A BILL FOR AN ACT

CONCERNING THE REDUCTION OF BUSINESS PERSONAL PROPERTY TAXES.

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.)

There is currently an exemption from property tax for business personal property that would otherwise be listed on a single personal property schedule that is equal to $7,400 for the current property tax year cycle. The bill raises the exemption to $50,000 commencing in tax year 2018, and continues to adjust it for inflation for subsequent property tax cycles, so that businesses with personal property under $50,000, or the
inflation adjusted amount, would not have to file the business personal property tax forms nor pay the corresponding tax.

The bill also raises the value of business personal property that qualifies for an exemption for consumable property from $350, which is the value set by the property tax administrator, to $500.

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

SECTION 1. In Colorado Revised Statutes, 39-3-119.5, amend (2)(a) introductory portion, (2)(a)(III), (2)(a)(IV), and (2)(b); and add (2)(a)(V) as follows:

39-3-119.5. Personal property - exemption - definitions. (2) (a) The exemption created in subsection (1) of this section shall be up to and including the following amounts:

(III) Five thousand five hundred dollars for property tax years commencing on January 1, 2011, and January 1, 2012; and

(IV) Seven thousand dollars for property tax years commencing on January 1, 2013, and January 1, 2014; AND

(V) FIFTY THOUSAND DOLLARS FOR THE PROPERTY TAX YEAR COMMENCING ON JANUARY 1, 2018.

(b) (I) Beginning with the property tax year commencing on January 1, 2015, BUT EXCEPT AS SET FORTH IN SUBSECTION (2)(b)(I.5) OF THIS SECTION, 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 EXCLUDING NOVEMBER 1, 2018, 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) THIS SUBSECTION (2)(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, DENVER-AURORA-LAKEWOOD FOR all items AND all urban consumers, or its successor index.

SECTION 2. In Colorado Revised Statutes, amend 39-3-119 as follows:

39-3-119. Inventories - materials and supplies - held for consumption or primarily for sale - exemption - definition.

(1) Inventories of merchandise and materials and supplies that are held
for consumption by any business or are held primarily for sale shall be exempt from the levy and collection of property tax. **CONSISTENT WITH SUBSECTION (2) OF THIS SECTION,** the property tax administrator shall publish in the manuals, appraisal procedures, and instructions prepared and published pursuant to section 39-2-109 (1)(e) a definition or description of the types of personal property that are "held for consumption by any business" and therefore exempt from the levy and collection of property tax pursuant to this section.

(2) **FOR PROPERTY TAX YEARS COMMENCING ON OR AFTER JANUARY 1, 2018,** ANY PERSONAL PROPERTY THAT HAS AN ORIGINAL INSTALLED COST OF FIVE HUNDRED DOLLARS OR LESS IS EXEMPT FROM TAXATION. FOR PURPOSES OF THIS SUBSECTION (2), THE "INSTALLED COST" INCLUDES THE ACQUISITION COST, INSTALLATION COST, SALES OR USE TAX, AND FREIGHT EXPENSE TO THE POINT OF USE.

**SECTION 3. 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 8, 2018, if adjournment sine die is on May 9, 2018); 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.