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

Real Property
The county assessor determines the actual value of commercial and industrial real 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.

Personal Property
The county assessor determines the actual value (value in use) of taxable commercial and industrial personal property by considering the three approaches to value: However, statute also requires that if a taxpayer has timely and properly filed a personal property declaration schedule, including costs of acquisition, installation, sales/use tax, and freight to the point of use, the cost approach shall establish the maximum value and the market or income approaches can only be used to establish value if they produce a lower value than the cost approach as required by § 39-1-103(13), C.R.S.

Using the cost approach, the actual value of the subject property is based on an estimate of the cost to reproduce or replace the property. Accumulated depreciation is subtracted from the reproduction/replacement cost new to arrive at the conclusion of value.

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.

Actual Value		$275,000
Assessment Rate	x	0.29
Assessed Value		$ 79,750

TAX RATE

Each year county commissioners, city councils, school boards, governing boards of special districts, and other taxing authorities determine the revenue needed and allowed under the law to provide services the following year.

Each taxing authority calculates a tax rate based on the revenue needed from property tax and the total assessed value of real and personal property located within their boundaries. The tax rate is often expressed as a mill levy.

Revenue from Property Tax / *Total Assessed Value* $\frac{\$1{,}398{,}000}{\$1{,}000{,}000{,}000} = 0.013980$ or 13.980 Mills

All of the tax rates of the taxing authorities that provide services in your tax area are added together to form the total tax rate. For example:

County Tax Rate	0.013980
City Tax Rate	0.008752
School District Tax Rate	0.052116
Water and Sanitation Tax Rate	0.000693
Total Tax Rate	0.075541

These authorities 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

Actual Value		$ 275,000.00
Assessment Rate	x	0.29
Assessed Value		$ 79,750.00
Assessed Value		$ 79,750.00
Tax Rate	x	0.075541
Taxes Due		$ 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 conducts hearings through August 5*. If the county has opted for the extended appeal period, you must appeal to the county board by September 15*. Under this option, the county board conducts hearings through November 1*. The county board must notify you in writing within five business days of the date of its decision.

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

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 allows 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 http://www.advancecolorado.com.

ADDITIONAL INFORMATION

The **Colorado Business Resource Guide** is available from the Colorado Office of Economic Development and International Trade at www.coloradosbdc.org/resources/resource-book.

PERSONAL PROPERTY

With the exception of works of art on public display, personal property is taxable for the entire year regardless of any destruction, conveyance, relocation, or change in taxable status.

DECLARATION SCHEDULE

If the total depreciated actual value of all personal property owned exceeds $7,300 (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 or any attachments thereto.

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 postmarked 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

$7,300 Exemption
For tax years 2015 and 2016, personal property under common ownership with a combined total actual value of $7,300 or less per county is exempt.

Personal Property Rentals
Personal property typically rented for 30-days or less is considered to be inventory and is exempt under the Colorado Constitution. Personal property situated in a residential unit that is rented for 30-days or less does not quality for this same exemption.

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 original installed cost of $350 or less. The $350 applies to the cost of the personal property as completely assembled, not the unassembled, individual component parts. The cost must include installation costs, sales/use 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.

* Due to weekends and holidays, statutory dates are not necessarily the dates to be used by taxpayers and counties. Please contact your county assessor for more information on adjusted dates.

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PROPERTY VALUATION AND TAXATION FOR BUSINESS AND INDUSTRY IN COLORADO

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 colorado.gov/dola/property-taxation.