



Tax & Finance Steering Committee Friday, April 29, 2022

Agenda updated 4/28/2022

Welcome/Introductions

Chair: Commissioner Richard Elsner, Park County
 Vice Chair: Commissioner Bob Campbell, Teller County
 CCI Staff: Gini Pingnot (gpingenot@ccionline.org | M: 720-255-8941)

New Legislation for Discussion (1 Bill)

<u>SB22-215, Infrastructure Investment and Jobs Act Cash Fund</u>			
H-Spon	L. Herod & J. McCluskie	S-Spon	C. Hansen & R. Zenzinger
Summary	Joint Budget Committee. The bill creates the "Infrastructure Investment and Jobs Act" cash fund (fund) and requires the state treasurer to transfer \$81.5 million to the fund. The money in the fund is continuously appropriated to departments, subject to approval by the governor to be used as the nonfederal match funding necessary for the state or a local government to be eligible to receive federal approval and federal funds for certain categories of infrastructure projects allowed under the federal "Infrastructure Investment and Jobs Act". The office of the governor (office) must establish a process for receiving, reviewing, and approving applications and awarding and distributing money from the fund and the office, as well as state departments receiving money from the fund, are subject to annual reporting requirements.		
Status	Introduced In House - Assigned to Appropriations		
Position	Pending		

Past Legislation for Updates and/or Reference

<u>HB22-1006, Child Care Center Property Tax Exemption</u>			
H-Spon	K. Van Winkle & D. Roberts	S-Spon	K. Donovan & J. Smallwood
Summary	Under the state constitution, property that is used solely and exclusively for charitable purposes is exempt from property tax, unless otherwise provided by general law. Under this constitutional authority, there is currently an exemption for property used as an integral part of a child care center. Section 2 of the bill modifies this exemption by repealing the requirement that the property must be owned for strictly charitable purposes and not for private gain or corporate profit, and that the property must be irrevocably dedicated to a charitable purpose. These changes allow property that is used by a tenant or subtenant to operate a child care center to be eligible for the exemption, and the bill specifies that in such case, only the operator's use is to be considered for purposes of determining whether the property is eligible for the exemption. Section 3 requires such an operator, or the operator's authorized agent, to sign the exemption application form and to provide the property tax administrator with any requested information related to the exemption. Sections 4 and 5 make conforming amendments.		
Status	House Committee on Appropriations Refer Unamended to House Committee of the Whole		
Position	Support (CCI Priority Bill)		

<u>HB22-1051, Mod Affordable Housing Tax Credit</u>			
H-Spon	H. McKean & S. Bird	S-Spon	R. Zenzinger & D. Hisey
Summary	The Colorado housing and finance authority (CHFA), under the Colorado affordable tax credit program, may allocate income tax credits in an annual aggregate amount of up to \$10 million for the years beginning on January 1, 2020, and ending on December 31, 2024. The bill extends this period to December 31, 2034, and increases the annual aggregate cap for the years beginning on January 1, 2023, and ending on December 31, 2034, to \$15 million.		
Status	House Committee on Finance Refer Amended to Appropriations		
Position	Support		

<u>HB22-1062, Expand Sales & Use Tax Exemption for Food</u>			
H-Spon	H. McKean	S-Spon	D. Hisey
Summary	The bill expands the state sales and use tax exemption for food, which currently exempts most food for domestic home consumption, by also exempting from state sales and use tax most food that is not for domestic home consumption and is instead prepared for on-site consumption at a restaurant, grocery store, or other establishment or to be carried out and consumed without additional cooking or preparation.		
Status	House Committee on Finance Witness Testimony and/or Committee Discussion Only		
Position	Oppose		

<u>HB22-1109, On-demand Air Carrier Aircraft Sales Tax Exemption</u>			
H-Spon	S. Bird & D. Woog	S-Spon	L. Liston & C. Kolker
Summary	<p>For 7 years beginning on January 1, 2023, the bill creates a sales and use tax exemption for the sale, storage, use, or consumption of an aircraft used or purchased for use in interstate or intrastate commerce by an on-demand air carrier. An on-demand air carrier is an entity authorized by the federal aviation administration to operate an aircraft to transport people or property in compliance with the administration's certification and operations requirements.</p> <p>The aeronautics division in the department of transportation is required to provide the state auditor with any available information that would assist the state auditor's measurement of the effectiveness of the exemption.</p> <p>The bill specifies that a statutory town, city, or county may exempt the same items only by express inclusion of the exemption in its initial sales tax ordinance or resolution or by amendment thereto and also that the exemptions do not apply to the tax imposed by a special district or other limited purpose governmental entity.</p>		
Status	House Committee on Finance Refer Unamended to Appropriations		
Position	No Position		

