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MEMORANDUM

May 1, 2017

TO: Representative Timothy Leonard
FROM: Larson Silbaugh, Senior Economist, (303) 866-4720
SUBJECT: Distribution of Business Personal Property Assessed Values

Summary

This memorandum provides the distribution of business personal property in the state and estimates the impact of the reengrossed version of SB 17-009 on the tax base of each county. Increasing the threshold to \$10,000 in actual value would eliminate the filing requirement for 24.1 percent of business personal property taxpayers and decrease personal property assessed values by 0.4 percent and total assessed values by 0.03 percent. The information used for this analysis was provided by 57 county assessors for tax year 2015.

Personal Property Tax Exemption

Under current law, businesses with personal equipment less than \$7,300 in actual value in a county are exempt from paying personal property taxes. The exemption is adjusted every other year for inflation and is administered on a per owner per county basis. For example, if a business has two locations in a county with \$5,000 in personal property in each location, then the entire \$10,000 in personal property is taxed. Personal property is taxed at 29 percent of the actual value of the property. Local governments levy mills on the taxable value of personal property.

The current law exemption is administered as a threshold. Businesses with less than \$7,300 in property are not required to file a business personal property tax schedule or pay personal property taxes. A business with \$7,301 of equipment is required to file a schedule and pay personal property taxes on the full amount. An exemption would have a larger reduction in assessed values than a threshold. If the first \$7,300 in property were exempt, then a business with \$7,301 in personal property would pay property taxes on \$1 of personal property actual value.

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Distributions

Table 1 and Figure 1 show the distributions of personal property among businesses. The information in the table shows different ranges for the value of personal property owned by individual businesses. For example, there are 5,467 businesses with personal property with an actual value of between \$7,500 and \$10,000. If the threshold were raised from \$7,300 to \$10,000, an estimated 0.4 percent of business personal property assessed values for commercial, industrial, agricultural, natural resources, and mining classifications would be exempt. Assuming filers with less than \$7,500 in actual value have between \$7,300 and \$7,500, 24.1 percent of businesses that currently file personal property tax schedules would not have to file with the county assessor if the threshold were increased to \$10,000.

Data Limitations

The Division of Property Taxation within the Department of Local Affairs canvassed county assessors for an extract of personal property records by county. The division provided individual spreadsheets from 57 county assessors. Legislative Council Staff combined and cleaned the data in order to have a uniform file for analysis. State assessed companies and oil and gas property were excluded from the analysis. The final file has 68,345 businesses representing about 86 percent of the value of locally assessed personal property in the commercial, industrial, agricultural, natural resources, and mining classifications in the state.

