DIVISION OF PROPERTY TAXATION

EXEMPTION STATUTES

(REV. 02/15)

Title 39
Article 2
(Portions pertaining to religious exemptions only)

39-2-117. Applications for exemption - review - annual reports - procedures - rules. (1) (a) (I) Every application filed on or after January 1, 1990, claiming initial exemption of real and personal property from general taxation pursuant to the provisions of sections 39-3-106 to 39-3-113.5 and 39-3-116 shall be made on forms prescribed and furnished by the administrator, shall contain such information as specified in paragraph (b) of this subsection (1), and shall be signed by the owner of such property or his or her authorized agent under the penalty of perjury in the second degree and, except as otherwise provided in this paragraph (a), shall be accompanied by a payment of one hundred seventy-five dollars, which shall be credited to the property tax exemption fund created in subsection (8) of this section. The administrator shall examine and review each application submitted, and, if it is determined that the exemption therein claimed is justified and in accordance with the intent of the law, the exemption shall be granted, the same to be effective upon such date in the year of application as the administrator shall determine, but in no event shall the exemption apply to any year prior to the year preceding the year in which application is made. The decision of the administrator shall be issued in writing and a copy thereof furnished to the applicant and to the assessor, treasurer, and board of county commissioners of the county in which the property is located.

(II) On all properties for which an application is pending in the office of the administrator, taxes shall not be due and payable until such determination has been made. Such property shall not be listed for the tax sale, and no delinquent interest will be charged on any portion of the exemption that is denied.

(III) No later than June 1 of each year, the administrator shall provide to the assessor, treasurer, and board of county commissioners of each county a list of all applications for property tax exemption currently pending in the office of the administrator.

(b) (I) Any users of real and personal property for which exemption from general taxation is requested pursuant to any of the provisions of sections 39-3-107 to 39-3-113.5 may be required to provide such information as the property tax administrator determines to be necessary.

(II) Except as otherwise provided in this subparagraph (II), any application filed pursuant to paragraph (a) of this subsection (1) claiming exemption from taxation pursuant to section 39-3-106 or 39-3-106.5 shall contain the following information: The legal description and address of the real property or the address of the personal property being claimed as exempt; the name and address of the owner of such property; the name and telephone number of the agent of such property; the date the owner acquired such property; the date the owner commenced using the property for religious purposes; a complete list of all uses of the property other than by the owner thereof during the previous twelve months; the total amount of gross income specified in section 39-3-106.5 (1) (b) (I) and the total amount of gross rental income resulting to the owner of such property during the previous twelve months from uses for purposes other than the purposes specified in sections 39-3-106 to 39-3-113.5; and the total number of hours during the previous twelve months that such property was used for purposes other than the purposes specified in sections 39-3-106 to 39-3-113.5. For purposes of this subparagraph (II), if the owner did not own the property being claimed as exempt during the entire twelve-month period prior to filing such application, the application shall contain the required information for that portion of the twelve-month period for which such property was owned by the owner making application. Such application shall also include a declaration that sets forth the religious mission and religious purposes of the owner of the property being claimed as exempt and the uses of such property that are in the furtherance of such mission and purposes. Such declaration shall be presumptive as to the religious purposes for which such property is used. If the administrator is unable to determine whether the property qualifies for exemption based solely on the information specified in this subparagraph (II), the administrator may require additional information, but only to the extent that the additional information is necessary to determine the exemption status of the property. The administrator may

challenge any declaration included in the application only upon the grounds that the religious mission and purposes are not religious beliefs sincerely held by the owner of such property, that the property being claimed as exempt is not actually used for the purposes set forth in such application, or that the property being claimed as exempt is used for private gain or corporate profit.

(III) Any application filed pursuant to paragraph (a) of this subsection (1) claiming exemption from taxation pursuant to section 39-3-116 shall contain such information specified in subparagraphs (I) and (II) of this paragraph (b) as is applicable for the purposes for which such property is used.

(2) No assessor shall classify any real or personal property as being exempt from taxation pursuant to the provisions of sections 39-3-106 to 39-3-113.5 or 39-3-116 in any year unless the application for exemption for the current year has been reviewed and has been granted as provided for by law, nor shall any assessor classify any real or personal property as being taxable after having been notified in writing that such property has been determined to be exempt from taxation by the property tax administrator.