<u>HB22-1117, Use Of Local Lodging Tax Revenue</u>			
H-Spon	M. Catlin & D. Roberts	S-Spon	D. Coram & K. Donovan
Summary	Section 1 of the bill amends the authority of a local marketing district (district) to allow it to use the proceeds of its marketing and promotion tax levied on rooms or accommodations (marketing and promotion tax) for activities related to workforce recruitment, management, and development and for facilitating and enhancing visitor experiences. It also allows a district to make capital expenditures related to these purposes, as well as for business recruitment, management, and development.		

	<p>If a district's allowable uses of the marketing and promotion tax revenue approved by voters prior to January 1, 2022, do not include an additional use, then under section 2 , the district will require subsequent voter approval to use the marketing and promotion tax revenue for that purpose.</p> <p>Counties are currently authorized, with prior voter approval, to levy a county lodging tax for the purpose of advertising and marketing local tourism. Section 3 expands the lodging tax to allow the revenue to also be used for:</p> <ul style="list-style-type: none"> • Economic development; • Workforce recruitment, management, and development; or • Facilitating and enhancing visitor experiences. <p>If a county already has a lodging tax that is limited to advertising and marketing local tourism, then the county must obtain voter approval to begin using the lodging tax revenues for any or all of these additional purposes.</p> <p>Beginning January 1, 2023, section 3 also requires any person or entity collecting the county lodging tax to remit the tax revenue to the department of revenue with the same filing frequency as the person or entity remits and files sales tax, instead of quarterly.</p> <p>As amended in the house, HB 1117:</p> <p>1.) Expands allowable (voter approved) uses to include:</p> <p>a) advertising and marketing local tourism (existing use);</p> <p>b.) housing and child care for tourism-related workforce and other workers in the community; or</p> <p>c.) facilitating and enhancing the visitor experience</p> <p>(Please note that the originally introduced language that would have allowed lodging tax dollars (via CRS 30-11-107.5) to go to ‘economic development’ investments has been removed)</p> <p>Other amendments include requiring counties that CHOOSE to seek voter approval on these expanded uses, to:</p> <p>1.) specify how they plan to use the dollars in their ballot measure and</p> <p>2.) commit at least 10% of the lodging tax revenue for advertising and marketing</p>
Status	Governor Signed
Position	Support (CCI Priority Legislation)

<u>HB22-1223, Mobile Home Property Tax Sales Notice & Exemption</u>			
H-Spon	J. Rich & C. Kipp	S-Spon	D. Coram & J. Ginal
Summary	<p>As amended in committee, the bill creates a property tax exemption for mobile homes and manufactured homes that have an actual value of \$28,000 or less. Section 2 eliminates the requirement that a county treasurer publish a notice in a newspaper of a sale of a mobile home due to property taxes owed if:</p> <ul style="list-style-type: none"> • A distraint warrant has been delivered to the owner of the mobile home or to his or her agent; and • The county treasurer publishes a notice of the sale on the treasurer's website. 		
Status	House Committee on Transportation & Local Government Refer Amended to Appropriations		
Position	Oppose		

<u>HB22-1277, Authorize Credit Unions to Hold Public Money</u>			
H-Spon	P. Neville & K. Mullica	S-Spon	J. Gonzales
Summary	Under current law, public money may be deposited in or invested with banks and savings and loan associations that are protected by the federal deposit insurance corporation. The bill permits the deposit or investment of public money with a credit union that is federally insured by the national credit union administration. Section 1 of the bill authorizes credit unions to make loans to public entities, and section 2 authorizes the state commissioner of financial services to assess each credit union for the cost of monitoring compliance with laws that protect public deposits. Section 4 renames the "Savings and Loan Association Public Deposit Protection Act" the "Credit Union and Savings and Loan Association Public Deposit Protection Act" (deposit protection act), and sections 5 through 13 add references to credit unions throughout the deposit protection act. Section 15 amends the law allowing public entities to use depositories that are federally insured to include credit unions. Sections 3, 14, and 16 through 24 make conforming amendments to statute to authorize public entities or officials to deposit money with federally insured credit unions and to reflect the renaming of the deposit protection act.		
Status	Postponed Indefinitely		
Position	Monitor		

