

Second Regular Session
Sixty-ninth General Assembly
STATE OF COLORADO

REREVISED

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

LLS NO. 14-0729.01 Nicole Myers x4326

HOUSE BILL 14-1001

HOUSE SPONSORSHIP

Singer, Young

SENATE SPONSORSHIP

Nicholson, Jones, Kefalas

House Committees

Finance
Appropriations

Senate Committees

Finance
Appropriations

SENATE
Amended 3rd Reading
May 7, 2014

A BILL FOR AN ACT

101 **CONCERNING THE CREATION OF A PROPERTY TAX REIMBURSEMENT**
102 **FOR A TAXPAYER THAT OWES PROPERTY TAX ON PROPERTY**
103 **THAT HAS BEEN DESTROYED BY A NATURAL CAUSE, AND, IN**
104 **CONNECTION THEREWITH, MAKING AND REDUCING**
105 **APPROPRIATIONS.**

SENATE
Amended 2nd Reading
May 6, 2014

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/bills summaries>.)

HOUSE
3rd Reading Unamended
April 4, 2014

Beginning in the 2013 income tax year, the bill establishes an

HOUSE
Amended 2nd Reading
April 3, 2014

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.

income tax credit for a taxpayer that owns real or business personal property that was destroyed by a natural cause as determined by the county assessor of the county in which the property is located. The amount of the credit is an amount equal to the taxpayer's property tax liability for the destroyed property in the property tax year in which the natural cause occurred. A taxpayer is allowed to claim the credit only for the income tax year during which the property was destroyed.

The bill requires the executive director of the department of revenue (department) to create a certification form to be used by a county assessor to certify to the department, at the request of a taxpayer, that the taxpayer's property was destroyed by a natural cause and that the taxpayer is entitled to an income tax credit. The bill specifies the information that shall be included on the certification form for real or business personal property that was destroyed by a natural cause. The department is required to make the certification form available to taxpayers and county assessors on the department's web site and by any other means deemed necessary by the department.

Before claiming an income tax credit, the bill requires a taxpayer to request that the county assessor in the county in which the destroyed property is located complete and sign a certification form for the destroyed property that is the basis of the income tax credit. The county assessor is required to complete and sign the certification form upon such request and the taxpayer is required to submit the completed and signed certification form to the department with the taxpayer's income tax return.

The amount of the credit allowed that exceeds the taxpayer's income taxes due is refunded to the taxpayer.

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

2 **SECTION 1.** In Colorado Revised Statutes, **add** 39-1-123 as
3 follows:

4
5 **39-1-123. Property destroyed by natural cause - proration -**
6 **reimbursement to local taxing entities. (1) Eligibility. FOR PROPERTY**
7 **TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2013, IF A COUNTY**
8 **ASSESSOR PRORATED, PURSUANT TO SECTION 39-5-117, THE ASSESSED**
9 **VALUE OF REAL OR BUSINESS PERSONAL PROPERTY LISTED ON A SINGLE**
10 **SCHEDULE BECAUSE THE PROPERTY WAS DESTROYED BY A NATURAL**

1 CAUSE AS DEFINED IN SECTION 39-1-102 (8.4), AS DETERMINED BY THE
2 ASSESSOR IN THE COUNTY IN WHICH THE PROPERTY IS LOCATED, THE
3 STATE SHALL REIMBURSE EACH TAXING ENTITY IN SUCH COUNTY IN AN
4 AMOUNT EQUAL TO THE TOTAL AMOUNT OF THE PROPERTY TAX LIABILITY
5 THAT THE TAXING ENTITY DID NOT COLLECT DUE TO THE PRORATION OF
6 ASSESSED VALUE AS A RESULT OF THE DESTRUCTION OF THE PROPERTY BY
7 A NATURAL CAUSE.

8 (2) **Report of destroyed properties.** (a) (I) FOR THE PROPERTY
9 TAX YEAR COMMENCING JANUARY 1, 2013, ON OR BEFORE JULY 1, 2014,
10 OR ON OR BEFORE OCTOBER 1, 2014, FOR PUBLIC UTILITIES IDENTIFIED IN
11 ARTICLE 4 OF THIS TITLE, THE ASSESSOR OF EACH COUNTY WITH PROPERTY
12 DESTROYED BY A NATURAL CAUSE DURING THE YEAR SHALL FORWARD TO
13 THE APPLICABLE COUNTY TREASURER A REPORT OF THE TAXABLE REAL OR
14 BUSINESS PERSONAL PROPERTY IN THE COUNTY THAT WAS DESTROYED BY
15 A NATURAL CAUSE. THE REPORT MUST INCLUDE THE INFORMATION
16 SPECIFIED IN PARAGRAPH (b) OF THIS SUBSECTION (2).

