



Tax & Finance Steering Committee

Thursday, April 7, 2022 | 12:45 PM – 2:15 PM (approx.)

Agenda as of 4/4/2022

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)

Other Business

- Overview of 2022 Proposed Ballot Measures impacting tax revenue & fiscal policy (12:45 PM)
 - Guest Speaker: Cary Kennedy
 - [View Proposed Ballot Measures here](#)

New Legislation for Discussion (2 Bills)

<u>HB22-1296, Residential Real Property Classification</u>			
H-Spon	K. Van Winkle & K. Mullica	S-Spon	K. Priola
Summary	<p>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.</p> <p>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 are classified and assessed as residential real property, regardless of a resident's length of stay.</p>		
Status	Introduced In House - Assigned to Health & Insurance		
Position	Pending		

<u>HB22-1301, Controlled Environmental Agricultural Facility as Agricultural Property</u>			
H-Spon	D. Roberts & M. Soper	S-Spon	
Summary	<p>A controlled environment agricultural facility (CEA facility) is a structure of not less than 1,000 square feet and related equipment and appurtenances that combines engineering, horticultural science, and computer management techniques to optimize hydroponic plant growing, plant quality, and food production efficiency from the land's water for human or livestock consumption. The primary purpose of growing crops in a CEA facility is to obtain a monetary profit from the wholesale of plant-based food for human or animal consumption.</p> <p>Commencing January 1, 2023, for property tax purposes:</p> <ul style="list-style-type: none"> • The definition of agricultural and livestock products includes crops grown within a CEA facility for human or livestock consumption. Agricultural and livestock products does not include marijuana and hemp, or any other nonfood agricultural products. 		

	<ul style="list-style-type: none"> • The definition of agricultural equipment includes any personal property used in connection with the operation of a CEA facility for planting, growing, and harvesting crops; • The definition of agricultural land includes any land underlying or integral to the operation of a CEA facility; • All other agricultural property does not include a CEA facility that has been in production for at least 2 years; 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 based on the net operating income derived from the production and sale of the crops grown within the facility and capitalized at the same rate as irrigated agricultural land. The value so determined must be reduced by 25% to determine the actual value of the CEA facility for property tax purposes.</p> <p>If the primary 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 as other agricultural property.</p>
Status	Introduced In House - Assigned to Transportation & Local Government
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 Public & Behavioral Health & Human Services Refer Unamended to Appropriations		
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	<p>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> <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 		

	<ul style="list-style-type: none"> 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	<p>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.</p>		

	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

SB22-051, Policies to Reduce Emissions from Built Environment

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	Senate Committee on Finance Refer Amended to Appropriations	
Position	No Position	

Adjourn

Reminders

Lunch & Learn on Heat Pumps & ccASHP on Friday April 15

On the recommendation of Ouray County Commissioner Jake Niece, CCI will be hosting a webinar regarding heat pumps and cold climate Air Source Heat Pumps (ccASHP) on Friday, April 15 at Noon (zoom details below).

Heat Pump technology may continue to reappear as we see more bills introduced to tackle Colorado’s Greenhouse Gas emissions target. Commissioner Niece felt that a better understanding from experts would be useful for fellow Commissioners.

- [This 2022 SWEEP Heat Pumps in Colorado Homes Study can provide further background information.](#)
- [This webinar from Tri-State on modern cold climate Air Source Heat Pumps also goes into additional detail.](#)

Commissioner Niece has secured Neil Kolwey and David Petroy of the Southwest Energy Efficiency Project (SWEET) to present at this webinar.

Thank you to Commissioner Niece for bring forward this idea and securing speakers!

For additional information, please contact [Katie First](#)

Join Zoom Meeting

<https://us02web.zoom.us/j/83247955863?pwd=VE5aNE5aTUFWMjRHSSStMnNFnEIwZz09>

Meeting ID: 832 4795 5863

Passcode: 048610