

**First Regular Session  
Sixty-eighth General Assembly  
STATE OF COLORADO**

**INTRODUCED**

LLS NO. 11-0699.01 Ed DeCecco

**SENATE BILL 11-098**

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**SENATE SPONSORSHIP**

**King S.,**

**HOUSE SPONSORSHIP**

**(None),**

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**Senate Committees**  
State, Veterans & Military Affairs

**House Committees**

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**A BILL FOR AN ACT**

101 **CONCERNING THE PHASE-OUT OF THE PROPERTY TAX ON BUSINESS**  
102 **PERSONAL PROPERTY.**

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**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>.)*

Beginning with the first odd-numbered property tax year after target growth occurs, the bill exempts a percentage of all business personal property from the levy and collection of the property tax. The percentage of the business personal property that is exempt from the property tax increases over time until all of the property is exempt. The

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.*

following list shows how the exemption percentage increases over time:

- ! Years one to 4, 20% of business personal property is exempt;
- ! Years 5 to 8, 40% of business personal property is exempt;
- ! Years 9 to 12, 60% of business personal property is exempt;
- ! Years 13 to 16, 80% of business personal property is exempt; and
- ! Years 17 and after, all business personal property is exempt from property tax.

The bill defines "target growth" to mean that the total assessed value of all business personal property in the state increases by 12% from one property tax year to the next.

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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) (I) FOR THE FIRST ODD-NUMBERED PROPERTY TAX YEAR  
10 AFTER TARGET GROWTH OCCURS, AND FOR THE NEXT THREE PROPERTY  
11 TAX YEARS THEREAFTER, TWENTY PERCENT OF ALL BUSINESS PERSONAL  
12 PROPERTY SHALL BE EXEMPT FROM THE LEVY AND COLLECTION OF  
13 PROPERTY TAX.

14 (II) FOR THE NEXT FOUR PROPERTY TAX YEARS AFTER THE LAST  
15 PROPERTY TAX YEAR SPECIFIED IN SUBPARAGRAPH (I) OF THIS PARAGRAPH  
16 (a), FORTY PERCENT OF ALL BUSINESS PERSONAL PROPERTY SHALL BE  
17 EXEMPT FROM THE LEVY AND COLLECTION OF PROPERTY TAX.

18 (III) FOR THE NEXT FOUR PROPERTY TAX YEARS AFTER THE LAST

1 PROPERTY TAX YEAR SPECIFIED IN SUBPARAGRAPH (II) OF THIS  
2 PARAGRAPH (a), SIXTY PERCENT OF ALL BUSINESS PERSONAL PROPERTY  
3 SHALL BE EXEMPT FROM THE LEVY AND COLLECTION OF PROPERTY TAX.

4 (IV) FOR THE NEXT FOUR PROPERTY TAX YEARS AFTER THE LAST  
5 PROPERTY TAX YEAR SPECIFIED IN SUBPARAGRAPH (III) OF THIS  
6 PARAGRAPH (a), EIGHTY PERCENT OF ALL BUSINESS PERSONAL PROPERTY  
7 SHALL BE EXEMPT FROM THE LEVY AND COLLECTION OF PROPERTY TAX.

8 (V) FOR ALL PROPERTY TAX YEARS AFTER THE LAST PROPERTY  
9 TAX YEAR SPECIFIED IN PARAGRAPH (IV) OF THIS PARAGRAPH (a), ALL  
10 BUSINESS PERSONAL PROPERTY SHALL BE EXEMPT FROM THE LEVY AND  
11 COLLECTION OF PROPERTY TAX.

12 (b) THE EXEMPTION SET FORTH IN PARAGRAPH (a) OF THIS  
13 SUBSECTION (2) SHALL APPLY REGARDLESS OF THE PROPERTY TAX YEAR  
14 IN WHICH THE PROPERTY IS FIRST USED IN A BUSINESS.

15 (c) THE VALUE OF THE BUSINESS PERSONAL PROPERTY AFTER  
16 APPLYING THE EXEMPTION SET FORTH IN PARAGRAPH (a) OF THIS  
17 SUBSECTION (2) IS THE ACTUAL VALUE FOR THE PURPOSE OF DETERMINING  
18 WHETHER THE PROPERTY ALSO QUALIFIES FOR AN EXEMPTION PURSUANT  
19 TO SECTION 39-3-119.5.

20 (d) THE ADMINISTRATOR SHALL CERTIFY WHEN TARGET GROWTH  
21 OCCURS AND SHALL PUBLISH THE EXEMPTION PERCENTAGE SET FORTH IN  
22 PARAGRAPH (a) OF THIS SUBSECTION (2) THAT WILL APPLY FOR EACH  
23 PROPERTY TAX YEAR UNTIL ALL BUSINESS PERSONAL PROPERTY IS EXEMPT  
24 FROM TAXATION.

25 (e) AS USED IN THIS SUBSECTION (2), "TARGET GROWTH" MEANS  
26 THAT THE TOTAL ASSESSED VALUE OF ALL BUSINESS PERSONAL PROPERTY  
27 IN THE STATE INCREASES BY TWELVE PERCENT FROM ONE PROPERTY TAX

1 YEAR TO THE NEXT.

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

4 **39-4-102. Valuation of public utilities.** (3) (e) BUSINESS  
5 PERSONAL PROPERTY OWNED BY A PUBLIC UTILITY IS EXEMPT FROM THE  
6 LEVY AND COLLECTION OF PROPERTY TAX PURSUANT TO SECTION  
7 39-3-118.5 (2). THE VALUE OF THE EXEMPTION IS REMOVED FROM THE  
8 SYSTEM MARKET VALUE AND IS DETERMINED BY APPLYING THE MARKET  
9 TO BOOK RATIO TO THE NET OF THE HISTORICAL COST LESS DEPRECIATION  
10 OF THE BUSINESS PERSONAL PROPERTY.

11 **SECTION 3. Act subject to petition - effective date.** This act  
12 shall take effect at 12:01 a.m. on the day following the expiration of the  
13 ninety-day period after final adjournment of the general assembly (August  
14 10, 2011, if adjournment sine die is on May 11, 2011); except that, if a  
15 referendum petition is filed pursuant to section 1 (3) of article V of the  
16 state constitution against this act or an item, section, or part of this act  
17 within such period, then the act, item, section, or part shall not take effect  
18 unless approved by the people at the general election to be held in  
19 November 2012 and shall take effect on the date of the official  
20 declaration of the vote thereon by the governor.