(3)(a)(I) On and after January 1, 1990, and no later than April 15 of each year, every owner of real or personal property for which exemption from general taxation has previously been granted shall file a report with the administrator upon forms furnished by the division, containing such information relative to the exempt property as specified in paragraph (b) of this subsection (3), and signed under the penalty of perjury in the second degree. Each such annual report shall be accompanied by a payment of seventy-five dollars, which shall be credited to the property tax exemption fund created in subsection (8) of this section. Each such annual report filed later than April 15, but prior to July 1, shall be accompanied by a late filing fee of two hundred fifty dollars; except that the administrator shall have the authority to waive all or a portion of the late filing fee for good cause shown as determined by the administrator by rules adopted pursuant to subsection (7) of this section. On and after January 1, 1990, every owner of real or personal property for which exemption from general taxation has previously been granted pursuant to the provisions of section 39-3-111 and that is used for any purpose other than the purposes specified in sections 39-3-106 to 39-3-113.5 for less than two hundred eight hours during the calendar year or if the use of the property for such purposes results in annual gross rental income to such owner of less than twenty-five thousand dollars shall not be required to file any annual report pursuant to the provisions of this subsection (3). In order to claim such exemption, in lieu of such annual report, the owner shall annually file with the administrator a declaration stating that the property is used for such purposes for less than two hundred eight hours during the calendar year or such use results in annual gross rental income to the owner of less than twenty-five thousand dollars.

(II) In the event an annual report is not received by June 1 from an owner of real or personal property for which an exemption was granted for the previous year pursuant to the provisions of sections 39-3-107 to 39-3-113.5 or 39-3-116, the administrator shall give notice in writing to such property owner by June 15 that failure to comply by July 1 shall operate as a forfeiture of any right to claim exemption of previously exempt property from general taxation for the current year. Failure to timely file such annual report on or before July 1 shall operate as a forfeiture of any right to claim exemption of such property from general taxation for the year in which such failure occurs, unless an application is timely filed and an exemption granted pursuant to the provisions of paragraph (a) of subsection (1) of this section. The administrator shall review each report filed to determine if such property continues to qualify for exemption, and, if it is determined that the property does not so qualify, the owner of such property shall be notified in writing of the disqualification, and the assessor, treasurer, and board of county commissioners of the county in which the property is located shall also be so notified.

(III) In the event an annual report is not received by June 1 from an owner of real or personal property for which an exemption was granted for the previous year pursuant to the provisions of section 39-3-106 or 39-3-106.5, the administrator shall give notice in writing to such property owner by June 15 that failure to file a delinquent report during a twelve-month period commencing the following July 1 shall operate as the forfeiture of any right to claim exemption of previously exempt property from general taxation for the year in which such notice is given. Upon the filing of the delinquent annual report, a late filing fee of two hundred fifty dollars shall be paid, which shall be credited to the property tax exemption fund created in subsection (8) of this section; except that the administrator shall have the authority to waive all or a portion of the late filing fee for good cause shown as determined by the administrator by rules adopted pursuant to paragraph (b) of subsection (7) of this section. Failure to file the delinquent annual report within the twelve-month period shall result in the forfeiture of any right to claim exemption of such property from general taxation for the year in which such failure to file the annual

report first occurred. The administrator shall review each report filed to determine if the property continues to qualify for exemption, and, if it is determined that the property does not so qualify, the owner of the property shall be notified in writing of the disqualification, and the assessor, treasurer, and board of county commissioners of the county in which the property is located shall also be so notified.

(b) (I) Any user of property which has been exempted pursuant to the provisions of sections 39-3-107 to 39-3-113.5 may be required to provide such information as the property tax administrator determines to be necessary in order to ascertain whether the users and usages of the property are in compliance with the provisions of said sections.

