A BILL FOR AN ACT

CONCERNING A REDUCTION IN THE PERSONAL PROPERTY TAXES PAID

BY A BUSINESS.

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://leg.colorado.gov.)

Under current law, if a business has less than $7,300 of personal property that would be listed on a single personal property schedule, then the personal property is exempt from the property tax and the business is not required to submit a schedule to the county assessor. With respect to this exemption, the bill reduces the amount of personal property tax that businesses pay by:
Increasing the exemption that applies per schedule from $7,300 to $50,000, adjusted for inflation in the future, which increase will allow more businesses to avoid filing personal property tax schedules; and

Allowing businesses whose personal property value exceeds the total exemption amount to claim the exemption.

For public utilities that are assessed statewide, the property tax administrator currently considers all of a public utility's tangible property within the state as a factor in determining the value of the public utility as a unit. The bill modifies the valuation process by:

Exempting the first $50,000 or an inflation-adjusted amount of personal property from the property tax and excluding it from the administrator's consideration for valuation purposes; and

Excluding the exempt personal property from the public utility's statement of property that it files with the administrator.

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Be it enacted by the General Assembly of the State of Colorado:

SECTION 1. Legislative declaration. The general assembly hereby declares that the intended purpose of the tax exemption created in this act is to reduce the business personal property taxes that businesses pay in this state and to eliminate the regulatory burden of preparing business personal property tax schedules for small businesses.

SECTION 2. In Colorado Revised Statutes, 39-3-119.5, amend (2)(b); and add (3) and (4) as follows:

39-3-119.5. Personal property - exemption - definitions. (2) (b) (I) Beginning with FOR the property tax year YEARS commencing on January 1, 2015, AND JANUARY 1, 2016, the amount of the exemption created in subsection (1) of this section shall be adjusted biennially to account for inflation since the amount of the exemption last changed pursuant to this subsection (2). On or before November 1, 2014, and each even-numbered year thereafter, the administrator shall calculate the
amount of the exemption for the next two-year cycle using inflation for
the prior two calendar years as of the date of the calculation. The adjusted
exemption shall be rounded upward to the nearest one hundred dollar
increment. The administrator shall certify the amount of the exemption
for the next two-year cycle and publish the amount on the website
maintained by the division of property taxation in the department of local
affairs.

(II) As used in subparagraph (I) of this paragraph (b), "inflation"
means the annual percentage change in the United States department of
labor, bureau of labor statistics, consumer price index for
Denver-Boulder-Greeley, all items, all urban consumers, or its successor
index.

(3) (a) For property tax years commencing on and after
January 1, 2017, the first fifty thousand dollars or an
inflation-adjusted amount of personal property not otherwise
exempt from property tax is exempt from the levy and collection
of property tax if the personal property would otherwise be
listed on a single personal property schedule.

(b) Beginning with the property tax year commencing on
January 1, 2019, the amount of the exemption created in
subsection (3)(a) of this section is adjusted biennially to account
for inflation. The administrator shall comply with the
requirements of subsection (2)(b) of this section in making this
adjustment.

(c) A taxpayer is not required to include any property
that is exempt from taxation under this section on a personal
property schedule.
(4) As used in this section, "inflation" means the annual percentage change in the United States Department of Labor, Bureau of Labor Statistics, Consumer Price Index for Denver-Boulder-Greeley, all items, all urban consumers, or its successor index.

SECTION 3. In Colorado Revised Statutes, 39-4-102, amend (1)(a) and (2); and add (3)(e) as follows:

39-4-102. Valuation of public utilities. (1) The administrator shall determine the actual value of the operating property and plant of each public utility as a unit, giving consideration to the following factors and assigning such weight to each of such factors as in the administrator's judgment will secure a just value of such public utility as a unit:

(a) The tangible property comprising its plant, whether the same is situated within this state or both within and without this state, exclusive of any tangible property situated without this state which is not directly connected with the business in which such public utility is engaged within this state AND EXCLUSIVE OF ANY PROPERTY THAT IS EXEMPT UNDER SUBSECTION (3)(e) OF THIS SECTION;

(2) If, in the judgment of the administrator, the books and records of any public utility accurately reflect its taxABLE tangible property; its intangibles; and its earnings within this state during the most recent five-year period, the administrator may determine from such books and records the actual value of its property and plant within this state and need not determine the entire value of its property and plant both within and without this state.

(3)(e) For property tax years commencing on and after January 1, 2017, the first fifty thousand dollars or an
INFLATION-ADJUSTED AMOUNT OF PERSONAL PROPERTY OWNED BY A PUBLIC UTILITY THAT IS LOCATED IN THE STATE IS EXEMPT FROM THE LEVY AND COLLECTION OF PROPERTY TAX. BEGINNING WITH THE PROPERTY TAX YEAR COMMENCING ON JANUARY 1, 2019, THE AMOUNT OF THE EXEMPTION IS ADJUSTED BIENNIALY TO ACCOUNT FOR INFLATION. THE AMOUNT OF THE EXEMPTION IS EQUAL TO THE AMOUNT CALCULATED BY THE ADMINISTRATOR IN ACCORDANCE WITH SECTION 39-3-119.5.

SECTION 4. In Colorado Revised Statutes, 39-4-103, amend (1)(b) as follows:

39-4-103. Schedules of property - confidential records - late filing penalties. (1) (b) Such statement shall include a specific identification of each and every item of property owned, leased, or used which is not included in the rendition of the operating property and plant and the county in which each item is located; EXCEPT THAT THE PUBLIC UTILITY IS NOT REQUIRED TO INCLUDE ANY PROPERTY THAT IS EXEMPT FROM TAXATION UNDER SECTION 39-4-102 (3)(e).

SECTION 5. Act subject to petition - effective date. This act takes effect at 12:01 a.m. on the day following the expiration of the ninety-day period after final adjournment of the general assembly (August 9, 2017, if adjournment sine die is on May 10, 2017); except that, if a referendum petition is filed pursuant to section 1 (3) of article V of the state constitution against this act or an item, section, or part of this act within such period, then the act, item, section, or part will not take effect unless approved by the people at the general election to be held in November 2018 and, in such case, will take effect on the date of the official declaration of the vote thereon by the governor.