17 (II) FOR PROPERTY TAX YEARS COMMENCING ON OR AFTER
18 JANUARY 1, 2014, ON OR BEFORE DECEMBER 15 OF THE APPLICABLE
19 PROPERTY TAX YEAR, THE ASSESSOR OF EACH COUNTY WITH PROPERTY
20 DESTROYED BY A NATURAL CAUSE SHALL FORWARD TO THE APPLICABLE
21 COUNTY TREASURER A REPORT OF THE TAXABLE REAL OR BUSINESS
22 PERSONAL PROPERTY IN THE COUNTY THAT WAS DESTROYED BY A
23 NATURAL CAUSE THROUGH NOVEMBER OF THE YEAR. THE REPORT MUST
24 INCLUDE THE INFORMATION SPECIFIED IN PARAGRAPH (b) OF THIS
25 SUBSECTION (2).

26 (III) IF AFTER SUBMITTING A REPORT TO THE COUNTY TREASURER
27 PURSUANT TO SUBPARAGRAPH (I) OR (II) OF THIS PARAGRAPH (a), THE

1 COUNTY ASSESSOR DISCOVERS ANY TAXABLE REAL OR BUSINESS
2 PERSONAL PROPERTY THAT WAS DESTROYED BY A NATURAL CAUSE
3 DURING THE APPLICABLE PROPERTY TAX YEAR THAT WAS NOT INCLUDED
4 IN THE REPORT, THE COUNTY ASSESSOR SHALL FORWARD TO THE COUNTY
5 TREASURER A SUPPLEMENTAL REPORT OF THE ADDITIONAL TAXABLE REAL
6 OR BUSINESS PERSONAL PROPERTY IN THE COUNTY THAT WAS DESTROYED
7 BY A NATURAL CAUSE. THE REPORT MUST INCLUDE THE INFORMATION
8 SPECIFIED IN PARAGRAPH (b) OF THIS SUBSECTION (2). IF APPLICABLE, THE
9 COUNTY ASSESSOR SHALL FORWARD THE SUPPLEMENTAL REPORT TO THE
10 COUNTY TREASURER ON OR BEFORE JULY 1, OR FOR PUBLIC UTILITIES
11 IDENTIFIED IN ARTICLE 4 OF THIS TITLE, ON OR BEFORE OCTOBER 1 OF THE
12 YEAR FOLLOWING THE PROPERTY TAX YEAR IN WHICH THE PROPERTY WAS
13 DESTROYED BY A NATURAL CAUSE.

14 (b) (I) IN THE CASE OF TAXABLE REAL PROPERTY, THE REPORTS
15 REQUIRED PURSUANT TO PARAGRAPH (a) OF THIS SUBSECTION (2) SHALL
16 INCLUDE THE FOLLOWING:

17 (A) THE LEGAL DESCRIPTION OF EACH PARCEL OF REAL PROPERTY
18 IN THE COUNTY CONTAINING THE REAL PROPERTY DESTROYED BY A
19 NATURAL CAUSE IN THE APPLICABLE PROPERTY TAX YEAR;

20 (B) THE SCHEDULE OR PARCEL NUMBER FOR EACH PARCEL OF REAL
21 PROPERTY CONTAINING THE REAL PROPERTY DESTROYED BY A NATURAL
22 CAUSE IN THE APPLICABLE PROPERTY TAX YEAR;

23 (C) THE NAME OF THE REAL PROPERTY OWNER ON RECORD;

24 (D) A DESCRIPTION OF THE REAL PROPERTY AND THE DATE OF THE
25 DESTRUCTION; AND

26 (E) THE AMOUNT BY WHICH THE PROPERTY TAX DUE ON THE
27 DESTROYED REAL PROPERTY WAS REDUCED DUE TO THE PRORATION FOR

1 THE APPLICABLE PROPERTY TAX YEAR ACCORDING TO THE RECORDS OF
2 THE COUNTY ASSESSOR.

3 (II) IN THE CASE OF TAXABLE BUSINESS PERSONAL PROPERTY, THE
4 REPORTS REQUIRED PURSUANT TO PARAGRAPH (a) OF THIS SUBSECTION (2)
5 SHALL INCLUDE THE FOLLOWING:

