

Second Regular Session  
Sixty-ninth General Assembly  
STATE OF COLORADO

REVISED

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

LLS NO. 14-0678.01 Esther van Mourik x4215

SENATE BILL 14-089

SENATE SPONSORSHIP

Schwartz, Jahn

HOUSE SPONSORSHIP

Fischer, Szabo, Vigil

Senate Committees  
Finance

House Committees  
Finance

A BILL FOR AN ACT

101 CONCERNING A PROHIBITION FOR THE STATE TO ENTER INTO AN  
102 AGREEMENT FOR A PAYMENT IN LIEU OF TAXES.

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>.)*

**Capital Development Committee.** The bill clarifies that the state is exempt from any requirement for a payment in lieu of property taxes for property that it owns or leases. The bill also specifies that neither the state nor any of its political subdivisions may agree to make any form of a payment in lieu of property taxes in connection with any property that

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.

HOUSE  
Amended 2nd Reading  
March 14, 2014

SENATE  
3rd Reading Unamended  
February 10, 2014

SENATE  
Amended 2nd Reading  
February 7, 2014

it owns or leases.

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

2           **SECTION 1.** In Colorado Revised Statutes, **amend** 39-3-105 as  
3 follows:

4           **39-3-105. Public libraries - governments - school districts -**  
5 **exemption.** Property, real and personal, of public libraries and of the state  
6 and its political subdivisions, including school districts or any cooperative  
7 association thereof, ~~shall be~~ IS exempt from the levy and collection of  
8 property tax. ON AND AFTER THE EFFECTIVE DATE OF THIS SECTION, AS  
9 AMENDED, UNLESS SPECIFICALLY AUTHORIZED BY LAW, THE STATE MAY  
10 NOT CONTRACTUALLY OBLIGATE ITSELF TO MAKE A PAYMENT IN LIEU OF  
11 PROPERTY TAXES EQUAL TO THE PROPERTY TAXES PAYABLE BY A  
12 NONTAX-EXEMPT ENTITY FOR PROPERTY THAT THE STATE OCCUPIES;  
13 EXCEPT THAT THE STATE MAY ENTER INTO AN AGREEMENT TO MITIGATE  
14 SOME OF THE LOSS OF REVENUE RESULTING FROM THE OWNERSHIP OF THE  
15 PROPERTY BY A TAX-EXEMPT ENTITY.

16           **SECTION 2.** In Colorado Revised Statutes, 39-3-124, **amend** (1)  
17 (a) and (1) (b) (I) (A) as follows:

18           **39-3-124. Property used by state entity - installment sales or**  
19 **lease agreement - lease-purchase or leveraged lease agreement -**  
20 **exemption.** (1) (a) Property, real and personal, that is used by the state  
21 or any of its political subdivisions pursuant to the provisions of any  
22 installment sales agreement, lease-purchase agreement, or any other  
23 agreement whereby the state or such political subdivision ~~shall be~~ IS  
24 entitled to acquire title to ~~such~~ THE property at the end of the agreement  
25 term without cost or for only nominal consideration ~~shall be~~ IS exempt

1 from the levy and collection of property tax. ON AND AFTER THE  
2 EFFECTIVE DATE OF THIS PARAGRAPH (a), AS AMENDED, UNLESS  
3 SPECIFICALLY AUTHORIZED BY LAW, THE STATE MAY NOT  
4 CONTRACTUALLY OBLIGATE ITSELF TO MAKE A PAYMENT IN LIEU OF  
5 PROPERTY TAXES EQUAL TO THE PROPERTY TAXES PAYABLE BY A  
6 NONTAX-EXEMPT ENTITY FOR PROPERTY DESCRIBED IN THIS PARAGRAPH  
7 (a) THAT THE STATE OCCUPIES; EXCEPT THAT THE STATE MAY ENTER INTO  
8 AN AGREEMENT TO MITIGATE SOME OF THE LOSS OF REVENUE RESULTING  
9 FROM THE OWNERSHIP OF THE PROPERTY DESCRIBED IN THIS PARAGRAPH  
10 (a) BY A TAX-EXEMPT ENTITY.

11 (b) (I) (A) Subject to the provisions of sub-subparagraph (B) of  
12 this subparagraph (I), on and after January 1, 2009, the part of real  
13 property that is used by the state, a political subdivision, or a  
14 state-supported institution of higher education pursuant to the provisions  
15 of any lease or rental agreement for at least a one-year term, with or  
16 without an option to purchase, and pursuant to which the subject real  
17 property is used for purposes of the state, political subdivision, or  
18 institution of higher education, as applicable, ~~shall be~~ IS exempt from the  
19 levy and collection of property tax. ON AND AFTER THE EFFECTIVE DATE  
20 OF THIS SUB-SUBPARAGRAPH (A), AS AMENDED, UNLESS SPECIFICALLY  
21 AUTHORIZED BY LAW, THE STATE MAY NOT CONTRACTUALLY OBLIGATE  
22 ITSELF TO MAKE A PAYMENT IN LIEU OF PROPERTY TAXES EQUAL TO THE  
23 PROPERTY TAXES PAYABLE BY A NONTAX-EXEMPT ENTITY FOR PROPERTY  
24 DESCRIBED IN THIS PARAGRAPH (b) THAT THE STATE OCCUPIES; EXCEPT  
25 THAT THE STATE MAY ENTER INTO AN AGREEMENT TO MITIGATE SOME OF  
26 THE LOSS OF REVENUE RESULTING FROM THE OWNERSHIP OF THE  
27 PROPERTY DESCRIBED IN THIS PARAGRAPH (b) BY A TAX-EXEMPT ENTITY.

1 If the state or any political subdivision or state-supported institution of  
2 higher education enters into a lease or rental agreement or is already in a  
3 lease or rental agreement on or after January 1, 2009, and is exempt from  
4 the levy and collection of property tax pursuant to this section, the state,  
5 political subdivision, or state-supported institution of higher education,  
6 as applicable, shall file a copy of the lease or rental agreement with the  
7 county assessor's office. The state or a political subdivision or institution  
8 of higher education shall notify the county assessor's office in the event  
9 that the lease or rental agreement is terminated prior to the term stated in  
10 such lease or rental agreement. Nothing in this paragraph (b) ~~shall affect~~  
11 AFFECTS property tax exemptions allowed pursuant to section 8-82-104,  
12 22-32-127, 29-4-227, 30-11-104.2, 31-15-802, or 43-1-214, C.R.S.

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