

First Regular Session
Sixty-ninth General Assembly
STATE OF COLORADO

DRAFT
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DRAFT

LLS NO. 13-0742.01 Esther van Mourik x4215

COMMITTEE BILL

Capital Development Committee

SHORT TITLE: "Valuations Of Property Prior To State Purchase"

**CONFIDENTIAL
FOR FISCAL NOTE
PURPOSES ONLY**

A BILL FOR AN ACT

101 **CONCERNING REQUIREMENTS RELATED TO THE VALUATION OF REAL**
102 **PROPERTY PRIOR TO A STATE AGENCY ENTERING INTO**
103 **CONTRACTS RELATED TO SUCH REAL PROPERTY.**

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/billsummaries>.)

*Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.*

Capital Development Committee. The bill makes clarifications to existing law regarding appraisal requirements for contracts to purchase and options to purchase real property.

Specifically, the bill requires a contract to purchase real property to contain an appraisal clause that allows the state to secure an appraisal of the subject real property or interest therein by an appraiser licensed in the state to substantiate the purchase price and that makes the purchase contingent on the approval of the contract by the state controller.

The bill then specifies that when the state department, institution, or agency entering into the contract receives the appraisal and the contract is finalized, the state department, institution, or agency is required to provide a copy of the final purchase contract to the controller for approval.

If a state department, institution, or agency enters into an option to purchase real property, the same appraisal contingency must occur when the state department, institution, or agency chooses to exercise its option to purchase and enters into a contract to purchase such real property or interest therein.

The bill also requires a state department, institution, or agency to obtain a written broker opinion of value on the subject property in order to complete a thorough analysis of the property or interests therein being considered. The bill requires the broker opinion of value to be completed by a broker licensed in the state of Colorado and be forwarded to the controller prior to the controller approving the option to purchase contract.

1 *Be it enacted by the General Assembly of the State of Colorado:*
2 **SECTION 1.** In Colorado Revised Statutes, 24-30-202, **amend**
3 **(5) (b); and add (5) (c) as follows:**
4 **24-30-202. Procedures - vouchers and warrants - rules -**
5 **penalties.** (5) (b) ~~Before any state department, institution, or agency~~
6 ~~enters into any option or agreement to purchase any real property or any~~
7 ~~interest therein that has a total purchase price of more than one hundred~~
8 ~~thousand dollars, such department, institution, or agency shall contract~~
9 ~~with at least one but not more than three independent appraisers for an~~
10 ~~estimate of the value of such property. Such appraiser shall be qualified~~

1 with respect to the subject matter of the appraisal and shall be instructed
2 to determine the fair market value of the real property by using sound,
3 fair, and recognized appraisal practices which are consistent with the laws
4 of Colorado. One copy of each such appraisal shall be attached to the
5 option or contract for said purchase prior to the controller's approving the
6 option or contract. If A STATE DEPARTMENT, INSTITUTION, OR AGENCY
7 ENTERS INTO A CONTRACT TO PURCHASE REAL PROPERTY OR ANY
8 INTEREST THEREIN, THE CONTRACT MUST CONTAIN A CONTINGENCY
9 CLAUSE THAT ALLOWS THE STATE TO SECURE AN APPRAISAL OF THE
10 SUBJECT REAL PROPERTY OR INTEREST THEREIN BY AN APPRAISER
11 LICENSED IN THE STATE OF COLORADO TO SUBSTANTIATE THE PURCHASE
12 PRICE AND THAT MAKES THE CLOSING OF THE PURCHASE CONTINGENT ON
13 THE APPROVAL OF THE APPRAISAL BY THE STATE CONTROLLER. WHEN THE
14 STATE DEPARTMENT, INSTITUTION, OR AGENCY ENTERING INTO THE
15 CONTRACT RECEIVES THE APPRAISAL AND THE CONTRACT IS FINALIZED,
16 THE STATE DEPARTMENT, INSTITUTION, OR AGENCY SHALL PROVIDE A
17 COPY OF THE APPRAISAL TO THE CONTROLLER FOR APPROVAL. This
18 paragraph (b) shall not apply to the acquisition of property by the
19 department of transportation for the construction, maintenance, or
20 supervision of the public highways of this state, nor shall it apply to any
21 additional lease-purchase agreement entered into pursuant to the master
22 lease program authorized by part 7 of article 82 of this title.

23 (c) (I) IF A STATE DEPARTMENT, INSTITUTION, OR AGENCY ENTERS
24 INTO AN OPTION TO PURCHASE REAL PROPERTY OR ANY INTEREST THEREIN,
25 THE APPRAISAL REQUIREMENT DESCRIBED IN PARAGRAPH (b) OF THIS
26 SUBSECTION (2) MUST OCCUR AT THE TIME THE STATE DEPARTMENT,
27 INSTITUTION, OR AGENCY CHOOSES TO EXERCISE ITS OPTION TO PURCHASE

1 AND ENTERS INTO A CONTRACT TO PURCHASE SUCH REAL PROPERTY OR
2 INTEREST THEREIN.

3 (II) PRIOR TO A STATE DEPARTMENT, INSTITUTION, OR AGENCY
4 ENTERING INTO AN OPTION TO PURCHASE REAL PROPERTY OR ANY
5 INTEREST THEREIN, THE STATE DEPARTMENT, INSTITUTION, OR AGENCY
6 SHALL OBTAIN A WRITTEN BROKER OPINION OF VALUE ON THE SUBJECT
7 PROPERTY IN ORDER TO COMPLETE A THOROUGH ANALYSIS OF THE
8 PROPERTY OR INTERESTS THEREIN BEING CONSIDERED. THE OPINION OF
9 VALUE MUST BE COMPLETED BY A BROKER LICENSED IN THE STATE OF
10 COLORADO AND MUST BE FORWARDED TO THE CONTROLLER PRIOR TO THE
11 CONTROLLER APPROVING THE OPTION TO PURCHASE CONTRACT.

12 **SECTION 2. Applicability.** This act applies to all contracts to
13 purchase real property or any interest therein and all options to purchase
14 real property or any interest therein, entered into by a state department,
15 institution, or agency on or after the effective date of this act.

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