6 (A) THE SCHEDULE OR IDENTIFYING NUMBER FOR THE BUSINESS
7 PERSONAL PROPERTY DESTROYED BY A NATURAL CAUSE;

8 (B) THE NAME OF THE TAXPAYER WHO OWNS OR LEASES THE
9 BUSINESS PERSONAL PROPERTY THAT WAS DESTROYED BY A NATURAL
10 CAUSE AND THE NAME OF THE ENTITY UNDER WHICH THE TAXPAYER DOES
11 BUSINESS, IF APPLICABLE;

12 (C) THE PROPERTY TAXES DUE ON THE DESTROYED BUSINESS
13 PERSONAL PROPERTY FOR THE APPLICABLE PROPERTY TAX YEAR
14 ACCORDING TO THE RECORDS OF THE COUNTY ASSESSOR; AND

15 (D) THE AMOUNT BY WHICH THE PROPERTY TAX DUE ON THE
16 DESTROYED BUSINESS PERSONAL PROPERTY WAS REDUCED DUE TO THE
17 PRORATION FOR THE APPLICABLE PROPERTY TAX YEAR ACCORDING TO THE
18 RECORDS OF THE COUNTY ASSESSOR.

19 (3) **Verification of property taxes owed.** (a) WITHIN THIRTY
20 CALENDAR DAYS OF RECEIVING A REPORT FROM THE COUNTY ASSESSOR
21 PURSUANT TO SUBSECTION (2) OF THIS SECTION, THE COUNTY TREASURER
22 OF THE SAME COUNTY SHALL VERIFY THE TOTAL AMOUNT OF THE
23 REDUCTION IN PROPERTY TAXES DUE TO ALL TAXING ENTITIES IN THE
24 COUNTY AS A RESULT OF THE PRORATION DUE TO THE DESTRUCTION OF
25 THE PROPERTY BY A NATURAL CAUSE.

26 (b) AS SOON AS PRACTICABLE AFTER VERIFYING THE TOTAL
27 AMOUNT OF THE REDUCTION IN PROPERTY TAXES DUE TO ALL TAXING

1 ENTITIES IN THE COUNTY AS A RESULT OF THE PRORATION DUE TO THE
2 DESTRUCTION OF PROPERTY BY A NATURAL CAUSE, THE COUNTY
3 TREASURER SHALL TRANSMIT A REPORT TO THE STATE TREASURER THAT
4 INCLUDES THE COUNTY TREASURER'S VERIFICATION AND THE REPORT OF
5 THE DESTROYED PROPERTIES FROM THE COUNTY ASSESSOR.

6 (4) **State treasurer to pay county treasurer.** AFTER RECEIVING
7 A REPORT FROM A COUNTY TREASURER PURSUANT TO SUBSECTION (3) OF
8 THIS SECTION, AND SUBJECT TO APPROPRIATION, THE STATE TREASURER
9 SHALL ISSUE A REIMBURSEMENT WARRANT TO THE APPLICABLE COUNTY
10 TREASURER IN AN AMOUNT EQUAL TO THE TOTAL AMOUNT OF == THE
11 REDUCTION IN PROPERTY TAXES DUE TO ALL TAXING ENTITIES IN THE
12 COUNTY AS A RESULT OF THE PRORATION DUE TO THE DESTRUCTION OF
13 THE PROPERTY BY A NATURAL CAUSE IN THE APPLICABLE PROPERTY TAX
14 YEAR. THE REIMBURSEMENT SHALL BE PAID FROM THE STATE GENERAL
15 FUND.

16 ==
17 (5) **Distribution to taxing entities.** AFTER RECEIPT OF A
18 REIMBURSEMENT FROM THE STATE TREASURER PURSUANT TO SUBSECTION
19 (4) OF THIS SECTION, THE COUNTY TREASURER SHALL DISTRIBUTE THE
20 REIMBURSEMENT FROM THE STATE TO ALL TAXING ENTITIES IN THE
21 COUNTY IN PROPORTION TO THE AMOUNT THAT EACH TAXING ENTITY'S
22 PROPERTY TAX DUE WAS REDUCED AS A RESULT OF THE PRORATION DUE
23 TO DESTRUCTION OF PROPERTY BY A NATURAL CAUSE.