(II) (A) Except as otherwise provided in sub-subparagraph (B) of this subparagraph (II), any annual report filed pursuant to paragraph (a) of this subsection (3) claiming exemption from taxation pursuant to section 39-3-106 or 39-3-106.5 shall contain the following information: The legal description or address of the property being claimed as exempt; the name and address of the owner of such property; a complete list of all uses of such property other than by the owner thereof during the previous calendar year; the amount of total gross income specified in section 39-3-106.5 (1) (b) (I) and the total amount of gross rental income resulting from uses of such property that are not for the purposes set forth in sections 39-3-106 to 39-3-113.5; and the total number of hours that such property was used for purposes other than the purposes specified in sections 39-3-106 to 39-3-113.5. Such annual report shall also include a declaration of the religious mission and purposes of the owner of such property claimed as being exempt and the uses of such property that are in the furtherance of such mission and purposes. Such declaration shall be presumptive as to the religious mission and religious purposes of the owner of such property. If the administrator is unable to determine whether the property continues to qualify for exemption based solely on the information specified in this subparagraph (II), the administrator may require additional information, but only to the extent that the additional information is necessary to determine the exemption status of the property. The administrator may challenge any declaration included in such annual report only upon the grounds that the religious mission and purposes are not religious beliefs sincerely held by the owner of such property, that such property is not actually used for the purposes set forth in the annual report, or that the property being claimed as exempt is used for private gain or corporate profit.

(B) For the purposes of sub-subparagraph (A) of this subparagraph (II), if the owner of property being claimed as exempt did not own such property during the entire previous calendar year, the annual report filed by such owner shall contain the information required in sub-subparagraph (A) of this subparagraph (II) for that portion of the previous calendar year during which such property was owned by such owner.

(III) Any annual report filed pursuant to paragraph (a) of this subsection (3) claiming exemption from taxation pursuant to section 39-3-116 shall contain such information specified in subparagraphs (I) and (II) of this paragraph (b) as is applicable for the purposes for which such property is used.

(4) If, subsequent to the time that exemption of any property was initially granted or annually renewed, as provided in subsections (1) and (3) of this section, it is determined that such exemption was granted or renewed as the result of false or misleading information contained in the initial application, the annual report, or any false information provided by owners or users of such property, then the property tax administrator shall revoke the exemption, and taxes shall be assessed against such property for the year or years affected by such false or misleading information, and all delinquent interest provided by law shall apply to such taxes.

(5) (a) (I) If the administrator tentatively determines that the property does not so qualify, except for the disqualification for failure to file an annual report required in subsection (3) of this section, he shall notify, by certified mail, the owner of such property of his tentative determination. The administrator shall also notify the owner of the owner's right to a public hearing, as provided for in subparagraph (II) of this paragraph (a).

(II) Within thirty days after the issuance of a tentative determination, the owner may request a public hearing regarding the determination. Upon the making of such a request, the administrator or his designees shall provide said owner with a public hearing at which said owner and any users of the property other than the owner, if their use is relevant to the determination of whether the property is exempt, shall be heard if they so desire. Such hearing shall be held no later than ninety days following the issuance of the tentative determination.

(III) Upon the conclusion of such hearing, the administrator shall provide the owner and any users sixty days within which to comply, so as to retain the exemption. If the owner fails to comply within sixty days, the administrator shall notify the owner in writing that the property has been disqualified.

(IV) The owner may waive his right to a public hearing by filing with the administrator a written statement that said right is waived. Upon receipt of such waiver, the administrator shall issue a final determination, in writing, which notifies the owner that the property does not qualify for exemption.

(V) If the owner does not request a public hearing, as provided for in subparagraph (II) of this paragraph (a), or does not file a waiver of his right to a public hearing, as provided for in subparagraph (IV) of this paragraph (a), the administrator shall provide the owner sixty days from the issuance of the tentative determination to file any additional information relevant to the determination of whether the property is exempt. At the conclusion of such sixty-day period, the administrator shall issue a final determination, in writing, which notifies the owner whether the property qualifies for exemption.

(b) An appeal from any decision of the administrator may be taken by the board of county commissioners of the county wherein such property is located, or by any owner of taxable property in such county, or by the owner of the property for which exemption is claimed if exemption has been denied or revoked in full or in part. Any such appeal shall be taken to the board of assessment appeals pursuant to the provisions of section 39-2-125 no later than thirty days following the decision of the administrator.

(6) If the decision of the board is against the petitioner, the petitioner may petition the court of appeals for judicial review thereof according to the Colorado appellate rules and the provisions of section 24-4-106 (11), C.R.S. If the decision of the board is against the respondent, the respondent, upon the recommendation of the board that it is a matter of statewide concern, may petition the court of appeals for judicial review according to the Colorado appellate rules and the provisions of section 24-4-106 (11), C.R.S.

