



Legislative Council Staff
Nonpartisan Services for Colorado's Legislature

Memorandum

November 13, 2024

TO: Interested Persons
FROM: David Hansen, Principal Economist
SUBJECT: Business Personal Property Tax

This memorandum provides background information on Colorado's business personal property tax. Personal property includes machinery, equipment, and other goods used to operate a business that are not part of a building or structure and its fixtures.¹ For the purposes of this memo, business personal property encompasses generally nonresidential (income producing), private personal property that is not used in a religious or nonprofit, charitable organization.

While tax on business personal property is often discussed as a separate tax, including in this memorandum, it is part of the broad-based property tax imposed by many local governments in Colorado. Business personal property is subject to property tax in taxing districts that have not enacted an exemption. Residential personal property is exempt from taxation throughout Colorado, as are business inventories, livestock, agricultural products, and agricultural equipment.²

Classes of Taxable Business Personal Property

In total, personal property comprised about 10 percent of the taxable assessed value of property in the state in 2023. As shown in Figure 1, the largest class of personal property in Colorado is state-assessed personal property. For the 2023 property tax year, state-assessed personal property comprised about 39 percent of the assessed value of personal property in Colorado. Other significant contributors to the personal property tax base are commercial (29 percent), oil and gas (16 percent), and industrial (15 percent). Personal property for natural resources and producing mines each comprised about 1 percent of assessed value. A brief description of each class of personal property is included below.

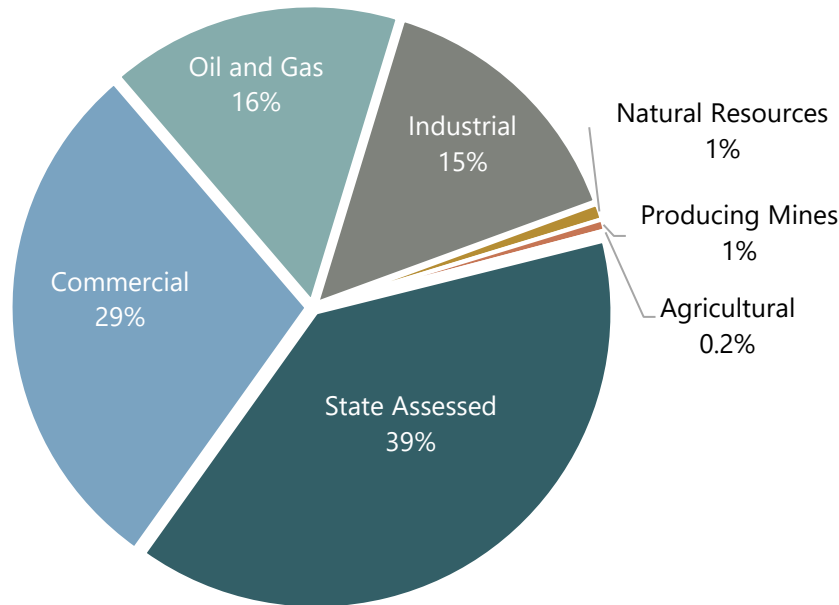
¹ Section 39-1-102 (11), C.R.S.

² Colo. Const. art. X, § 3 (1)(c).

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Figure 1
Assessed Value of Taxable Personal Property by Class, 2023



Source: Colorado Department of Local Affairs, Division of Property Taxation.

Agricultural

Although many types of locally-assessed agricultural personal property are exempt from property tax, agricultural personal property not specifically exempted is still subject to property tax. This includes personal property used in agribusinesses like a nursery, and marijuana and nonfood agricultural products that are grown in a controlled environment facility.³ Agricultural personal property makes up a small portion of overall agricultural assessed value in the state, only about 2.6% in 2023.

Commercial

Personal property used in locally-assessed commercial business operations includes property used for lodging, merchandising, offices, gaming, and storage. Taxable personal property in commercial operations includes residential personal property used to produce income. In 2023,

³ Section 39-1-102 (1.1)(b), C.R.S. Colorado Division of Property Taxation, Assessors' Reference Library Vol. 5: Personal Property Manual, revised January 2023, pg. 2.16.



commercial personal property made up about 10.6 percent of overall commercial assessed value in the state.