24 ==
25 (6) **Review.** DURING THE FIRST REGULAR SESSION OF THE
26 SEVENTY-FIRST GENERAL ASSEMBLY, THE FINANCE COMMITTEES OF THE
27 HOUSE OF REPRESENTATIVES AND THE SENATE, OR ANY SUCCESSOR

1 COMMITTEES, SHALL REVIEW THE PROVISIONS OF THIS SECTION AND MAKE
2 RECOMMENDATIONS REGARDING WHETHER THE PROVISIONS SHOULD BE
3 CONTINUED, REPEALED, OR CONTINUED WITH MODIFICATIONS.

4 **SECTION 2.** In Colorado Revised Statutes, 39-5-104.5, **amend**
5 **(1)** as follows:

6 **39-5-104.5. Valuation of personal property.** (1) On and after
7 January 1, 1996, AND EXCEPT AS OTHERWISE PROVIDED IN SECTION
8 39-5-117 (2), personal property shall be valued as of the assessment date,
9 and the tax shall apply for the full assessment year without regard to any
10 destruction, conveyance, relocation, or change in tax status occurring
11 after the assessment date. The owner of taxable personal property on the
12 assessment date shall be responsible for the property tax assessed for the
13 full property tax year without proration.

14 **SECTION 3.** In Colorado Revised Statutes, **amend** 39-5-117 as
15 **follows:**

16 **39-5-117. Property destroyed after assessment date.**
17 (1) Whenever any improvements are destroyed or demolished subsequent
18 to the assessment date in any year, it is the duty of the owner thereof or
19 the owner's agent to promptly notify the assessor of such destruction or
20 demolition and the date upon which the same occurred. In all such cases,
21 such improvements shall be valued by the assessor at the proportion of its
22 valuation for the full calendar year that the period of time in such year
23 prior to its destruction or demolition bears to the full calendar year.
24 Failure of the owner thereof or of the owner's agent to so notify the
25 assessor prior to the date taxes are levied shall be considered a waiver,
26 and no proportionate valuation by the assessor shall then be required.

27 **(2) WHENEVER ANY BUSINESS PERSONAL PROPERTY LISTED ON A**

1 SINGLE SCHEDULE IS DESTROYED OR DEMOLISHED BY A NATURAL CAUSE
2 AS DEFINED IN SECTION 39-1-102 (8.4), AS DETERMINED BY THE COUNTY
3 ASSESSOR IN THE COUNTY IN WHICH THE PROPERTY IS LOCATED, AND SUCH
4 DESTRUCTION OR DEMOLITION OCCURS SUBSEQUENT TO THE ASSESSMENT
5 DATE IN ANY YEAR, IT IS THE DUTY OF THE OWNER THEREOF OR THE
6 OWNER'S AGENT TO PROMPTLY NOTIFY THE ASSESSOR OF SUCH
7 DESTRUCTION OR DEMOLITION AND THE DATE UPON WHICH THE SAME
8 OCCURRED. IN ALL SUCH CASES, SUCH BUSINESS PERSONAL PROPERTY
9 SHALL BE VALUED BY THE ASSESSOR AT THE PROPORTION OF ITS
10 VALUATION FOR THE FULL CALENDAR YEAR THAT THE PERIOD OF TIME IN
11 SUCH YEAR PRIOR TO ITS DESTRUCTION OR DEMOLITION BEARS TO THE
12 FULL CALENDAR YEAR. FAILURE OF THE OWNER THEREOF OR OF THE
13 OWNER'S AGENT TO SO NOTIFY THE ASSESSOR PRIOR TO THE DATE TAXES
14 ARE LEVIED SHALL BE CONSIDERED A WAIVER, AND NO PROPORTIONATE
15 VALUATION BY THE ASSESSOR SHALL THEN BE REQUIRED.

16 **SECTION 4. Appropriation - adjustments to 2014 long bill.**

17 (1) For the implementation of this act, the general fund appropriation
18 made in the annual general appropriation act to the controlled
19 maintenance trust fund created in section 24-75-302.5 (2) (a), Colorado
20 Revised Statutes, for the fiscal year beginning July 1, 2014, is decreased
21 by \$927,923.

22 (2) In addition to any other appropriation, there is hereby
23 appropriated, out of any moneys in the general fund not otherwise
24 appropriated, to the department of treasury, for the fiscal year beginning
25 July 1, 2014, the sum of \$927,923, or so much thereof as may be
26 necessary, for reimbursement to county treasurers pursuant to section
27 39-1-123 (4), Colorado Revised Statutes, related to the implementation

1 of this act.

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