(7) The administrator shall adopt rules to implement the provisions of this section pursuant to the provisions of article 4 of title 24, C.R.S., including any rules necessary to specify what shall qualify as "good cause shown" for purposes of waiving all or a portion of the late filing fees specified in subparagraphs (I) and (III) of paragraph (a) of subsection (3) of this section.

(8) All fees collected pursuant to this section shall be transmitted to the state treasurer who shall credit such revenues to the property tax exemption fund, which fund is hereby created in the state treasury. The moneys in the fund shall be subject to annual appropriation by the general assembly for the direct and indirect costs of the administration of this article.

Title 39
Article 3
(Portions pertaining to religious exemptions only)

39-3-106. Property - religious purposes - exemption - legislative declaration. (1) Property, real and personal, which is owned and used solely and exclusively for religious purposes and not for private gain or corporate profit shall be exempt from the levy and collection of property tax.

(2) In order to guide members of the public and public officials alike in the making of their day-to-day decisions, to provide for a consistent application of the laws, and to assist in the avoidance of litigation, the general assembly hereby finds and declares that religious worship has different meanings to different religious organizations; that the constitutional guarantees regarding establishment of religion and the free exercise of religion prevent public officials from inquiring as to whether particular activities of religious organizations constitute religious worship; that many activities of religious organizations are in the furtherance of the religious purposes of such organizations; that such religious activities are an integral part of the religious worship of religious organizations; and that activities of religious organizations which are in furtherance of their religious purposes constitute religious worship for purposes of section 5 of article X of the Colorado constitution. This legislative finding and declaration shall be entitled to great weight in any and every court.

(3) For the purpose of claiming an exemption pursuant to this section, property that is owned and used by a charitable trust that is exempt from taxation under section 501 (c) (3) of the federal "Internal Revenue Code of 1986", as amended, shall be treated the same as property that is owned and used by any other type of nonprofit organization.

39-3-106.5. Tax-exempt property - incidental use - exemption - limitations.(1) If any property, real or personal, which is otherwise exempt from the levy and collection of property tax pursuant to the provisions of section 39-3-106, is used for any purpose other than the purposes specified in sections 39-3-106 to 39-3-113.5, such property shall be exempt from the levy and collection of property tax if:

(a) The property is used for such purposes for less than two hundred eight hours, adjusted for partial usage if necessary on the basis of the relationship that the amount of time and space used for such other purpose bears to the total available time and space, during the calendar year; or

(b) The use of the property for such purposes results in either:

(I) Less than ten thousand dollars of gross income to the owner of such property which is derived from any unrelated trade or business, as determined pursuant to the provisions of sections 511 to 513 of the federal "Internal Revenue Code of 1986", as amended; or

(II) Less than ten thousand dollars of gross rental income to the owner of such property.

(1.5) Notwithstanding the provisions of subsection (1) of this section, for property tax years commencing on or after January 1, 1994, if any property, real or personal, which is otherwise exempt from the levy and collection of property tax pursuant to the provisions of section 39-3-106, is used for any purpose other than the purposes specified in sections 39-3-106 to 39-3-113.5, such property shall be exempt from the levy and collection of property tax if:

(a) The property is used for such purposes for less than two hundred eight hours, adjusted for partial usage if necessary on the basis of the relationship that the amount of time and space used for such other purpose bears to the total available time and space, during the calendar year; or

(b) The use of the property for such purposes results in:

(I) Less than ten thousand dollars of gross income to the owner of such property which is derived from any unrelated trade or business, as determined pursuant to the provisions of sections 511 to 513 of the federal "Internal Revenue Code of 1986", as amended; and

(II) Less than ten thousand dollars of gross rental income to the owner of such property.

39-3-116. Combination use of property - charitable, religious, and educational purposes - exemption - limitations. (1) Except as otherwise provided in this section, property, real and personal, which is owned and used by the owner thereof or by any other person or organization solely and exclusively for any combination of the purposes specified in sections 39-3-106 to 39-3-113.5, subject to the limitations and requirements in said sections, including but not limited to the requirement that property not be owned or used for private or corporate gain or profit, shall be exempt from the levy and collection of property tax. No requirement shall be imposed that use of property which is otherwise exempt pursuant to any of said sections shall benefit the people of Colorado in order to qualify for said exemption. Property which is otherwise exempt pursuant to the provisions of this section shall be subject to the provisions of section 39-3-129 relating to the proportional valuation of exempt property if such property is partially leased, loaned, or otherwise made available for a portion of any calendar year to any business conducted for profit.

