of the CEA facility is to obtain a monetary profit from the
7 wholesale of plant-based food for human or livestock consumption. If the
8 crop grown in the CEA facility is hemp, the owner must also include a
9 copy of a license to verify to the assessor that the crop is not marijuana.

10 **SECTION 5. Act subject to petition - effective date.** This act
11 takes effect at 12:01 a.m. on the day following the expiration of the
12 ninety-day period after final adjournment of the general assembly; except
13 that, if a referendum petition is filed pursuant to section 1 (3) of article V
14 of the state constitution against this act or an item, section, or part of this
15 act within such period, then the act, item, section, or part will not take
16 effect unless approved by the people at the general election to be held in
17 November 2024 and, in such case, will take effect on the date of the
18 official declaration of the vote thereon by the governor.