Industrial

Personal property used in locally-assessed industrial business operations includes machinery and equipment used for manufacturing, refining, milling, or other types of processing. Personal property makes up a significant share of industrial's assessed value in the state, about 43 percent in 2023.

Natural Resources and Mining

Personal property used in locally-assessed natural resources or mining operations includes property used to mine coal, stone, molybdenum, precious metals, or oil shale through surface retort methods. In 2023, about 44.5 percent of the assessed value of natural resource businesses was for personal property, and about 28.2 percent of the value of producing mines.

Oil and Gas

Personal property used in locally-assessed oil and natural gas operations includes pipeline systems, drill rigs, pumps, storage tanks, wellhead equipment, controls, and metering devices. Most of the assessed value of oil and gas in Colorado is for the value of extracted oil and gas, and only about 12.6 percent is for personal property related to operations. This is partly due to the much higher assessment rates applied to the value of extracted oil and gas.

State Assessed

Several types of business personal property are assessed at the state level by the Division of Property Taxation rather than at the local level by county assessors. This includes public utilities, rail transportation companies, pipeline companies, and airline companies.⁴ State assessed personal property includes utility-scale renewable energy property. The vast majority of state-assessed property is personal property, nearly 91 percent in 2023.

⁴ Section 39-4-101, C.R.S. Colorado Division of Property Taxation, Assessors' Reference Library Vol. 2: Administration, Chapter 11. <https://arl.colorado.gov/chapter-11-state-assessed-property>



Table 1
Assessed Value by Property Class, 2023
\$ in Millions

Property Class	Personal Property	Total Real & Personal	Percent Personal
Agricultural	\$39.7	\$1,534.0	2.6%
Commercial	\$5,375.7	\$50,591.0	10.6%
Industrial	\$2,741.0	\$6,363.8	43.1%
Natural Resources	\$161.5	\$357.5	45.2%
Oil and Gas	\$2,981.6	\$23,705.2	12.6%
Producing Mines	\$113.5	\$402.0	28.2%
State Assessed	\$7,223.2	\$7,965.0	90.7%
Residential	\$0.0	\$89,060.9	0.0%
Vacant	\$0.0	\$6,693.4	0.0%
Total	\$18,636.2	\$186,672.9	10.0%

Source: Colorado Department of Local Affairs, Division of Property Taxation.

Exempt Personal Property

In general, all property in Colorado is subject to taxation unless specifically exempted in the Colorado Constitution. However, the TABOR amendment includes a specific constitutional authorization for the state government and individual local governments to enact exemptions or credits that reduce business personal property taxes.⁵ Because of this authorization, exemptions and credits may be enacted in state or local law. Although applicable to all types of personal property, business personal property is generally exempt if it is considered consumable, has a total value below certain thresholds, is a part of a business's inventory, is an agricultural product or equipment, or is intangible. Motor vehicles and equipment are subject to specific ownership tax that is imposed in place of property tax. A more detailed explanation of these exemptions is included below.

⁵ Colo. Const. art. X, § 20 (8)(b).



Consumable Personal Property

In Colorado, personal property is considered consumable if it has an economic life of less than a year or has an installed cost of \$350 or less.⁶

Small Business Personal Property

If a business's personal property is below a certain threshold, the business is not required to file a personal property declaration and is exempt from personal property tax. Beginning with property tax year 2021, Colorado increased its existing exemption for small business personal property from \$7,900 to \$50,000, and stipulated that this amount would be adjusted by the rate of inflation for every 2-year reassessment cycle. The current exemption applies to taxpayers owning \$52,000 or less of business personal property on a per county basis.⁷

Inventory and Property Not Placed in Use

Business personal property that is held primarily for sale, is held as a component or replacement part, or is a raw material used in manufacturing is generally exempt.⁸ A related exemption allows business personal property to be exempt until first used in the business's operation.⁹

Agricultural Products, Livestock, and Equipment

Agricultural products in a raw or unprocessed state such as grains, eggs, milk, fruit, or are grown in a controlled facility (for property tax years 2023 to 2027) are exempt personal property. The controlled facility exemption excludes marijuana and other nonfood agricultural products.¹⁰ Additionally, equipment used on a farm or ranch to plant, grow, harvest, raise, or breed livestock is exempt personal property.¹¹

⁶ Section 39-3-119, C.R.S. Colorado Division of Property Taxation, Assessors' Reference Library Vol. 5: Personal Property Manual, revised January 2023, pg. 7.39.

