



**PERSONAL PROPERTY
TAXATION
FOR
BUSINESS AND INDUSTRY**



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ASSESSMENT TERMINOLOGY

ASSESSMENT DATE – Colorado law establishes January 1 as the assessment date. Property is assessed according to its status, use, and condition on the assessment date.

ACTUAL VALUE – For commercial and industrial real and personal property, actual value is generally synonymous with market value.

ASSESSED VALUE – The actual value multiplied by the assessment rate. For business property the assessment rate is 29 percent.

EXAMPLE: RETAIL STORE

The assessor determines the following property values:

REAL PROPERTY	ACTUAL VALUES
Land	\$ 40,000
Building	\$ 160,800
Actual Value	\$ 200,800

PERSONAL PROPERTY	ACTUAL VALUES
Equipment	\$ 23,000
Furniture	\$ 17,000
Actual Value	\$ 40,000

The taxpayer would receive two Notices of Valuation (notice): a real property notice and a personal property notice. The assessment rate applied to all non-residential taxable real and personal property is 29 percent as shown below in the example.

ACTUAL VALUE x ASSESSMENT RATE = ASSESSED VALUE

PROPERTY	ACTUAL VALUES	X	ASSESSMENT RATE	=	ASSESSED VALUES
Real Property	\$ 200,800	X	29%	=	\$ 58,232
Personal Property	\$ 40,000	X	29%	=	\$ 11,600

The taxing entities calculate the mill levy based on the allowable budgets in the tax area. For the purpose of the example, 82 mills are used. The decimal equivalent of 82 mills is 0.082.

ASSESSED VALUE x MILL LEVY = TAX BILL

PROPERTY	ASSESSED VALUES	X	MILL LEVY	=	TAX BILLS
Real Property	\$ 58,232	X	0.082	=	\$ 4,775.02
Personal Property	\$ 11,600	X	0.082	=	\$ 951.20

TAXABLE PROPERTY – All property, real or personal, not exempted by law.

REAL PROPERTY – Permanently fixed in nature such as land, interest in the land, and improvements on the land.

Improvements – All structures, buildings, fixtures, fences, and water rights attached to the land.

Fixtures – Items that were once moveable chattels but have become physically incorporated into an improvement or affixed to land. “Fixtures” include systems for heating, air conditioning, ventilation, sanitation, lighting, and plumbing, and do not include machinery, equipment, or other articles related to commercial or industrial operations that are affixed to the real property for proper utilization.

Leasehold improvements – Additions or remodeling made and owned by a lessee.

PERSONAL PROPERTY – Everything that is not included under the term real property. Personal property is typically portable or movable items such as equipment, furniture, and freestanding appliances.

Taxable personal property – All personal property that is not specifically exempted by law.

POSSESSORY INTERESTS – Private property interests in an otherwise tax-exempt property, or the right to the occupancy and use of any benefit in a tax-exempt property that has been granted under lease, permit, license, concession, contract, or other agreement.

HOW PROPERTY IS VALUED

VALUATION

- A. Real property is reappraised by the assessor’s office every odd-numbered year. The value determined by the assessor for the year of reappraisal is generally used for the intervening year.
- B. Personal property is revalued each year.
- C. The actual value of producing mines, producing coal mines, other lands producing nonmetallic minerals, oil and gas, and agricultural lands is based on earnings and/or productive capacity of the land and is valued annually.

APPROACHES TO APPRAISAL

The assessor determines the actual value of property by considering the three generally accepted approaches to appraisal: the market (sales comparison) approach, the cost approach, and the income approach.

Market (Sales Comparison) Approach – Arm’s length market sales of similar properties are analyzed, compared, and adjusted to arrive at a value for the property.

Cost Approach - Estimates the material and labor costs to replace the subject property with an equally desirable substitute property that is equivalent in function and utility. The value is calculated by subtracting accumulated depreciation from the replacement cost new.

Income Approach – Estimates the present value of the future net benefits to be derived from a property by capitalizing net income into an indication of value.

VALUATION OF PERSONAL PROPERTY

Personal property is not taxable until the assessment date following the year in which the property was acquired and first put into use.

Personal property values are not prorated. Personal Property is valued as of the assessment date and is valued for the entire year regardless of any destruction, conveyance, relocation, or change in taxable status. Whenever taxable personal property is brought into the state after the assessment date, the taxpayer must complete a personal property declaration schedule and file it with the county assessor if the total actual value of all taxable personal property owned by the taxpayer is over \$7,400 per county. The owner of any taxable personal property removed from the state is liable for the entire tax obligation.

BUSINESS PERSONAL PROPERTY EXEMPTIONS

Exempt personal property includes inventories for sale, “consumable” personal property, property that is typically rented for 30 days or less, intangible personal property, and all personal property owned by a taxpayer with a total actual value of \$7,400 or less per owner per county. Intangible personal property includes trademarks, patents, copyrights, stocks, bonds, and computer software.

\$7,400 Exemption

Personal property under common ownership with a combined total actual value less than or equal to \$7,400 per county is exempt. For personal property with a total actual value greater than \$7,400, the full value is taxable.

