

## INTRODUCTION

Real and personal property is taxable in Colorado unless specifically exempted by law.

Real property includes land, buildings, and fixtures that are physically incorporated into a building or affixed to land (HVAC, lighting, plumbing, etc.). Real property also includes possessory interests, which are private property interests or the right to the occupancy and use of an otherwise tax-exempt property.

Personal property includes machinery, equipment, furniture and other articles related to the business of a commercial or industrial operation. A more detailed discussion of personal property is found on the reverse side of this brochure.

## ACTUAL VALUE

The county assessor determines the actual value of commercial and industrial real and personal property by considering the three approaches to value: the market approach, the cost approach, and the income approach.

With the market approach, the actual value of the subject property is based on an analysis of arm's-length sales of similar properties.

Using the cost approach, the actual value of the subject property is based on an estimate of the cost to replace the property with a substitute that is equivalent in function and utility. Accumulated depreciation is subtracted from the replacement cost new to arrive at the conclusion of value.

With the income approach, the annual net income of the subject property is capitalized to account for a typical investor's financial return on the investment.

## ASSESSED VALUE

The assessment rate for commercial and industrial real and personal property is 29%. Multiplying the actual value of the property by the appropriate assessment rate results in the property's assessed value.

<i>Actual Value</i>		\$275,000
<i>Assessment Rate</i>	x	<u>.29</u>
<i>Assessed Value</i>		\$ 79,750

## TAX RATE

Each year county commissioners, city councils, school boards, and special district boards (known as "taxing entities") determine the revenue needed and allowed under the law to provide services the following year.

Each entity calculates a tax rate based on the revenue needed from property tax and the total assessed value of real and personal property located within the entity's boundaries.

<i>Revenue from Property Tax</i>	\$1,398,000	=	.013980
<i>Total Assessed Value</i>	\$1,000,000,000		or 13.980 Mills

All of the tax rates of the entities that provide services in your tax area are added together to form the total tax rate.

<i>County Tax Rate</i>	.013980
<i>City Tax Rate</i>	.008752
<i>School District Tax Rate</i>	.052116
<i>Water and Sanitation Tax Rate</i>	<u>.000693</u>
<i>Total Tax Rate</i>	.075541

The taxing entities publish public budget hearing dates in the local newspaper. The public hearings are usually scheduled in September or October. By attending budget hearings, taxpayers may participate in the budget process and become informed about the quality and cost of services provided in their area.

## CALCULATION OF PROPERTY TAXES

<i>Actual Value</i>		\$ 275,000.00
<i>Assessment Rate</i>	x	<u>.29</u>
<i>Assessed Value</i>		\$ 79,750
<i>Assessed Value</i>		\$ 79,750.00
<i>Tax Rate</i>	x	<u>.075541</u>
<i>Taxes Due</i>		\$ 6,024.39

## NOTICE OF VALUATION

Real Property Notices of Valuation are mailed by May 1 of each year. Personal Property Notices of Valuation are mailed by June 15 each year. The Notices of Valuation list the location, classification, and value of the property for both the prior and current years.

## PROTEST AND APPEAL RIGHTS

If you disagree with the actual value or classification placed on your property, you may present oral or written objections to the assessor. Protests for real property must be postmarked or delivered to the assessor on or before June 1. Personal property protests must be postmarked or delivered to the assessor by June 30.

The assessor must make a decision on your protest and mail a Notice of Determination to you by the last regular working day in June for real property and by July 10 for personal property. Any county may elect to extend the Notice of Determination mailing date from the last regular working day in June to the last regular working day in August.

If you are dissatisfied with the assessor's decision, you may appeal to the county board of equalization by July 15 for real property and by July 20 for personal property. The county board of equalization conducts hearings through August 5. If the county has opted for the extended appeal period, you must appeal to the county board of equalization by September 15. Under this option, the county board of equalization conducts hearings through November 1. The board must notify you in writing within five business days of the date of its decision.

If you are dissatisfied with the county board of equalization's decision, you may file appeal to an arbitrator, district court or the Board of Assessment Appeals within 30 days of the date of the decision.

## PROPERTY TAX BILL

Property tax bills, reflecting the taxes due for the preceding year, are mailed as soon after January 1 as possible.

Tax amounts greater than \$25 may be paid in one payment by April 30 or in two EQUAL payments. The first half payment is due by the last day of February. The second half payment is due by June 15. If the tax amount is \$25 or less, payment in full is due on April 30.

