

**First Regular Session  
Seventy-first General Assembly  
STATE OF COLORADO**

**INTRODUCED**

LLS NO. 17-0498.01 Ed DeCecco x4216

**HOUSE BILL 17-1063**

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**HOUSE SPONSORSHIP**

**Leonard**, Becker J., Buck, Carver, Covarrubias, Everett, Humphrey, Landgraf, Lawrence, Lewis, Lundeen, McKean, Neville P., Nordberg, Rankin, Ransom, Saine, Sias, Van Winkle, Williams D., Wilson, Wist

**SENATE SPONSORSHIP**

**Neville T. and Crowder**,

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**House Committees**

State, Veterans, & Military Affairs  
Finance

**Senate Committees**

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**A BILL FOR AN ACT**

101 **CONCERNING A REDUCTION IN THE PERSONAL PROPERTY TAXES PAID**  
102 **BY A BUSINESS.**

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**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:

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.  
*Capital letters indicate new material to be added to existing statute.*  
*Dashes through the words indicate deletions from existing statute.*

- ! 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.

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

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

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

9           **39-3-119.5. Personal property - exemption - definitions.**  
 10 (2) (b) (I) ~~Beginning with~~ FOR the property tax year YEARS commencing  
 11 on January 1, 2015, AND JANUARY 1, 2016, the amount of the exemption  
 12 created in subsection (1) of this section shall be adjusted ~~biennially~~ to  
 13 account for inflation since the amount of the exemption last changed  
 14 pursuant to this subsection (2). On or before November 1, 2014, and each  
 15 even-numbered year thereafter, the administrator shall calculate the

1 amount of the exemption for the next two-year cycle using inflation for  
2 the prior two calendar years as of the date of the calculation. The adjusted  
3 exemption shall be rounded upward to the nearest one hundred dollar  
4 increment. The administrator shall certify the amount of the exemption  
5 for the next two-year cycle and publish the amount on the website  
6 maintained by the division of property taxation in the department of local  
7 affairs.

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

13 (3) (a) FOR PROPERTY TAX YEARS COMMENCING ON AND AFTER  
14 JANUARY 1, 2017, THE FIRST FIFTY THOUSAND DOLLARS OR AN  
15 INFLATION-ADJUSTED AMOUNT OF PERSONAL PROPERTY NOT OTHERWISE  
16 EXEMPT FROM PROPERTY TAX IS EXEMPT FROM THE LEVY AND COLLECTION  
17 OF PROPERTY TAX IF THE PERSONAL PROPERTY WOULD OTHERWISE BE  
18 LISTED ON A SINGLE PERSONAL PROPERTY SCHEDULE.

19 (b) BEGINNING WITH THE PROPERTY TAX YEAR COMMENCING ON  
20 JANUARY 1, 2019, THE AMOUNT OF THE EXEMPTION CREATED IN  
21 SUBSECTION (3)(a) OF THIS SECTION IS ADJUSTED BIENNIALY TO ACCOUNT  
22 FOR INFLATION. THE ADMINISTRATOR SHALL COMPLY WITH THE  
23 REQUIREMENTS OF SUBSECTION (2)(b) OF THIS SECTION IN MAKING THIS  
24 ADJUSTMENT.

25 (c) A TAXPAYER IS NOT REQUIRED TO INCLUDE ANY PROPERTY  
26 THAT IS EXEMPT FROM TAXATION UNDER THIS SECTION ON A PERSONAL  
27 PROPERTY SCHEDULE.

1 (4) AS USED IN THIS SECTION, "INFLATION" MEANS THE ANNUAL  
2 PERCENTAGE CHANGE IN THE UNITED STATES DEPARTMENT OF LABOR,  
3 BUREAU OF LABOR STATISTICS, CONSUMER PRICE INDEX FOR  
4 DENVER-BOULDER-GREELEY, ALL ITEMS, ALL URBAN CONSUMERS, OR ITS  
5 SUCCESSOR INDEX.

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

8 **39-4-102. Valuation of public utilities.** (1) The administrator  
9 shall determine the actual value of the operating property and plant of  
10 each public utility as a unit, giving consideration to the following factors  
11 and assigning such weight to each of such factors as in the administrator's  
12 judgment will secure a just value of such public utility as a unit:

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

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

26 (3) (e) FOR PROPERTY TAX YEARS COMMENCING ON AND AFTER  
27 JANUARY 1, 2017, THE FIRST FIFTY THOUSAND DOLLARS OR AN

1 INFLATION-ADJUSTED AMOUNT OF PERSONAL PROPERTY OWNED BY A  
2 PUBLIC UTILITY THAT IS LOCATED IN THE STATE IS EXEMPT FROM THE LEVY  
3 AND COLLECTION OF PROPERTY TAX. BEGINNING WITH THE PROPERTY TAX  
4 YEAR COMMENCING ON JANUARY 1, 2019, THE AMOUNT OF THE  
5 EXEMPTION IS ADJUSTED BIENNIALLY TO ACCOUNT FOR INFLATION. THE  
6 AMOUNT OF THE EXEMPTION IS EQUAL TO THE AMOUNT CALCULATED BY  
7 THE ADMINISTRATOR IN ACCORDANCE WITH SECTION 39-3-119.5.

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

10 **39-4-103. Schedules of property - confidential records - late**  
11 **filing penalties.** (1) (b) Such statement shall include a specific  
12 identification of each and every item of property owned, leased, or used  
13 which is not included in the rendition of the operating property and plant  
14 and the county in which each item is located; EXCEPT THAT THE PUBLIC  
15 UTILITY IS NOT REQUIRED TO INCLUDE ANY PROPERTY THAT IS EXEMPT  
16 FROM TAXATION UNDER SECTION 39-4-102 (3)(e).

17 **SECTION 5. Act subject to petition - effective date.** This act  
18 takes effect at 12:01 a.m. on the day following the expiration of the  
19 ninety-day period after final adjournment of the general assembly (August  
20 9, 2017, if adjournment sine die is on May 10, 2017); except that, if a  
21 referendum petition is filed pursuant to section 1 (3) of article V of the  
22 state constitution against this act or an item, section, or part of this act  
23 within such period, then the act, item, section, or part will not take effect  
24 unless approved by the people at the general election to be held in  
25 November 2018 and, in such case, will take effect on the date of the  
26 official declaration of the vote thereon by the governor.