⁷ Section 39-3-119.5, C.R.S. Colorado Division of Property Taxation, Assessors' Reference Library Vol. 5: Personal Property Manual, revised January 2023, pg. 2.14.

⁸ Section 39-3-119, C.R.S. Colorado Division of Property Taxation, Assessors' Reference Library Vol. 5: Personal Property Manual, revised January 2023, pg. 2.17.

⁹ Section 39-3-118.5, C.R.S. Colorado Division of Property Taxation, Assessors' Reference Library Vol. 5: Personal Property Manual, revised January 2023, pg. 2.20.

¹⁰ Section 39-1-102 (1.1)(b) C.R.S.

¹¹ Section 39-3-120, 39-3-121, and 39-3-122 C.R.S. Colorado Division of Property Taxation, Assessor's Reference Library Vol. 5: Personal Property Manual, revised January 2023, pg. 2.15-2.16



Intangible Personal Property

Intangible personal property such as stocks, bonds, copyrights, franchises, patents, and trademarks are exempt from personal property tax. Intangible personal property also includes software, except for software that is an integral part of the hardware.¹²

Motor Vehicles

Vehicles and mobile equipment are subject to specific ownership tax which is imposed in place of property tax.¹³

Filing

Each year, taxpayers who own taxable personal property must report all personal property owned by, in the possession of, or under the control of the taxpayer on January 1. Property begins to be taxed after it is newly acquired and first put into use. Taxpayers with less than \$52,000 in total personal property per county are not required to file a personal property declaration schedule with the county assessor.¹⁴ All other taxpayers are required to complete and return a declaration schedule to the county assessor no later than April 15 each year. The declaration schedule describes and lists the taxpayers' taxable personal property including whether the property is new or used, the year it was acquired, its original installed cost, market and income data if available, apportionment data, and proration data.¹⁵

Valuation and Assessment

County assessors use taxpayer declaration schedules, other discovery methods, and appraisal procedures to determine the actual value of personal property in use each year. Taxable personal property is valued based on its value as of the applicable June 30 appraisal date established for real property. Once actual value of the property is determined, assessed value is calculated based on the current assessment rate for personal property, or 27.9 percent for the 2024 property tax year as established by Senate Bill 24-233.¹⁶ The assessment rate for personal

¹² Section 39-3-118. C.R.S. Colorado Division of Property Taxation, Assessors' Reference Library Vol. 5: Personal Property Manual, revised January 2023, pg. 2.17 & 7.35-7.37.

¹³ Colo. Const. art. X, § 6.

¹⁴ Colorado Division of Property Taxation, Assessors' Reference Library Vol. 5: Personal Property Manual, revised January 2023, pg. 2.14.

¹⁵ Colorado Division of Property Taxation, Assessors' Reference Library Vol. 5: Personal Property Manual, revised January 2023, pg. 1.7.

¹⁶ <https://leg.colorado.gov/bills/sb24-233>



property was further modified in August 2024 by House Bill 24B-1001.¹⁷ The rate is scheduled to decrease to 27 percent for the 2025 property tax year, 26 percent for the 2026 property tax year, and 25 percent for property tax year 2027 and future years. Each year, a notice of valuation is mailed to taxpayers by June 15.¹⁸

Personal Property Tax Reimbursements

House Bill 21-1312 expanded the personal property exemption threshold from \$7,900 to \$50,000, adjusted every reassessment cycle by inflation, and created an annual reimbursement program for property tax revenues lost by local government entities under the bill.¹⁹ The reimbursement amount is calculated each year by the Division of Property Taxation from a baseline exemption amount that was established by assessor reporting for the 2021 property tax year, adjusted by a growth factor determined by the total statewide percentage increase or decrease in personal property values. In FY 2023-24, the exemption threshold was \$52,000 and reimbursements totaled about \$16.4 million.

Business Personal Property Tax by County

More than 70 percent of the business personal property in the state is concentrated in 10 urban and suburban Front Range counties where a large share of the state's commercial and industrial properties is located. Weld County, with its high concentration of oil and gas operations and utility-scale wind energy operations, has the most personal property in the state. In the counties with the largest amounts of personal property, personal property comprises between 6.6 percent and nearly 29 percent of the assessed value base, as shown in Table 2.