## PROPERTY TAX INCENTIVES

The Colorado Urban and Rural Enterprise Zone Act, Section 20 of article X of the Colorado Constitution, and §§ 22-32-110(1)(ff) and (1)(gg), 30-11-123(1)(b) and (2), and 31-15-903(1)(b), C.R.S. enable local governments, at their discretion, to provide property tax credits or incentive payments based on the amount of increased property taxes for qualifying new business activity in their jurisdictions. Additional information on these programs and other business incentives is available from the Colorado Office of Economic Development and International Trade at:

[www.state.co.us/oed/business-development/incentives.cfm](http://www.state.co.us/oed/business-development/incentives.cfm)

## ADDITIONAL INFORMATION

The **Colorado Business Resource Guide** is available from the Colorado Office of Economic Development and International Trade at:

[www.state.co.us/oed/business-resource-guide/index.cfm](http://www.state.co.us/oed/business-resource-guide/index.cfm)

## **PERSONAL PROPERTY**

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Personal property is taxable for the entire year regardless of any destruction, conveyance, relocation, or change in taxable status.

## **DECLARATION SCHEDULE**

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If the total depreciated actual value of all personal property owned is greater than \$4,000 (per county), the property owner must file an annual declaration schedule with the county assessor. All personal property, including equipment not otherwise exempt by law, must be listed on the declaration schedule.

Declaration schedules and any attachments thereto are confidential. Only the property owner and certain government officials have access to the declaration schedules. Any person who uses the declaration schedules in the performance of official duties is subject to the confidentiality provisions and may be held accountable for divulging any information contained on the declaration schedule.

Declaration schedules are mailed to known owners of personal property as soon after January 1 as possible. If you own taxable personal property and have not received a declaration schedule by early February, contact the county assessor's office.

Completed declaration schedules must be received by the county assessor on or before **April 15**.

The filing deadline may be extended if, not later than April 15, the assessor receives a written request for an extension accompanied by the appropriate fee. The fee for a 10-day extension is \$20. The fee for a 20-day extension is \$40.

**The late filing penalty is \$50 or 15 percent of the taxes due**, whichever is less. If the owner of taxable personal property fails to file a schedule, the assessor may determine a valuation based upon the best information available (BIA) and may add an additional penalty of up to 25 percent of the assessed value of the undeclared property.

## **PERSONAL PROPERTY EXEMPTIONS**

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### **\$4,000 Exemption**

Personal property under common ownership with a combined total actual value less than or equal to \$4,000 per county is exempt.

### **Personal Property Rentals**

Personal property typically rented for 30 days or less is exempt.

### **Inventories Held for Consumption or for Sale**

Inventories of merchandise, materials and supplies that are held for consumption by any business or are held primarily for sale are exempt. For personal property to be considered "consumable," it must have an economic life of one year or less, or if the economic life exceeds one year, it must have an acquisition cost of \$250 or less. The \$250 threshold applies to the acquisition cost of the property as completely assembled, not the unassembled, individual component parts. The cost must include installation costs, sales taxes and freight expenses.

### **Self-Propelled Equipment, Motor Vehicles, and Other Mobile Equipment**

Motor vehicles, wheeled trailers, semi-trailers, trailer coaches, and mobile and self-propelled construction equipment are not taxed as personal property. A graduated specific ownership tax is levied on equipment and vehicles in this category.

### **Property Dedicated to Religious Worship and Charitable Purposes**

Personal property used for religious worship and charitable purposes may be exempt. Owners of property that may qualify for exemption under this category must file an application for exemption with Property Tax Administrator.

### **Private Property**

The following categories of personal property are exempt from property taxation:

- Household furnishings not used to produce income
- Personal effects not used to produce income
- Livestock, livestock products
- Agricultural equipment and products
- Intangible personal property (trademarks, patents, copyrights, stocks, bonds, and computer software).

### **Public Property**

Personal property owned by the United States, State of Colorado, counties, cities, towns, and other political subdivisions of the state is exempt.

# **PROPERTY VALUATION AND TAXATION FOR BUSINESS AND INDUSTRY IN COLORADO**



### **Prepared by:**

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*This brochure was created to provide a general explanation of the property taxation process for commercial and industrial properties located in Colorado. For additional information, please visit our website at [www.dola.colorado.gov/dpt](http://www.dola.colorado.gov/dpt).*