



Vote NO on House Bill 1036 “Vacancy Taxes”

HB26-1036 authorizes local governments to impose new taxes on residential properties deemed vacant, based on locally defined criteria. It also allows the creation of local or multi-jurisdictional housing authorities with independent authority to levy additional vacancy taxes.

While intended to address housing concerns, the bill raises serious issues related to property rights, constitutional uniformity, housing development, and real estate transactions.

Penalizes lawful use of private property

HB26-1036 allows property owners to be taxed not based on property value but based on whether a home is occupied. Homes may be vacant for many legitimate reasons, including family use, repairs, lease transitions, or market conditions. Treating those circumstances as a trigger for higher taxes shifts property taxation from neutral valuation to punishment for lawful ownership decisions.

Conflicts with Colorado’s requirement for uniform property taxation

The Colorado Constitution requires property taxes to be uniform within a taxing jurisdiction. HB26-1036 creates a separate tax category for vacant residential property, however defined locally. As a result, two identical homes on the same block could face different tax burdens simply based on occupancy, creating unequal treatment based on use rather than value and exposing local governments to legal risk.

Use-based excise taxes still function as penalties on ownership

Although the bill authorizes excise taxes, those taxes are triggered by the condition of owning a vacant home, not by an activity. Excise taxes are traditionally tied to actions, not passive ownership. Reframing a vacancy penalty as an excise tax does not change its practical effect.

Undermines value-based taxation

Colorado’s property tax system is built on taxing property based on value. HB26-1036 moves away from that foundation by tying taxes to behavior, specifically whether a home is occupied. This weakens predictability and fairness in the tax code.

Discourages housing development and conversion

The bill creates uncertainty that may deter housing investment. Developers converting vacant commercial properties to housing, constructing new residential units, or investing in workforce housing could face vacancy taxes during normal construction and lease-up periods, slowing housing production.

Creates overlapping and unclear tax exposure

HB26-1036 allows multiple entities, including municipalities, counties, and potentially new Local Housing Authorities, to impose vacancy taxes. Nothing in the bill prevents layering of taxes, making it difficult for homeowners and developers to understand their total tax exposure.

Disrupts real estate transactions and home financing

Because property taxes are based on prior classifications, a buyer could purchase a home that was previously taxed as vacant and inherit a higher tax burden. This uncertainty complicates disclosures, affects mortgage underwriting, increases monthly costs, and can make homes harder to finance or afford.

Oppose HB26-1036 - it creates constitutional, practical, and market-based risks that outweigh its intended goals.

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