<u>HB22-1296, Residential Real Property Classification</u>			
H-Spon	K. Van Winkle & K. Mullica	S-Spon	K. Priola
Summary	Under current law, facilities that provide long-term nursing, rest, and assisted living services, where residents reside for more than 30 days, are classified as residential properties. However, facilities that provide short-term convalescent care and rehabilitation services, where patrons visit the facility periodically or temporarily reside there for less than 30 days, are valued and classified according to the procedures for nonresidential property. The bill defines a nursing home as a licensed nursing care facility, including a nursing care facility that provides convalescent care and rehabilitation services. The bill specifies that land on which a nursing home is situated and any improvements affixed to that land for the use of the nursing home are classified and assessed as residential real property, regardless of a resident's length of stay.		
Status	Senate Third Reading Passed - No Amendments		
Position	Support		

<u>HB22-1301, Controlled Environment Agricultural Facility as Agricultural Property</u>			
H-Spon	D. Roberts & M. Soper	S-Spon	K. Donovan & C. Simpson
Summary	A "controlled environment agricultural facility" (CEA facility) is a nonresidential structure and related equipment and appurtenances that combines engineering, horticultural science, and computer management techniques to optimize hydroponics, plant quality, and food production efficiency from the land's water for human or livestock consumption. The sole purpose of growing crops in a CEA facility is to obtain a monetary profit from the wholesale of plant-based food for human or livestock consumption. Commencing January 1, 2023, for property tax purposes: <ul style="list-style-type: none"> The definition of "agricultural and livestock products" includes crops grown within a CEA facility in a raw or unprocessed state for human or livestock consumption. For purposes of the bill, "agricultural and livestock products" does not include marijuana or any other nonfood crop agricultural products. 		

	<ul style="list-style-type: none"> The definition of "agricultural equipment" that is used on the farm or ranch or in a CEA facility includes any personal property within a facility, whether attached to a building or not, that is capable of being removed from the facility, and is used in direct connection with the operation of a CEA facility, which facility is used solely for planting, growing, or harvesting crops in a raw or unprocessed state; and Agricultural equipment that is used in any CEA facility is exempt from the levy and collection of property tax. <p>Under the bill, a CEA facility is valued for assessment purposes as all other agricultural property using the cost, market, and income approaches to value. If the sole use of the CEA facility is not the growing of crops for human or livestock consumption, then the property is classified and valued for assessment purposes based on actual use. As part of the personal declaration the owner of a CEA facility signs and returns to the county assessor, the bill requires the owner to include an affidavit executed by the owner in which the owner affirms that the CEA facility meets the requirements for such a facility as specified in the bill. If the crop grown in the CEA facility is hemp, the owner must also include a copy of a license to verify to the assessor that the crop is not marijuana.</p>
Status	Senate Second Reading Special Order - Laid Over Daily - No Amendments
Position	Oppose

<u>SB22-051, Policies to Reduce Emissions from Built Environment</u>			
H-Spon		S-Spon	C. Hansen
Summary	<p>SB 51 contains a series of preferential tax exemptions for specific products and equipment to help promote their purchase and address climate change. The property tax implications of the 'introduced' bill has been removed. The bill was further amended to include a 10 year income tax credit that amounts to 10% of the cost of a heat-pump system or heat pump water heater for both residential and commercial property owners.</p> <p>The income tax credit must be claimed in the year the system is purchased. Additional amendments state that if the credit exceeds the income taxes due, there is no carrying over the credit into future years. The bill also includes details covering situations whereby the purchaser of the system then sells their home to another person and how the credit is assigned to the seller and the purchaser is compensated.</p> <p>SB 51 also exempts heat pump systems and heat pump water heaters from the state's sales tax for both residential and commercial property owners. This includes 'energy storage systems' which would cover the purchase of batteries and batteries paired with on-site generation. SB 51 allows local governments to adoption these exemptions if they so choose.</p> <p>Finally, SB 51 exempts decarbonizing building materials such as asphalt, cement, glass, post-tension steel, reinforcing steel, structural steel and wood structural elements from the state's sales tax.</p>		
Status	House Committee on Energy & Environment Refer Amended to Finance		
Position	No Position		

Adjourn