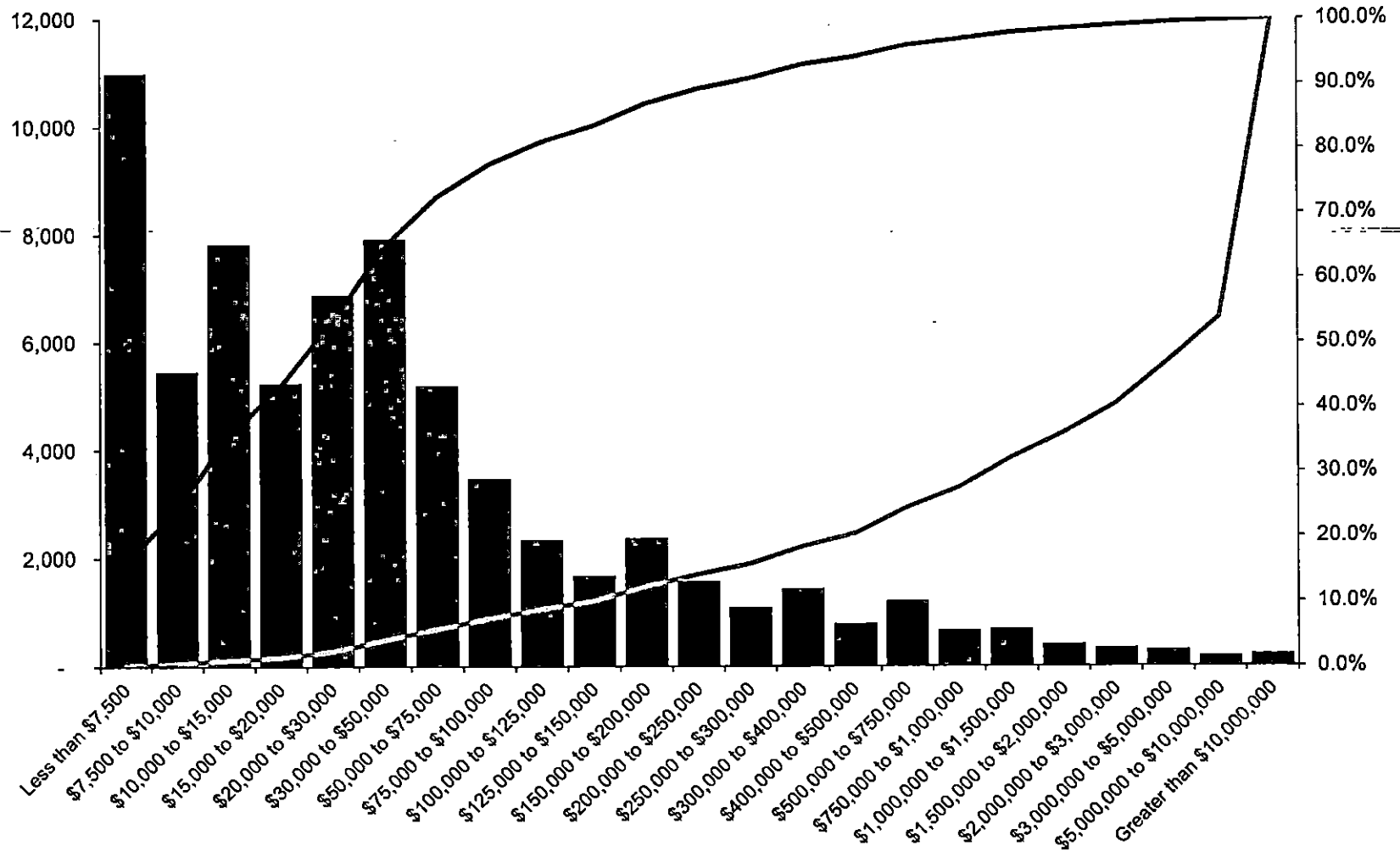
Oil and gas and state assessed properties were excluded because county assessors are not consistent in how these sectors are classified and reported in the records provided for the analysis. Values for oil and gas and state assessed personal property are generally higher than other types of personal property records. If these values were included in this analysis, more value would be concentrated at the upper end of the distribution shown in Table 1 and Figure 1.

Table 1
Personal Property Distribution, Property Tax Year 2015
Number, Cumulative Percent of Business, Cumulative Percent of Actual Value
Values in Millions of Dollars

Value of Personal Property	Number of Businesses	Actual Value of Personal Property	Percent of Businesses	Cumulative Percent of Businesses	Percent of Value	Cumulative Percent of Value
Less than \$7,500	10,996	\$27.4	16.1%	16.1%	0.1%	0.1%
\$7,500 to \$10,000	5,467	\$47.4	8.0%	24.1%	0.3%	0.4%
\$10,000 to \$15,000	7,836	\$96.2	11.5%	35.6%	0.5%	0.9%
\$15,000 to \$20,000	5,246	\$90.8	7.7%	43.2%	0.5%	1.4%
\$20,000 to \$30,000	6,893	\$169.6	10.1%	53.3%	0.9%	2.3%
\$30,000 to \$50,000	7,929	\$308.2	11.6%	64.9%	1.7%	4.0%
\$50,000 to \$75,000	5,195	\$318.4	7.6%	72.5%	1.7%	5.7%
\$75,000 to \$100,000	3,473	\$300.2	5.1%	77.6%	1.6%	7.4%
\$100,000 to \$125,000	2,342	\$261.6	3.4%	81.0%	1.4%	8.8%
\$125,000 to \$150,000	1,680	\$230.3	2.5%	83.5%	1.2%	10.0%
\$150,000 to \$200,000	2,367	\$410.3	3.5%	86.9%	2.2%	12.3%
\$200,000 to \$250,000	1,574	\$351.3	2.3%	89.3%	1.9%	14.2%
\$250,000 to \$300,000	1,087	\$298.5	1.6%	90.8%	1.6%	15.8%
\$300,000 to \$400,000	1,435	\$494.0	2.1%	92.9%	2.7%	18.5%
\$400,000 to \$500,000	795	\$353.5	1.2%	94.1%	1.9%	20.4%
\$500,000 to \$750,000	1,211	\$739.6	1.8%	95.9%	4.0%	24.4%
\$750,000 to \$1,000,000	664	\$573.9	1.0%	96.8%	3.1%	27.5%
\$1,000,000 to \$1,500,000	691	\$842.9	1.0%	97.9%	4.6%	32.1%
\$1,500,000 to \$2,000,000	408	\$702.3	0.6%	98.5%	3.8%	35.9%
\$2,000,000 to \$3,000,000	341	\$824.2	0.5%	99.0%	4.5%	40.4%
\$3,000,000 to \$5,000,000	305	\$1,193.7	0.4%	99.4%	6.5%	46.8%
\$5,000,000 to \$10,000,000	189	\$1,279.9	0.3%	99.7%	6.9%	53.8%
Greater than \$10,000,000	221	\$8,517.1	0.3%	100.0%	46.2%	100.0%
Total	68,345	\$18,431.4	100%		100%	

