

First Regular Session
Sixty-eighth General Assembly
STATE OF COLORADO

INTRODUCED

LLS NO. 11-0358.01 Ed DeCecco

SENATE BILL 11-026

SENATE SPONSORSHIP

Scheffel,

HOUSE SPONSORSHIP

Holbert,

Senate Committees
Finance

House Committees

A BILL FOR AN ACT

101 CONCERNING A PROPERTY TAX EXEMPTION FOR BUSINESS PERSONAL
102 PROPERTY FIRST USED IN A BUSINESS IN A FUTURE PROPERTY
103 TAX YEAR.

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://www.leg.state.co.us/billsummaries>.)

The bill exempts from property tax a percentage of all business personal property first used in a business in future property tax years. The exemption percentage for business personal property first used in the 2013 property tax year is 25%, and the percentage is increased by 25%

Shading denotes HOUSE amendment. Double underlining denotes SENATE amendment.
Capital letters indicate new material to be added to existing statute.
Dashes through the words indicate deletions from existing statute.

every 2 years thereafter until all of the property first used is exempt from taxation. The exemption for the business personal property shall be the same for all years thereafter that the property is subject to property taxation.

The exemption is applied prior to determining whether the per schedule business personal property tax exemption also applies. The bill also specifies how the exemption applies to a state-assessed public utility.

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

2 **SECTION 1.** 39-3-118.5, Colorado Revised Statutes, is amended
3 to read:

4 **39-3-118.5. Business personal property - exemption.** (1) For
5 property tax years commencing on and after January 1, 1996, business
6 personal property shall be exempt from the levy and collection of property
7 tax until such business personal property is first used in the business after
8 acquisition.

9 (2) (a) FOR EACH PROPERTY TAX YEAR COMMENCING ON OR AFTER
10 JANUARY 1, 2013, A PERCENTAGE OF ALL BUSINESS PERSONAL PROPERTY
11 FIRST USED IN A BUSINESS DURING SUCH YEAR IS EXEMPT FROM THE LEVY
12 AND COLLECTION OF PROPERTY TAX. THE PERCENTAGES FOR EACH YEAR
13 SHALL BE AS FOLLOWS:

14 (I) TWENTY-FIVE PERCENT FOR PROPERTY TAX YEARS
15 COMMENCING ON JANUARY 1, 2013, AND JANUARY 1, 2014;

16 (II) FIFTY PERCENT FOR PROPERTY TAX YEARS COMMENCING ON
17 JANUARY 1, 2015, AND JANUARY 1, 2016;

18 (III) SEVENTY-FIVE PERCENT FOR PROPERTY TAX YEARS
19 COMMENCING ON JANUARY 1, 2017, AND JANUARY 1, 2018; AND

20 (IV) ONE HUNDRED PERCENT FOR PROPERTY TAX YEARS
21 COMMENCING ON AND AFTER JANUARY 1, 2019.

22 (b) THE PERCENTAGE OF THE EXEMPTION IDENTIFIED IN

1 PARAGRAPH (a) OF THIS SUBSECTION (2), WHICH APPLIES TO THE TAX YEAR
2 IN WHICH THE BUSINESS PERSONAL PROPERTY IS FIRST USED IN A BUSINESS,
3 IS TO BE USED FOR ALL YEARS THAT THE PROPERTY IS THEREAFTER
4 SUBJECT TO THE LEVY AND COLLECTION OF PROPERTY TAX.

5 (c) THE VALUE OF THE BUSINESS PERSONAL PROPERTY AFTER THE
6 EXEMPTION IS APPLIED IS THE ACTUAL VALUE FOR THE PURPOSE OF
7 DETERMINING WHETHER THE PROPERTY ALSO QUALIFIES FOR AN
8 EXEMPTION PURSUANT TO SECTION 39-3-119.5.

9 **SECTION 2.** 39-4-102 (3), Colorado Revised Statutes, is
10 amended BY THE ADDITION OF A NEW PARAGRAPH to read:

11 **39-4-102. Valuation of public utilities.** (3) (e) BUSINESS
12 PERSONAL PROPERTY OWNED BY A PUBLIC UTILITY IS EXEMPT FROM THE
13 LEVY AND COLLECTION OF PROPERTY TAX PURSUANT TO SECTION
14 39-3-118.5 (2). THE VALUE OF THE EXEMPTION IS REMOVED FROM THE
15 SYSTEM MARKET VALUE AND IS DETERMINED BY APPLYING THE MARKET
16 TO BOOK RATIO TO THE NET OF THE HISTORICAL COST LESS DEPRECIATION
17 OF THE BUSINESS PERSONAL PROPERTY.

18 **SECTION 3. Act subject to petition - effective date.** This act
19 shall take effect at 12:01 a.m. on the day following the expiration of the
20 ninety-day period after final adjournment of the general assembly (August
21 10, 2011, if adjournment sine die is on May 11, 2011); except that, if a
22 referendum petition is filed pursuant to section 1 (3) of article V of the
23 state constitution against this act or an item, section, or part of this act
24 within such period, then the act, item, section, or part shall not take effect
25 unless approved by the people at the general election to be held in
26 November 2012 and shall take effect on the date of the official
27 declaration of the vote thereon by the governor.