

Second Regular Session
Seventy-second General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 20-0771.01 Ed DeCecco x4216

SENATE BILL 20-109

SENATE SPONSORSHIP

Gardner,

HOUSE SPONSORSHIP

(None),

Senate Committees
Finance

House Committees

A BILL FOR AN ACT

101 CONCERNING THE PROPERTY TAX CLASSIFICATION OF PROPERTY USED
102 FOR SHORT-TERM RENTALS.

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>.)

For purposes of the property tax, the bill classifies an improvement that is used to provide short-term stays, which is overnight lodging for less than 30 consecutive days in exchange for a monetary payment. A building or a portion of a building that is designed and used as a residency by a person, a family, or families and that is leased or available to be leased for short-term stays is a residential improvement and, therefore, it

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

is classified as residential property.

A short-term rental unit is excluded from the definition of residential improvements and, therefore, it is classified as nonresidential property. A short-term rental unit is defined to mean a building or a portion of a building that is designed for use predominantly as a place of residency by a person, a family, or families, but that is leased or available to be leased for short-term stays during the property tax year and is occupied by the owner for less than 30 days in a 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 (14.3); and **add** (15.7) and (15.8) as follows:

4 **39-1-102. Definitions.** As used in articles 1 to 13 of this title 39,
5 unless the context otherwise requires:

6 (14.3) (a) "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:

9 (I) Buildings, structures, fixtures, fences, amenities, and water
10 rights that are an integral part of the residential use;

11 (II) ~~The term also includes~~ A manufactured home as defined in
12 subsection (7.8) of this section;

13 (III) A mobile home as defined in subsection (8) of this section;

14 **and**

15 (IV) A modular home as defined in subsection (8.3) of this
16 section; AND

17 (V) A BUILDING OR PORTION OF A BUILDING THAT IS DESIGNED AND
18 USED AS A PLACE OF RESIDENCY BY A PERSON, A FAMILY, OR FAMILIES, BUT
19 THAT IS ALSO LEASED OR AVAILABLE TO BE LEASED FOR ONE OR MORE
20 SHORT-TERM STAYS AS DEFINED IN SUBSECTION (15.8) OF THIS SECTION.

21 THIS SUBSECTION (14.3)(a)(V) DOES NOT APPLY TO A BUILDING THAT ALSO

1 MEETS THE DEFINITION OF A BED AND BREAKFAST AS DEFINED IN
2 SUBSECTION (2.5) OF THIS SECTION.

3 (b) THE TERM EXCLUDES A SHORT-TERM RENTAL UNIT AS DEFINED
4 IN SUBSECTION (15.7) OF THIS SECTION.

5 (15.7) "SHORT-TERM RENTAL UNIT" MEANS A BUILDING, OR THAT
6 PORTION OF A BUILDING, DESIGNED FOR USE PREDOMINANTLY AS A PLACE
7 OF RESIDENCY BY A PERSON, A FAMILY, OR FAMILIES, BUT THAT IS LEASED
8 OR AVAILABLE TO BE LEASED FOR SHORT-TERM STAYS DURING THE
9 PROPERTY TAX YEAR AND IS OCCUPIED BY THE OWNER FOR LESS THAN
10 THIRTY DAYS IN A YEAR.

11 (15.8) "SHORT-TERM STAY" MEANS OVERNIGHT LODGING THAT IS
12 PROVIDED TO AN INDIVIDUAL OR BUSINESS FOR LESS THAN THIRTY
13 CONSECUTIVE DAYS IN EXCHANGE FOR MONETARY PAYMENT.

14 **SECTION 2.** In Colorado Revised Statutes, 39-1-103, **amend**
15 (9)(a); and **add** (10.7) as follows:

16 **39-1-103. Actual value determined - when.** (9) (a) In the case
17 of an improvement ~~which~~ THAT is used as a residential dwelling unit and
18 is also used for any other purpose, the actual value and valuation for
19 assessment of such improvement shall be determined as provided in this
20 ~~paragraph (a)~~ SUBSECTION (9)(a). The actual value of each portion of the
21 improvement shall be determined by application of the appropriate
22 approaches to appraisal specified in subsection (5) of this section. The
23 actual value of the land containing such an improvement shall be
24 determined by application of the appropriate approaches to appraisal
25 specified in subsection (5) of this section. The land containing such an
26 improvement shall be allocated to the appropriate classes based upon the
27 proportion that the actual value of each of the classes to which the

1 improvement is allocated bears to the total actual value of the
2 improvement. The appropriate valuation for assessment ratio shall then
3 be applied to the actual value of each portion of the land and of the
4 improvement. THIS SUBSECTION (9)(a) DOES NOT APPLY TO AN
5 IMPROVEMENT THAT QUALIFIES AS A RESIDENTIAL IMPROVEMENT UNDER
6 SECTION 39-1-102 (14.3)(a)(V).

7 (10.7) FOR PROPERTY TAX YEARS COMMENCING ON OR AFTER
8 JANUARY 1, 2021, IF AN IMPROVEMENT MEETS THE DEFINITION OF A
9 SHORT-TERM RENTAL UNIT FOR THE PROPERTY TAX YEAR, THEN IN THE
10 FOLLOWING PROPERTY TAX YEAR IT IS CLASSIFIED AS NONRESIDENTIAL
11 PROPERTY.

12 **SECTION 3. Act subject to petition - effective date.** This act
13 takes effect at 12:01 a.m. on the day following the expiration of the
14 ninety-day period after final adjournment of the general assembly (August
15 5, 2020, if adjournment sine die is on May 6, 2020); except that, if a
16 referendum petition is filed pursuant to section 1 (3) of article V of the
17 state constitution against this act or an item, section, or part of this act
18 within such period, then the act, item, section, or part will not take effect
19 unless approved by the people at the general election to be held in
20 November 2020 and, in such case, will take effect on the date of the
21 official declaration of the vote thereon by the governor.