Source: Legislative Council Staff business personal property tax analysis based on data provided by 57 county assessors.
 Note: Adams, Bent, Gilpin, Jefferson, La Plata, Prowers, and Teller Counties did not provide personal property data.

Figure 1
Personal Property Distribution
Number, Cumulative Percent of Business, Cumulative Percent of Actual Value



Impact of Senate Bill 17-009 on Assessed Values

The reengrossed version of SB 17-009 increases the personal property tax threshold to \$10,000 in 2017 and 2018. Starting in 2019, the exemption will be adjusted by the rate of inflation every two years. Table 2 shows the estimated reduction in assessed value by county for the exemption in the reengrossed version of SB 17-009, assessed value of personal property excluding state assessed utilities, total assessed values, and the estimated reduction from the exemption.

Table 2
Change in Assessed Value from SB 17-009 Exemption and Personal Property Assessed Values and Total Assessed Values
By County, 2016

County	Estimated Reduction in Assessed Values from SB 17-009	Personal Property Excluding State Assessed		Total Tax Base	
		Assessed Values	Percent Reduction	Assessed Values	Percent Reduction
Adams	-\$2,852,407	\$597,816,360	-0.48%	\$5,555,736,790	-0.05%
Alamosa	-\$64,973	\$6,807,246	-0.95%	\$168,453,188	-0.04%
Arapahoe	-\$3,595,717	\$546,745,026	-0.66%	\$9,133,291,386	-0.04%
Archuleta	-\$36,375	\$10,695,170	-0.34%	\$296,700,150	-0.01%
Baca	-\$41,635	\$2,464,290	-1.69%	\$90,734,682	-0.05%
Bent	-\$29,447	\$1,041,104	-2.83%	\$85,528,644	-0.03%
Boulder	-\$1,917,223	\$448,682,822	-0.43%	\$6,915,954,475	-0.03%
Broomfield	-\$526,223	\$105,803,690	-0.50%	\$1,308,291,440	-0.04%
Chaffee	-\$84,409	\$10,945,390	-0.77%	\$390,556,700	-0.02%
Cheyenne	-\$26,513	\$13,434,974	-0.20%	\$120,221,409	-0.02%
Clear Creek	-\$46,450	\$43,022,710	-0.11%	\$519,193,270	-0.01%
Conejos	-\$9,539	\$1,126,424	-0.85%	\$69,163,958	-0.01%
Costilla	-\$15,919	\$2,767,282	-0.58%	\$115,970,349	-0.01%
Crowley	-\$14,504	\$1,272,938	-1.14%	\$45,452,088	-0.03%
Custer	-\$6,882	\$387,340	-1.78%	\$102,750,890	-0.01%
Delta	-\$69,590	\$22,633,899	-0.31%	\$313,255,298	-0.02%
Denver	-\$5,363,198	\$827,331,330	-0.65%	\$14,753,589,700	-0.04%
Dolores	-\$11,103	\$58,078,954	-0.02%	\$145,951,323	-0.01%
Douglas	-\$2,239,513	\$317,041,304	-0.71%	\$5,707,866,115	-0.04%
Eagle	-\$682,174	\$88,646,470	-0.77%	\$3,032,358,010	-0.02%
El Paso	-\$2,098,749	\$414,392,200	-0.51%	\$6,957,531,400	-0.03%
Elbert	-\$49,229	\$5,402,750	-0.91%	\$304,192,070	-0.02%
Fremont	-\$102,747	\$45,596,280	-0.23%	\$433,868,140	-0.02%
Garfield	-\$343,434	\$631,627,420	-0.05%	\$2,214,868,960	-0.02%
Gilpin	-\$66,696	\$25,657,710	-0.26%	\$359,942,380	-0.02%
Grand	-\$113,241	\$36,887,420	-0.31%	\$661,244,840	-0.02%
Gunnison	-\$69,761	\$41,717,790	-0.17%	\$593,521,030	-0.01%
Hinsdale	-\$4,514	\$306,450	-1.47%	\$64,606,800	-0.01%
Huerfano	-\$35,412	\$4,551,149	-0.78%	\$124,869,339	-0.03%