¹⁷ <https://leg.colorado.gov/bills/hb24b-1001>

¹⁸ Section 39-5-121 (1.5)(a) C.R.S.

¹⁹ Section 39-3-119.5 (3) C.R.S. Colorado Division of Property Taxation, Assessors' Reference Library Vol. 5: Personal Property Manual, revised January 2023, pg. 1.2.



Table 2
Counties with Highest Assessed Value
of Personal Property, 2023
\$ in Millions

	County	Personal Property Value	Share of Assessed Value
1	Weld	\$3,900.3	15.8%
2	Denver	\$1,806.1	6.7%
3	Adams	\$1,563.9	12.0%
4	Arapahoe	\$1,087.2	6.7%
5	Jefferson	\$1,047.6	7.6%
6	El Paso	\$916.1	7.2%
7	Boulder	\$785.4	6.8%
8	Garfield	\$687.0	17.1%
9	Pueblo	\$671.3	28.6%
10	Douglas	\$665.7	6.6%

Source: Colorado Department of Local Affairs, Division of Property Taxation.

The property tax base in many counties is heavily reliant on personal property. This includes several counties in the Eastern Plains that have large concentrations of state-assessed renewable energy property. Additionally, counties with significant oil and gas operations also have large shares of personal property that comprise their tax base. The highest share of personal property was in Baca County at more than 59 percent of assessed value, followed by Moffat County at 51.6 percent, as shown in Table 3. A full list of assessed value of personal property by county is included in Appendix A.



Table 3
Counties with Highest Share
of Personal Property Assessed Value, 2023
\$ in Millions

	County	Share of Assessed Value	Personal Property Value
1	Baca	59.5%	\$67.9
2	Moffat	51.4%	\$212.6
3	Sedgwick	48.1%	\$28.0
4	Washington	47.0%	\$84.0
5	Dolores	45.5%	\$50.3
6	Lincoln	45.5%	\$82.4
7	Rio Blanco	44.5%	\$451.7
8	Bent	44.2%	\$45.1
9	Otero	43.5%	\$76.1
10	Logan	43.3%	\$164.5

Source: Colorado Department of Local Affairs, Division of Property Taxation.

Fiscal Impact

In 2023, personal property generated an estimated \$1.5 billion in property tax revenue for schools, counties, cities and towns, and special districts in the state. Estimates are based on weighted average mill levies by county for school districts and local governmental entities. Actual revenue impacts will vary depending on the location of personal property in the county and the applicable tax jurisdictions. For instance, revenue impacts may be greater than estimated in urban counties where personal property is concentrated in city and town jurisdictions with higher mill levies than the countywide average. Revenue impacts could be lower than estimated in rural counties where state-assessed personal property is located in remote areas with lower mill levies. Actual revenue impacts will also be influenced by local exemptions that are not factored into the analysis.

The estimated tax revenue from personal property in school districts was \$723.3 million in 2023. Of this amount, an estimated \$403.9 million was generated through school total program mill levies. Personal property for non-school taxing jurisdictions generated an estimated \$771.3 million. Estimates of property tax revenue by county are included in Appendix B.



Appendix A Assessed Value by County, 2023

\$ in Millions

County	Personal Property	Total Property	Share
Adams	\$1,563.9	\$13,073.4	12.0%
Alamosa	\$46.2	\$209.5	22.1%
Arapahoe	\$1,087.2	\$16,167.0	6.7%
Archuleta	\$23.9	\$598.9	4.0%
Baca	\$67.9	\$114.2	59.5%
Bent	\$45.1	\$102.0	44.2%
Boulder	\$785.4	\$11,554.5	6.8%
Broomfield	\$214.1	\$2,667.3	8.0%
Chaffee	\$53.4	\$859.5	6.2%
Cheyenne	\$59.7	\$151.7	39.4%
Clear Creek	\$60.8	\$327.7	18.6%
Conejos	\$15.6	\$84.9	18.3%
Costilla	\$15.0	\$153.7	9.7%
Crowley	\$18.7	\$60.2	31.0%
Custer	\$6.6	\$153.8	4.3%
Delta	\$55.7	\$431.5	12.9%
Denver	\$1,806.1	\$26,819.1	6.7%
Dolores	\$50.3	\$110.4	45.5%
Douglas	\$665.7	\$10,110.7	6.6%
Eagle	\$196.4	\$5,162.1	3.8%
El Paso	\$916.1	\$12,738.3	7.2%
Elbert	\$110.9	\$631.8	17.6%
Fremont	\$98.2	\$600.2	16.4%
Garfield	\$687.0	\$4,009.6	17.1%
Gilpin	\$56.0	\$542.4	10.3%
Grand	\$75.4	\$1,415.5	5.3%



