

First Regular Session
Sixty-eighth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 11-0328.02 Ed DeCecco

HOUSE BILL 11-1010

HOUSE SPONSORSHIP

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A BILL FOR AN ACT

101 CONCERNING THE INCIDENTAL USE OF PROPERTY OWNED BY A
102 FRATERNAL ORGANIZATION OR VETERANS' ORGANIZATION THAT
103 IS EXEMPT FROM PROPERTY TAX.

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>.)

Under current law, property owned and used by a fraternal or veterans' organization for a charitable purpose is generally exempt from property tax. An incidental use of such property, which itself is not exempt from the tax, may nonetheless be exempt from property tax if it

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.

is on an occasional, noncontinuous basis and if such use, on an annual basis, is less than 208 hours or results in less than \$25,000 of gross rental income. In addition, there is an exception from an annual reporting requirement for such property that only applies if the nonexempt use is less than 208 hours annually or if the gross income from such use is less than \$10,000 annually.

With respect to this property, the bill eliminates the requirement that the nonexempt usage be on an occasional basis in order to qualify for the incidental exemption and it raises the threshold for the reporting requirement exception to \$25,000 annually.

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

2 **SECTION 1.** 39-2-117 (3) (a) (I), Colorado Revised Statutes, is
3 amended to read:

4 **39-2-117. Applications for exemption - review - annual reports**
5 **- procedures - rules.** (3) (a) (I) On and after January 1, 1990, and no
6 later than April 15 of each year, every owner of real or personal property
7 for which exemption from general taxation has previously been granted
8 shall file a report with the administrator upon forms furnished by the
9 division, containing such information relative to the exempt property as
10 specified in paragraph (b) of this subsection (3), and signed under the
11 penalty of perjury in the second degree. Each such annual report shall be
12 accompanied by a payment of seventy-five dollars, which shall be
13 credited to the property tax exemption fund created in subsection (8) of
14 this section. Each such annual report filed later than April 15, but prior
15 to July 1, shall be accompanied by a late filing fee of two hundred fifty
16 dollars; except that the administrator shall have the authority to waive all
17 or a portion of the late filing fee for good cause shown as determined by
18 the administrator by rules adopted pursuant to ~~paragraph (b)~~ of subsection
19 (7) of this section. On and after January 1, 1990, every owner of real or
20 personal property for which exemption from general taxation has

1 previously been granted pursuant to the provisions of section 39-3-111
2 and that is used for any purpose other than the purposes specified in
3 sections 39-3-106 to 39-3-113 for less than two hundred eight hours
4 during the calendar year or if the use of the property for such purposes
5 results in annual gross rental income to such owner of less than ~~ten~~
6 TWENTY-FIVE thousand dollars shall not be required to file any annual
7 report pursuant to the provisions of this subsection (3). In order to claim
8 such exemption, in lieu of such annual report, the owner shall annually
9 file with the administrator a declaration stating that the property is used
10 for such purposes for less than two hundred eight hours during the
11 calendar year or such use results in annual gross rental income to the
12 owner of less than ~~ten~~ TWENTY-FIVE thousand dollars.

13 **SECTION 2.** The introductory portion to 39-3-106.5 (2),
14 Colorado Revised Statutes, is amended, and the said 39-3-106.5 is further
15 amended BY THE ADDITION OF A NEW SUBSECTION, to read:

16 **39-3-106.5. Tax-exempt property - incidental use - exemption**
17 **- limitations.** (2) Except as otherwise provided in section 39-3-108 (3)
18 AND SUBSECTION (3) OF THIS SECTION, if any property, real or personal,
19 ~~which~~ THAT is otherwise exempt from the levy and collection of property
20 tax pursuant to the provisions of sections 39-3-107 to 39-3-113 is used on
21 an occasional, noncontinuous basis for any purpose other than the
22 purposes specified in sections 39-3-106 to 39-3-113, such property shall
23 be exempt from the levy and collection of property tax if:

24 (3) THE REQUIREMENT THAT PROPERTY BE USED ON AN
25 OCCASIONAL BASIS IN ORDER TO QUALIFY FOR THE EXEMPTION SET FORTH
26 IN SUBSECTION (2) OF THIS SECTION SHALL NOT APPLY TO PROPERTY, REAL
27 OR PERSONAL, THAT IS OTHERWISE EXEMPT FROM THE LEVY AND

1 COLLECTION OF PROPERTY TAX PURSUANT TO THE PROVISIONS OF SECTION
2 39-3-111 THAT IS USED FOR ANY PURPOSE OTHER THAN THE PURPOSES
3 SPECIFIED IN SECTIONS 39-3-106 TO 39-3-113.

4 **SECTION 3. Act subject to petition - effective date.** This act
5 shall take effect at 12:01 a.m. on the day following the expiration of the
6 ninety-day period after final adjournment of the general assembly (August
7 10, 2011, if adjournment sine die is on May 11, 2011); except that, if a
8 referendum petition is filed pursuant to section 1 (3) of article V of the
9 state constitution against this act or an item, section, or part of this act
10 within such period, then the act, item, section, or part shall not take effect
11 unless approved by the people at the general election to be held in
12 November 2012 and shall take effect on the date of the official
13 declaration of the vote thereon by the governor.