Table 2 (Cont.)
Change in Assessed Value from SB 17-009 Exemption and Personal Property Assessed
Values and Total Assessed Values
By County, 2016

County	Estimated Reduction in Assessed Values from SB 17-009	Personal Property Excluding State Assessed		Total Tax Base	
		Assessed Values		Percent Reduction	
Jackson	-\$3,991	\$2,918,762	-0.14%	\$45,978,060	-0.01%
Jefferson	-\$2,188,800	\$463,938,651	-0.47%	\$8,274,142,974	-0.03%
Kiowa	-\$29,919	\$5,412,820	-0.55%	\$38,153,340	-0.08%
Kit Carson	-\$62,932	\$5,472,517	-1.15%	\$160,299,603	-0.04%
La Plata	-\$293,530	\$289,447,680	-0.10%	\$1,817,507,020	-0.02%
Lake	-\$23,189	\$78,931,627	-0.03%	\$210,977,478	-0.01%
Larimer	-\$1,215,339	\$429,881,258	-0.28%	\$5,063,398,724	-0.02%
Las Animas	-\$101,666	\$80,834,770	-0.13%	\$330,274,260	-0.03%
Lincoln	-\$65,654	\$5,686,447	-1.15%	\$165,045,069	-0.04%
Logan	-\$138,032	\$28,463,530	-0.48%	\$322,050,360	-0.04%
Mesa	-\$574,522	\$196,386,300	-0.29%	\$1,850,453,840	-0.03%
Mineral	-\$19,034	\$2,945,786	-0.65%	\$41,606,228	-0.05%
Moffat	-\$185,328	\$52,425,179	-0.35%	\$408,143,931	-0.05%
Montezuma	-\$85,597	\$96,502,370	-0.09%	\$644,821,180	-0.01%
Montrose	-\$143,608	\$27,976,914	-0.51%	\$517,175,344	-0.03%
Morgan	-\$237,059	\$63,046,570	-0.38%	\$521,141,900	-0.05%
Otero	-\$64,839	\$7,144,344	-0.91%	\$149,807,430	-0.04%
Ouray	-\$15,383	\$4,264,770	-0.36%	\$157,500,350	-0.01%
Park	-\$53,741	\$5,492,465	-0.98%	\$410,684,843	-0.01%
Phillips	-\$21,564	\$6,227,060	-0.35%	\$88,432,689	-0.02%
Pitkin	-\$454,276	\$50,661,000	-0.90%	\$2,945,963,140	-0.02%
Prowers	-\$61,282	\$7,996,465	-0.77%	\$128,730,493	-0.05%
Pueblo	-\$765,430	\$186,782,763	-0.41%	\$1,719,573,783	-0.04%
Rio Blanco	-\$166,573	\$504,002,860	-0.03%	\$888,365,110	-0.02%
Rio Grande	-\$52,167	\$6,622,342	-0.79%	\$181,454,664	-0.03%
Routt	-\$309,414	\$44,371,890	-0.70%	\$1,077,713,820	-0.03%
Saguache	-\$8,846	\$764,410	-1.16%	\$68,104,900	-0.01%
San Juan	-\$5,158	\$482,731	-1.07%	\$42,812,433	-0.01%
San Miguel	-\$134,782	\$19,104,820	-0.71%	\$795,316,600	-0.02%
Sedgwick	-\$26,758	\$1,431,120	-1.87%	\$60,934,870	-0.04%
Summit	-\$614,388	\$94,574,318	-0.65%	\$1,746,660,808	-0.04%
Teller	-\$2,340,595	\$85,135,230	-2.75%	\$504,774,900	-0.46%
Washington	-\$42,849	\$3,580,500	-1.20%	\$121,834,594	-0.04%
Weld	-\$1,711,602	\$1,426,257,490	-0.12%	\$9,239,244,680	-0.02%
Yuma	-\$97,792	\$33,679,230	-0.29%	\$239,108,430	-0.04%
Grand Total	-\$32,833,214	\$8,631,730,881	-0.38%	\$101,563,852,672	-0.03%