

**First Regular Session  
Seventieth General Assembly  
STATE OF COLORADO**

**PREAMENDED**

*This Unofficial Version Includes Committee  
Amendments Not Yet Adopted on Second Reading*

LLS NO. 15-0858.02 Ed DeCecco x4216

**SENATE BILL 15-230**

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**SENATE SPONSORSHIP**

**Scheffel,**

**HOUSE SPONSORSHIP**

**Williams,**

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**Senate Committees**

Finance

Appropriations

**House Committees**

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**A BILL FOR AN ACT**

101     **CONCERNING THE METHOD BY WHICH THE PROPERTY TAX**  
102             **ADMINISTRATOR DETERMINES A TELEPHONE COMPANY'S**  
103             **VALUATION FOR PROPERTY TAX PURPOSES.**

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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>.)*

Currently, all intangible personal property that is locally assessed is exempt from property tax. The Colorado supreme court has held that this exemption does not apply to a public utility, which includes a

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.*

telephone company, that is centrally valued by the property tax administrator (administrator).

The bill prohibits the administrator from considering a percentage of a telephone company's intangible personal property when determining the value of the company. The exemption starts at 20% of the value of the intangibles for the 2015 property tax year, and it increases by 20% a property tax year until all of the intangibles are excluded. For all property tax years when intangible personal property is fully exempt, the administrator is required to consider the value of tangible property derived from the cost approach to appraisal to be the maximum value of a telephone company as a unit.

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

2 **SECTION 1. Legislative declaration.** (1) The general assembly  
3 hereby finds and declares that:

4 (a) For purposes of the property tax, a telephone company is  
5 centrally valued by the property tax administrator and the administrator  
6 is required to consider the value of the company's intangible personal  
7 property when determining its unit value;

8 (b) Therefore, this intangible personal property is subject to the  
9 property tax;

10 (c) A cable company that offers telephone service to its customers  
11 is locally assessed by a county assessor on most of its property used to  
12 provide telephone service, and most of the company's intangible personal  
13 property is exempt from the property tax; and

14 (d) This unequal tax treatment creates a substantial competitive  
15 advantage within the state for cable companies over telephone companies.

16 (2) Now, therefore, the intended purpose of the tax expenditure  
17 created in this act is to equalize the property tax treatment of intangible  
18 personal property for all companies that provide telephone service in the  
19 state.

1           **SECTION 2.** In Colorado Revised Statutes, 39-4-102, **amend** (1)  
2 (b) and (2); and **add** (1.3) as follows:

3           **39-4-102. Valuation of public utilities.** (1) The administrator  
4 shall determine the actual value of the operating property and plant of  
5 each public utility as a unit, giving consideration to the following factors  
6 and assigning such weight to each of such factors as in the administrator's  
7 judgment will secure a just value of such public utility as a unit:

8           (b) Its intangibles, such as special privileges, franchises, contract  
9 rights and obligations, and rights-of-way; except that:

10           (I) Licenses granted by the federal communications commission  
11 to a wireless carrier, as defined in section 29-11-101, C.R.S., shall not be  
12 considered, nor shall the value of such licenses be reflected, in the  
13 administrator's valuation of the carrier's tangible property; AND

14           (II) FOR THE VALUATION OF A TELEPHONE COMPANY, THE  
15 PROPERTY TAX ADMINISTRATOR SHALL NOT CONSIDER, UNDER THIS  
16 PARAGRAPH (b) OR AS PART OF ANY OTHER FACTOR IN THIS SUBSECTION  
17 (1), THE FOLLOWING PERCENTAGES OF A TELEPHONE COMPANY'S  
18 INTANGIBLE PERSONAL PROPERTY:

19           (A) FOR THE PROPERTY TAX YEAR COMMENCING ON JANUARY 1,  
20 2015, TWENTY PERCENT OF THE VALUE OF THE INTANGIBLE PERSONAL  
21 PROPERTY;

22           (B) FOR THE PROPERTY TAX YEAR COMMENCING ON JANUARY 1,  
23 2016, FORTY PERCENT OF THE VALUE OF THE INTANGIBLE PERSONAL  
24 PROPERTY;

25           (C) FOR THE PROPERTY TAX YEAR COMMENCING ON JANUARY 1,  
26 2017, SIXTY PERCENT OF THE VALUE OF THE INTANGIBLE PERSONAL  
27 PROPERTY;

1 (D) FOR THE PROPERTY TAX YEAR COMMENCING ON JANUARY 1,  
2 2018, EIGHTY PERCENT OF THE VALUE OF THE INTANGIBLE PERSONAL  
3 PROPERTY; AND

4 (E) FOR ANY PROPERTY TAX YEAR COMMENCING ON OR AFTER  
5 JANUARY 1, 2019, ANY OF THE INTANGIBLE PERSONAL PROPERTY.

6 (1.3) (a) AS USED IN SUBPARAGRAPH (II) OF PARAGRAPH (b) OF  
7 SUBSECTION (1) OF THIS SECTION, "INTANGIBLE PERSONAL PROPERTY" ==  
8 INCLUDES GOODWILL, SOFTWARE, CUSTOMER LISTS, CUSTOMER  
9 RELATIONSHIPS, CONTRACTS, CONTRACT RIGHTS, PATENTS, TRADEMARKS,  
10 COPYRIGHTS, TRADE SECRETS, FRANCHISES, AND ALL LICENSES WITH THE  
11 EXCEPTION OF LICENSES GRANTED BY THE FEDERAL COMMUNICATIONS  
12 COMMISSION THAT ARE ALREADY EXCLUDED FROM THE TELEPHONE  
13 COMPANY'S VALUATION UNDER SUBPARAGRAPH (I) OF PARAGRAPH (b) OF  
14 SUBSECTION (1) OF THIS SECTION.

15 (b) FOR ANY PROPERTY TAX YEAR COMMENCING ON OR AFTER  
16 JANUARY 1, 2019, WHEN VALUING A TELEPHONE COMPANY, THE  
17 ADMINISTRATOR SHALL CONSIDER THE MAXIMUM VALUE OF THE  
18 TELEPHONE COMPANY AS A UNIT TO BE THE NET BOOK VALUE OF THE  
19 TANGIBLE PROPERTY, PLANT, AND EQUIPMENT AS REFLECTED ON THE  
20 BOOKS AND RECORDS OF THE COMPANY, ADJUSTED FOR ANY ADDITIONAL  
21 OBSOLESCENCE.

22 (2) If, in the judgment of the administrator, the books and records  
23 of any public utility accurately reflect its tangible property; its intangibles,  
24 IF INCLUDED; and its earnings within this state during the most recent  
25 five-year period, the administrator may determine from such books and  
26 records the actual value of its property and plant within this state and  
27 need not determine the entire value of its property and plant both within

1 and without this state.

2           **SECTION 3. Act subject to petition - effective date.** This act  
3 takes effect at 12:01 a.m. on the day following the expiration of the  
4 ninety-day period after final adjournment of the general assembly (August  
5 5, 2015, if adjournment sine die is on May 6, 2015); except that, if a  
6 referendum petition is filed pursuant to section 1 (3) of article V of the  
7 state constitution against this act or an item, section, or part of this act  
8 within such period, then the act, item, section, or part will not take effect  
9 unless approved by the people at the general election to be held in  
10 November 2016 and, in such case, will take effect on the date of the  
11 official declaration of the vote thereon by the governor.