(2) In the event that such property is used by any person or organization other than the owner:

(a) The use of the property by the owner, if any, must qualify pursuant to the provisions of this section or pursuant to any of the provisions of sections 39-3-106 to 39-3-113.5, and, in addition, the owner must qualify for an exemption pursuant to the provisions of section 39-2-117;

(b) The use of the property by the person or organization other than the owner is a use described in the provisions of this section or in any of the provisions of sections 39-3-106 to 39-3-113.5 or such person or organization is otherwise exempt from the payment of property taxes; and

(c) The amount received by the owner for the use of such property specified in sections 39-3-107 to 39-3-113.5, other than from any shareholder or member of the owner or from any person or organization controlled by an organization which also controls such shareholder or member, shall not exceed one dollar per year plus an equitable portion of the reasonable expenses incurred in the operation and maintenance of the property so used. For purposes of this paragraph (c), reasonable expenses include interest expenses, depreciation, long-term maintenance expenses allowed in accordance with generally accepted accounting principles, capital expenses dedicated to refurbishing the property, and expenses incurred to allow the property to conserve energy, water, or other natural resources, but do not include any amount expended to reduce debt.

(3) Any exemption claimed pursuant to the provisions of this section shall comply with the provisions of section 39-2-117.

39-3-127.5. Qualifying business entities - participation in federal tax credit transactions - exemption - requirements definitions. (1) As used in this section, unless the context otherwise requires

(a) "Qualified business entity" means a limited partnership or a limited liability company:

(I)That is formed for the purpose of obtaining federal tax credits and that does obtain such credits; and

(II) The general partner or managing member of which is an entity that would qualify for property tax exemption under sections 39-3-106 to 39-3-113.5.

(2) For property tax years beginning on or after January 1, 2014, real and personal property is exempt from the levy and collection of property tax if:

(a) The property tax is owed by a qualified business entity; and

(b) The property is used for the purposes described in sections 39-3-106 to 39-3-113.5 and 39-3-116.

(3) In addition to any other requirement specified in this section, any exemption claimed pursuant to the provisions of this section must also comply with section 39-2-117.

39-3-129. Proportional valuation - exempt property. (1) Except as otherwise provided in subsection (2) of this section, whenever any real property that was previously taxable becomes legally exempt from the levy and collection of property tax or any real property that was previously legally exempt from the levy and collection of property tax becomes taxable, the valuation for assessment of the real property shall be a proportion of the valuation for assessment of the real property for the entire taxable year based upon the ratio of the portion of the taxable year in which the property is taxable to the entire taxable year. In the event the real property is partially leased, loaned, or otherwise made available to and used by a business conducted for profit, the determination as to what portion of the real property is so utilized shall be made by the administrator on the basis of the facts existing on the annual assessment date for the real property. The administrator shall have the authority to determine the actual value of the nonexempt portion of the property in relation to the actual value of the entire property by using the ratio of the square foot area of the property utilized by the business conducted for profit to the total square foot area of the property. Where shown to be more appropriate, in order to determine the relationship between the actual value of the nonexempt portion of the property and the actual value of the total property, the administrator may employ the ratio of the portion as measured in hours of any calendar year in which the property is leased, loaned, or otherwise made available to and used by any business conducted for profit to the entire calendar year.

(2) The provisions of subsection (1) of this section shall not be applicable to household furnishings.

39-9-109. Power of state board - waiver of deadline. (5) Acting by majority vote and when the state board of equalization determines that the interests of justice and equity would be served, the board may authorize the waiver of the July 1 filing deadline described in section 39-2-117 (3) (a) for any annual report required to be filed

pursuant to section 39-2-117 if the report is not filed by the filing deadline or if the report is filed by the filing deadline but is incomplete or otherwise incorrect when filed. When authorizing a waiver, the state board may determine a deadline for filing the report, after which the waiver is invalid. The deadline for filing the report must not be sooner than thirty days after the date that the state board authorizes the waiver.

(6) Notwithstanding the provisions of section 39-2-117 (1)(a), acting by majority vote, the state board of equalization may authorize the property tax administrator to make an exemption effective for not more than the time allowed pursuant to section 39-10-101 (2)(b)(II) when the property has been added back to the tax roll as omitted property and would otherwise have met all criteria for exemption during that time.