

First Regular Session
Sixty-fifth General Assembly
STATE OF COLORADO

REENGROSSED

*This Version Includes All Amendments
Adopted in the House of Introduction*

LLS NO. 05-0056.01 Ed DeCecco

HOUSE BILL 05-1048

HOUSE SPONSORSHIP

May M., Garcia, Judd, and McCluskey

SENATE SPONSORSHIP

Lamborn, Keller, and Veiga

House Committees

Finance

Senate Committees

A BILL FOR AN ACT

101 **CONCERNING THE AUTHORITY OF A SPECIAL DISTRICT TO ENTER INTO**
102 **A PROPERTY TAX REDUCTION AGREEMENT WITH A TAXPAYER**
103 **FOR THE PURPOSE OF ECONOMIC DEVELOPMENT.**

Bill Summary

(Note: This summary applies to this bill as introduced and does not necessarily reflect any amendments that may be subsequently adopted.)

Interim Committee on Stimulating Economic Development Through Business Personal Property Tax Exemptions and Other Methods. Permits a special district to negotiate for an incentive payment or credit with a taxpayer who, within the special district, establishes a new business facility or expands an existing facility. Establishes criteria for eligible facilities. Limits the amount of the payment or credit and establishes a maximum term. Requires a special district that negotiates

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
3rd Reading Unamended
January 28, 2005

HOUSE
2nd Reading Unamended
January 24, 2005

an agreement to give a taxpayer an incentive payment or credit to inform any municipality, county, and school district in the same area of such negotiations.

Permits a special district that is within an enterprise zone to negotiate with a qualified taxpayer who establishes a new business facility or expands an existing facility within the enterprise zone for an incentive payment or credit. Limits the amount of the payment or credit.

Prohibits a special district from entering into an agreement to give a taxpayer an incentive payment or credit unless, prior to or simultaneous with the execution of the agreement, the taxpayer also enters into a similar agreement with a municipality or county.

Makes legislative findings and declarations. Defines a term.

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

2 **SECTION 1.** Article 1 of title 32, Colorado Revised Statutes, is
3 amended BY THE ADDITION OF A NEW PART to read:

4 **PART 17**

5 **PROPERTY TAX REDUCTION AGREEMENT**

6 **32-1-1701. Legislative declaration.** THE GENERAL ASSEMBLY
7 HEREBY FINDS AND DECLARES THAT THE HEALTH, SAFETY, AND WELFARE
8 OF THE PEOPLE OF THIS STATE ARE DEPENDENT UPON THE ATTRACTION OF
9 NEW PRIVATE ENTERPRISE AS WELL AS THE RETENTION AND EXPANSION OF
10 EXISTING PRIVATE ENTERPRISE; THAT INCENTIVES ARE OFTEN NECESSARY
11 IN ORDER TO ATTRACT PRIVATE ENTERPRISE; AND THAT PROVIDING
12 INCENTIVES STIMULATES ECONOMIC DEVELOPMENT IN THE STATE AND
13 RESULTS IN THE CREATION AND MAINTENANCE OF NEW JOBS.

14 **32-1-1702. New business facilities - expansion of existing**
15 **business facilities - incentives - limitations - authority to exceed**
16 **revenue-raising limitation.** (1) NOTWITHSTANDING ANY LAW TO THE
17 CONTRARY, A SPECIAL DISTRICT MAY NEGOTIATE FOR AN INCENTIVE
18 PAYMENT OR CREDIT WITH A TAXPAYER WHO ESTABLISHES A NEW
19 BUSINESS FACILITY, AS DEFINED IN SECTION 39-22-508.2 (3), C.R.S., BUT

1 EXCLUDING THE REQUIREMENTS OF PARAGRAPH (b) OF SUCH SUBSECTION
2 (3), IN THE SPECIAL DISTRICT. IN NO INSTANCE SHALL ANY NEGOTIATION
3 RESULT IN AN ANNUAL INCENTIVE PAYMENT OR CREDIT THAT IS GREATER
4 THAN FIFTY PERCENT OF THE AMOUNT OF TAXES LEVIED BY THE SPECIAL
5 DISTRICT UPON THE TAXABLE BUSINESS PERSONAL PROPERTY LOCATED AT
6 OR WITHIN THE NEW BUSINESS FACILITY AND USED IN CONNECTION WITH
7 THE OPERATION OF THE NEW BUSINESS FACILITY FOR THE CURRENT
8 PROPERTY TAX YEAR. THE TERM OF ANY AGREEMENT MADE PURSUANT TO
9 THE PROVISIONS OF THIS SECTION SHALL NOT EXCEED TEN YEARS,
10 INCLUDING THE TERM OF ANY ORIGINAL AGREEMENT BEING RENEWED.

