

Second Regular Session  
Seventy-first General Assembly  
STATE OF COLORADO

INTRODUCED

LLS NO. 18-0604.01 Ed DeCecco x4216

HOUSE BILL 18-1036

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A BILL FOR AN ACT

101 **CONCERNING THE REDUCTION OF BUSINESS PERSONAL PROPERTY**  
102 **TAXES.**

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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://leg.colorado.gov>.)*

There is currently an exemption from property tax for business personal property that would otherwise be listed on a single personal property schedule that is equal to \$7,400 for the current property tax year cycle. The bill raises the exemption to \$50,000 commencing in tax year 2018, and continues to adjust it for inflation for subsequent property tax cycles, so that businesses with personal property under \$50,000, or the

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

inflation adjusted amount, would not have to file the business personal property tax forms nor pay the corresponding tax.

The bill also raises the value of business personal property that qualifies for an exemption for consumable property from \$350, which is the value set by the property tax administrator, to \$500.

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

2 **SECTION 1.** In Colorado Revised Statutes, 39-3-119.5, **amend**  
3 (2)(a) introductory portion, (2)(a)(III), (2)(a)(IV), and (2)(b); and **add**  
4 (2)(a)(V) as follows:

5 **39-3-119.5. Personal property - exemption - definitions.**

6 (2) (a) The exemption created in subsection (1) of this section ~~shall be~~ IS  
7 up to and including the following amounts:

8 (III) Five thousand five hundred dollars for property tax years  
9 commencing on January 1, 2011, and January 1, 2012; ~~and~~

10 (IV) Seven thousand dollars for property tax years commencing  
11 on January 1, 2013, and January 1, 2014; AND

12 (V) FIFTY THOUSAND DOLLARS FOR THE PROPERTY TAX YEAR  
13 COMMENCING ON JANUARY 1, 2018.

14 (b) (I) Beginning with the property tax year commencing on  
15 January 1, 2015, BUT EXCEPT AS SET FORTH IN SUBSECTION (2)(b)(I.5) OF  
16 THIS SECTION, the amount of the exemption created in subsection (1) of  
17 this section shall be adjusted biennially to account for inflation since the  
18 amount of the exemption last changed pursuant to this subsection (2). On  
19 or before November 1, 2014, and each even-numbered year thereafter  
20 EXCLUDING NOVEMBER 1, 2018, the administrator shall calculate the  
21 amount of the exemption for the next two-year cycle using inflation for  
22 the prior two calendar years as of the date of the calculation. The adjusted  
23 exemption shall be rounded upward to the nearest one hundred dollar

1 increment. The administrator shall certify the amount of the exemption  
2 for the next two-year cycle and publish the amount on the website  
3 maintained by the division of property taxation in the department of local  
4 affairs.

5 (I.5) FOR THE PROPERTY TAX YEARS COMMENCING ON JANUARY  
6 1, 2019, AND JANUARY 1, 2020, THE AMOUNT OF THE EXEMPTION CREATED  
7 IN SUBSECTION (1) OF THIS SECTION SHALL BE ADJUSTED TO ACCOUNT FOR  
8 INFLATION SINCE THE AMOUNT OF THE EXEMPTION LAST CHANGED  
9 PURSUANT TO SUBSECTION (2)(a)(V) OF THIS SECTION. ON OR BEFORE  
10 NOVEMBER 1, 2018, THE ADMINISTRATOR SHALL CALCULATE THE AMOUNT  
11 OF THE EXEMPTION FOR THIS TWO-YEAR CYCLE USING INFLATION FOR THE  
12 PRIOR CALENDAR YEAR AS OF THE DATE OF THE CALCULATION. THE  
13 ADJUSTED EXEMPTION SHALL BE ROUNDED UPWARD TO THE NEAREST ONE  
14 HUNDRED DOLLAR INCREMENT. THE ADMINISTRATOR SHALL CERTIFY THE  
15 AMOUNT OF THE EXEMPTION FOR THIS TWO-YEAR CYCLE AND PUBLISH THE  
16 AMOUNT ON THE WEBSITE MAINTAINED BY THE DIVISION OF PROPERTY  
17 TAXATION IN THE DEPARTMENT OF LOCAL AFFAIRS.

18 (II) As used in ~~subparagraph (f) of this paragraph (b)~~ THIS  
19 SUBSECTION (2)(b), "inflation" means the annual percentage change in the  
20 United States department of labor, bureau of labor statistics, consumer  
21 price index for ~~Denver-Boulder-Greeley~~, DENVER-AURORA-LAKEWOOD  
22 FOR all items AND all urban consumers, or its successor index.

23 **SECTION 2.** In Colorado Revised Statutes, **amend** 39-3-119 as  
24 follows:

25 **39-3-119. Inventories - materials and supplies - held for**  
26 **consumption or primarily for sale - exemption - definition.**

27 (1) Inventories of merchandise and materials and supplies that are held

1 for consumption by any business or are held primarily for sale shall be  
2 exempt from the levy and collection of property tax. CONSISTENT WITH  
3 SUBSECTION (2) OF THIS SECTION, the property tax administrator shall  
4 publish in the manuals, appraisal procedures, and instructions prepared  
5 and published pursuant to section 39-2-109 (1)(e) a definition or  
6 description of the types of personal property that are "held for  
7 consumption by any business" and therefore exempt from the levy and  
8 collection of property tax pursuant to this section.

9 (2) FOR PROPERTY TAX YEARS COMMENCING ON OR AFTER  
10 JANUARY 1, 2018, ANY PERSONAL PROPERTY THAT HAS AN ORIGINAL  
11 INSTALLED COST OF FIVE HUNDRED DOLLARS OR LESS IS EXEMPT FROM  
12 TAXATION. FOR PURPOSES OF THIS SUBSECTION (2), THE "INSTALLED COST"  
13 INCLUDES THE ACQUISITION COST, INSTALLATION COST, SALES OR USE TAX,  
14 AND FREIGHT EXPENSE TO THE POINT OF USE.

15 **SECTION 3. Act subject to petition - effective date.** This act  
16 takes effect at 12:01 a.m. on the day following the expiration of the  
17 ninety-day period after final adjournment of the general assembly (August  
18 8, 2018, if adjournment sine die is on May 9, 2018); except that, if a  
19 referendum petition is filed pursuant to section 1 (3) of article V of the  
20 state constitution against this act or an item, section, or part of this act  
21 within such period, then the act, item, section, or part will not take effect  
22 unless approved by the people at the general election to be held in  
23 November 2018 and, in such case, will take effect on the date of the  
24 official declaration of the vote thereon by the governor.