



## Legislative Council Staff

Nonpartisan Services for Colorado's Legislature

# Fiscal Note

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<b>Drafting Number:</b>	LLS 21-0398	<b>Date:</b>	March 2, 2021
<b>Prime Sponsors:</b>	Sen. Holbert Rep. Van Winkle	<b>Bill Status:</b>	Senate SVMA
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**Bill Topic:** LOCAL AUTH FOR BUSINESS PERSONAL PROPERTY TAX EXEMPTION

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**Summary of Fiscal Impact:**

<input type="checkbox"/> State Revenue	<input type="checkbox"/> TABOR Refund
<input type="checkbox"/> State Expenditure	<input checked="" type="checkbox"/> Local Government ( <i>conditional</i> )
<input type="checkbox"/> State Transfer	<input type="checkbox"/> Statutory Public Entity

The bill states that local governments may exempt business personal property from property taxes in the 2021 tax year. If local governments decide to do so, local government revenue will decrease and expenditures will increase on a one-time basis.

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**Appropriation Summary:** No appropriation is required.

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**Fiscal Note Status:** This fiscal note reflects the introduced bill.

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## Summary of Legislation

The bill states that counties, municipalities, and special districts may exempt business personal property from the property taxes they levy for the 2021 tax year, and includes a legislative declaration encouraging them to do so.

## Background and Assumptions

Property taxes may apply to personal property in addition to real property. Business personal property means moveable items owned by a business, including for example machinery, computers, and furniture. Real property includes land, structures, and other improvements.

The Colorado Constitution's TABOR Amendment empowers local governments to "enact cumulative uniform exemptions and credits to reduce or end business personal property taxes." The bill is assumed not to grant authority beyond what is already included in the constitution.

## **Local Government**

The bill has no direct impact on local government revenue or spending. If a county, municipality, or special district decides to exempt business personal property from taxation as a result of the bill, then that government's revenue will decrease accordingly. Conditional on adoption of an exemption by a county, municipality, or special district, expenditures for county assessors' offices will increase in order to administer the exemption.

## **Effective Date**

The bill takes effect upon signature of the Governor, or upon becoming law without his signature.

## **State and Local Government Contacts**

Counties	County Assessors	Information Technology
Local Affairs	Property Tax Division	Special Districts