11 (2) NOTWITHSTANDING ANY LAW TO THE CONTRARY, A SPECIAL
12 DISTRICT MAY NEGOTIATE FOR AN INCENTIVE PAYMENT OR CREDIT WITH
13 A TAXPAYER WHO EXPANDS A FACILITY, AS DEFINED IN SECTION
14 39-22-508.2 (2) (a), C.R.S., THE EXPANSION OF WHICH CONSTITUTES A
15 NEW BUSINESS FACILITY, AS DEFINED IN SECTION 39-22-508.2 (3), C.R.S.,
16 BUT EXCLUDING THE REQUIREMENTS OF PARAGRAPH (b) OF SUCH
17 SUBSECTION (3), AND WHICH IS LOCATED IN THE SPECIAL DISTRICT. IN NO
18 INSTANCE SHALL ANY NEGOTIATION RESULT IN AN ANNUAL INCENTIVE
19 PAYMENT OR CREDIT THAT IS GREATER THAN FIFTY PERCENT OF THE
20 AMOUNT OF THE TAXES LEVIED BY THE SPECIAL DISTRICT UPON THE
21 TAXABLE BUSINESS PERSONAL PROPERTY DIRECTLY ATTRIBUTABLE TO THE
22 EXPANSION LOCATED AT OR WITHIN THE EXPANDED FACILITY AND USED IN
23 CONNECTION WITH THE OPERATION OF THE EXPANDED FACILITY FOR THE
24 CURRENT PROPERTY TAX YEAR. THE TERM OF ANY AGREEMENT MADE
25 PURSUANT TO THE PROVISIONS OF THIS SECTION SHALL NOT EXCEED TEN
26 YEARS, INCLUDING THE TERM OF ANY ORIGINAL AGREEMENT BEING
27 RENEWED.

1 (3) A SPECIAL DISTRICT SHALL NOT ENTER INTO AN AGREEMENT
2 PURSUANT TO THE PROVISIONS OF THIS SECTION UNLESS, PRIOR TO OR
3 SIMULTANEOUS WITH THE EXECUTION OF THE AGREEMENT, THE TAXPAYER
4 ALSO ENTERS INTO AN AGREEMENT WITH A MUNICIPALITY OR COUNTY
5 PURSUANT TO SECTION 30-11-123, 31-15-903, OR 39-30-107.5, C.R.S.

6 (4) A SPECIAL DISTRICT THAT NEGOTIATES AN AGREEMENT
7 PURSUANT TO THE PROVISIONS OF THIS SECTION SHALL INFORM ANY
8 MUNICIPALITY, COUNTY, AND SCHOOL DISTRICT IN WHICH A NEW BUSINESS
9 FACILITY WOULD BE LOCATED OR AN EXPANDED BUSINESS FACILITY IS
10 LOCATED, WHICHEVER IS APPLICABLE, OF SUCH NEGOTIATIONS.

11 **SECTION 2.** 39-30-107.5 (1), Colorado Revised Statutes, is
12 amended to read:

13 **39-30-107.5. Taxable property valuations - sales taxes -**
14 **incentives - definitions.** (1) (a) Notwithstanding any law to the contrary,
15 any SPECIAL DISTRICT, county, municipality, or city and county within an
16 enterprise zone may negotiate with any taxpayer who qualifies for a
17 credit pursuant to section 39-30-105, who establishes a new business
18 facility within an enterprise zone, or who expands a facility within an
19 enterprise zone, the expansion of which constitutes a new business
20 facility, for an incentive payment or credit equal to not more than the
21 amount of the taxes levied upon the taxable property of the taxpayer; but
22 in no instance shall any such negotiation result in such an incentive
23 payment or credit which is greater than the difference between the current
24 property tax liability and the tax liability for the same property for the
25 year preceding the year in which the enterprise zone was approved.

26 (b) A SPECIAL DISTRICT SHALL NOT ENTER INTO AN AGREEMENT
27 PURSUANT TO THE PROVISIONS OF THIS SUBSECTION (1) UNLESS, PRIOR TO

1 OR SIMULTANEOUS WITH THE EXECUTION OF THE AGREEMENT, THE
2 TAXPAYER ALSO ENTERS INTO AN AGREEMENT WITH A MUNICIPALITY OR
3 COUNTY PURSUANT TO THIS SECTION.

4 **SECTION 3.** 39-30-107.5 (3), Colorado Revised Statutes, is
5 amended BY THE ADDITION OF A NEW PARAGRAPH to read:

6 **39-30-107.5. Taxable property valuations - sales taxes -**
7 **incentives - definitions.** (3) As used in this section:

8 (c) "SPECIAL DISTRICT" MEANS A SPECIAL DISTRICT AS DEFINED IN
9 SECTION 32-1-103 (20), C.R.S.

10 **SECTION 4. Effective date.** This act shall take effect at 12:01 a.m.
11 on the day following the expiration of the ninety-day period after final
12 adjournment of the general assembly that is allowed for submitting a
13 referendum petition pursuant to article V, section 1 (3) of the state
14 constitution (August 10, 2005, if adjournment sine die is on May 11,
15 2005); except that, if a referendum petition is filed against this act or
16 an item, section, or part of this act within such period, then the act,
17 item, section, or part, if approved by the people, shall take effect on
18 the date of the official declaration of the vote thereon by proclamation
19 of the governor. January 24, 2005