“Consumable” personal property includes items having a life of one year or less regardless of cost or any personal property with a life longer than one year that has a cost of \$350 or less at the time of acquisition. The \$350 limitation applies to personal property fully assembled and ready for use, including all installation costs, sales taxes and freight expenses.

DECLARATION SCHEDULES

WHO FILES A DECLARATION SCHEDULE?

The owner of taxable personal property as of January 1 must file a declaration schedule if the total actual value (market value) of all the personal property is greater than \$7,400 per county. All personal property, such as a business/organization’s equipment not otherwise exempt by law, must be listed on the schedule.

WHEN TO FILE?

The assessor mails the declaration schedules as soon after January 1 as possible. If the owner does not receive a declaration schedule in the mail, one may be obtained from the assessor’s office. The declaration schedule must be received by the county assessor by the **April 15 deadline every year**. Failure to receive a declaration schedule does **not** relieve the taxpayer of the requirement to file.

HOW DO YOU FILE FOR AN EXTENSION?

The deadline may be extended if, prior to April 15, the assessor receives a written request AND \$20 for a 10-day extension or \$40 for a 20-day extension. The extension applies to all personal property schedules (single or multiple) that a person is required to file in a county.

WHAT HAPPENS IF YOU FAIL TO FILE?

The late filing penalty is \$50 or 15 percent of the taxes due, whichever is less. If the owner of taxable personal property fails to file a schedule, the assessor may determine a valuation based upon the BEST INFORMATION AVAILABLE and **may add a penalty of up to 25 percent of assessed value of the undeclared omitted property**.

CONFIDENTIAL DOCUMENTS

Declaration schedules and attachments are confidential and private documents by law.

NOTIFICATION OF VALUE

ASSESSOR'S RESPONSIBILITY

Each year, owners of taxable property receive a Notice of Valuation for each class of property that they own. The notice indicates the actual value of the property and advises the owner of the right to appeal the valuation.

TAXPAYER'S RESPONSIBILITY

When taxpayers receive a Notice of Valuation, they should study it carefully. The notice describes the property that the taxpayer owns, gives the actual value for both the prior and current year, advises of the amount of change, and describes the opportunity for taxpayers to present their objections to the assessor. Keep in mind that the changed value on the notice affects the amount of taxes the taxpayer must pay the following January.

If the Notice of Valuation reflects any discrepancies, the taxpayer is advised to **CONTACT THE COUNTY ASSESSOR!**

TAXPAYER REMEDIES

LEGAL RIGHTS UNDER THE LAW

If taxpayers disagree with the assessor's valuation, they must file an objection with the assessor in the county where the property is located.

REAL PROPERTY OWNERS:

Objections must be postmarked, delivered, or given in person by June 1.

PERSONAL PROPERTY OWNERS:

A mailed objection must be postmarked by June 30 or physically delivered no later than June 30.

The assessor must give a decision, in writing:

- TO REAL PROPERTY OWNERS by the last regular working day in June.
- TO PERSONAL PROPERTY OWNERS by July 10.

For counties electing to use the alternate appeals procedure, the deadline for mailing real property Notices of Determination (NOD) is the last working day in August.

If taxpayers are dissatisfied with the assessor's decision, they can appeal to the county board of equalization (county commissioners) by July 15 for real property or July 20 for personal property. The county board of equalization conducts hearings through August 5. The board must notify the taxpayer in writing within five business days of its decision.

If taxpayers are dissatisfied with the county board of equalization's decision, they may appeal to the Board of Assessment Appeals, to binding arbitration, or to the district court of the county in which the property is located. The taxpayer must appeal within 30 days of the county board of equalization's decision.

Decisions reached through the arbitration procedure are final and not subject to review except for clerical errors

If taxpayers are dissatisfied with the decision of the Board of Assessment Appeals or district court, they can appeal to the Court of Appeals within 30 days of the Board of Assessment Appeal's decision or within 45 days of a district court decision.

WHEN TO PAY PROPERTY TAXES

COUNTY TREASURER

The county treasurer is responsible for mailing the tax bill and the collection of the property taxes. Each year taxpayers receive their property tax bills after January 1.

The county treasurer may add an administrative fee of \$5 to a bill if the tax amount is \$10 or less. If the tax amount is GREATER than \$25, a taxpayer can pay the taxes in two EQUAL payments.

- A. The first half payment is due the last day of February.
- B. The second half payment is due by June 15.

Taxpayers who pay their taxes in a lump sum must do so by the last day in April.

If the payment is LATE, penalty interest is added to the tax amount.

STARTING OR OPERATING A BUSINESS IN COLORADO

For information concerning starting a business in Colorado you may request:

COLORADO BUSINESS START-UP KIT

From: Small Business Assistance Center

1625 Broadway

Denver, Colorado 80202

Attn: Betty Brennan

(303) 592-5920

www.advancecolorado.com

For information concerning operating a business in Colorado you may request:

BUSINESS DEVELOPMENT MATERIALS

From: Small Business Development Center

1445 Market Street

Denver, Colorado 80202

Attn: Steve Ambriz

(303) 620-8076

www.denverbdc.org

If there are any questions that are not addressed in this brochure, contact your county assessor.

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