**Appendix A (Cont.)
Assessed Value by County, 2023**

\$ in Millions

County	Personal Property	Total Property	Share
Gunnison	\$57.6	\$1,155.4	5.0%
Hinsdale	\$0.8	\$58.3	1.4%
Huerfano	\$49.4	\$156.5	31.6%
Jackson	\$15.1	\$95.5	15.8%
Jefferson	\$1,047.6	\$13,746.7	7.6%
Kiowa	\$6.1	\$39.6	15.5%
Kit Carson	\$84.2	\$214.8	39.2%
La Plata	\$288.4	\$2,242.2	12.9%
Lake	\$62.0	\$365.6	17.0%
Larimer	\$648.8	\$9,173.1	7.1%
Las Animas	\$170.8	\$499.9	34.2%
Lincoln	\$82.4	\$181.2	45.5%
Logan	\$164.5	\$379.8	43.3%
Mesa	\$344.1	\$2,785.8	12.4%
Mineral	\$7.5	\$54.5	13.7%
Moffat	\$212.6	\$413.3	51.4%
Montezuma	\$133.4	\$720.9	18.5%
Montrose	\$91.5	\$841.4	10.9%
Morgan	\$301.3	\$724.0	41.6%
Otero	\$76.1	\$174.9	43.5%
Ouray	\$10.7	\$306.1	3.5%
Park	\$30.9	\$847.0	3.7%
Phillips	\$11.0	\$101.2	10.9%
Pitkin	\$89.5	\$5,669.2	1.6%
Prowers	\$56.8	\$150.6	37.7%



Appendix A (Cont.)
Assessed Value by County, 2023

\$ in Millions

County	Personal Property	Total Property	Share
Pueblo	\$671.3	\$2,347.5	28.6%
Rio Blanco	\$451.7	\$1,015.5	44.5%
Rio Grande	\$39.2	\$235.3	16.6%
Routt	\$176.6	\$2,075.1	8.5%
Saguache	\$19.2	\$115.3	16.7%
San Juan	\$2.2	\$74.1	3.0%
San Miguel	\$42.8	\$1,258.2	3.4%
Sedgwick	\$28.0	\$58.3	48.1%
Summit	\$153.8	\$3,475.4	4.4%
Teller	\$96.6	\$856.3	11.3%
Washington	\$84.0	\$178.8	47.0%
Weld	\$3,900.3	\$24,685.2	15.8%
Yuma	\$136.5	\$350.7	38.9%
Total	\$18,626.9	\$186,672.9	10.0%

Source: Colorado Department of Local Affairs, Division of Property Taxation.



Appendix B
Estimated Property Tax Revenue by District Type and County, 2023

\$ in Millions

County	County District	School Districts	Other Districts	Total All Districts
Adams	\$42.0	\$90.0	\$49.2	\$181.2
Alamosa	\$1.2	\$1.6	\$0.7	\$3.4
Arapahoe	\$15.4	\$58.9	\$30.5	\$104.9
Archuleta	\$0.4	\$0.6	\$0.4	\$1.5
Baca	\$2.2	\$2.2	\$1.1	\$5.5
Bent	\$1.4	\$1.1	\$0.6	\$3.1
Boulder	\$16.7	\$39.5	\$16.0	\$72.2
Broomfield	\$3.7	\$11.6	\$9.0	\$24.3
Chaffee	\$0.4	\$1.6	\$0.6	\$2.5
Cheyenne	\$0.8	\$1.3	\$1.1	\$3.3
Clear Creek	\$2.1	\$1.8	\$0.7	\$4.6
Conejos	\$0.4	\$0.5	\$0.2	\$1.2
Costilla	\$0.3	\$0.5	\$0.2	\$1.1
Crowley	\$0.8	\$0.5	\$0.1	\$1.3
Custer	\$0.1	\$0.2	\$0.1	\$0.4
Delta	\$0.8	\$1.6	\$1.0	\$3.5
Denver	\$43.8	\$91.6	\$12.0	\$147.4
Dolores	\$1.6	\$1.5	\$0.6	\$3.6
Douglas	\$13.2	\$30.6	\$25.1	\$68.9
Eagle	\$1.6	\$4.7	\$5.1	\$11.5
El Paso	\$6.6	\$39.2	\$17.4	\$63.2
Elbert	\$2.8	\$3.5	\$2.9	\$9.2
Fremont	\$1.2	\$3.7	\$2.4	\$7.2
Garfield	\$9.0	\$15.1	\$15.9	\$40.0



Appendix B (Cont.)
Estimated Property Tax Revenue by District Type and County, 2023

\$ in Millions

County	County District	School Districts	Other Districts	Total All Districts
Gilpin	\$0.5	\$0.9	\$0.6	\$2.0
Grand	\$1.3	\$1.6	\$1.9	\$4.8
Gunnison	\$0.7	\$1.6	\$1.2	\$3.6
Hinsdale	\$0.0	\$0.0	\$0.0	\$0.0
Huerfano	\$1.0	\$1.8	\$1.1	\$3.9
Jackson	\$0.2	\$0.3	\$0.1	\$0.7
Jefferson	\$28.3	\$46.6	\$27.3	\$102.2
Kiowa	\$0.3	\$0.2	\$0.1	\$0.6
Kit Carson	\$3.2	\$3.1	\$0.8	\$7.1
La Plata	\$2.5	\$7.0	\$4.0	\$13.5
Lake	\$2.4	\$1.1	\$0.8	\$4.2
Larimer	\$14.1	\$31.1	\$16.3	\$61.5
Las Animas	\$1.6	\$3.1	\$1.5	\$6.3
Lincoln	\$2.9	\$2.3	\$0.6	\$5.8
Logan	\$3.0	\$5.4	\$1.4	\$9.8
Mesa	\$3.9	\$14.7	\$5.4	\$24.0
Mineral	\$0.2	\$0.3	\$0.1	\$0.5
Moffat	\$5.1	\$7.5	\$2.1	\$14.8
Montezuma	\$1.9	\$3.4	\$1.8	\$7.0
Montrose	\$1.9	\$2.5	\$1.8	\$6.2
Morgan	\$8.8	\$12.5	\$3.8	\$25.1
Otero	\$1.7	\$2.5	\$0.7	\$4.9
Ouray	\$0.1	\$0.3	\$0.2	\$0.6
Park	\$0.4	\$0.6	\$0.7	\$1.7



Appendix B (Cont.)
Estimated Property Tax Revenue by District Type and County, 2023

\$ in Millions

County	County District	School Districts	Other Districts	Total All Districts
Phillips	\$0.3	\$0.4	\$0.3	\$1.0
Pitkin	\$0.6	\$0.8	\$1.8	\$3.2
Prowers	\$1.5	\$1.6	\$0.6	\$3.7
Pueblo	\$20.5	\$27.4	\$16.1	\$64.0
Rio Blanco	\$4.1	\$5.6	\$11.3	\$21.0
Rio Grande	\$0.6	\$1.5	\$0.5	\$2.7
Routt	\$2.4	\$3.6	\$2.7	\$8.7
Saguache	\$0.4	\$0.7	\$0.5	\$1.6
San Juan	\$0.0	\$0.0	\$0.0	\$0.1
San Miguel	\$0.5	\$0.6	\$1.1	\$2.2
Sedgwick	\$0.8	\$1.2	\$0.6	\$2.6
Summit	\$2.9	\$2.6	\$3.1	\$8.6
Teller	\$1.2	\$2.0	\$1.6	\$4.8
Washington	\$2.5	\$2.6	\$0.5	\$5.7
Weld	\$46.9	\$113.4	\$118.1	\$278.4
Yuma	\$3.0	\$5.1	\$2.2	\$10.3
Total	\$342.7	\$723.3	\$428.6	\$1,494.6

Note: Estimates assume weighted average mill levies for each type of district by county and do not take into account local business personal property tax exemptions.