

GUIDE TO PERSONAL PROPERTY VALUATION

THE PERSONAL PROPERTY TAX

The Colorado personal property tax is a levy on personal property used in a business or organization. The procedure for applying this tax is similar to that used for real property: the Assessor places a value on the property and consolidates the levies; the Treasurer then mails a tax bill to the property owner.

What is personal property?

Personal property is everything which is not "real property", typically portable or movable items. Personal property includes furniture, equipment, machinery, security devices, household furnishings, signs and personal effects not otherwise exempt by law.

What personal property is taxable?

Personal property is taxable if it is used for the production of income (that is, used in a business, organization, or rental property), at any time during the year, unless specifically exempted from taxation.

Assessment date

Colorado law states that January 1st is the assessment date. The owner of the property (as of January 1st) is considered the owner for that entire assessment year. If a property changes ownership during the year it is up to the buyer and seller to prorate the taxes. Neither the Assessor nor the Treasurer is involved or responsible for this. It is also the responsibility of the taxpayer to notify the Assessor and the Treasurer when a business changes ownership. If a business closes after January 1st assessment date, the taxpayer is also responsible for the entire year and for Notifying the Assessor and Treasurer of the closure.

How property is valued

The county Assessor's duty is to value personal property for property tax purposes. The property owner files a Declaration Schedule with the Assessor, listing information regarding the personal property which enables the Assessor to determine the actual value of the property. Actual Value or (Market Value) is determined from the State of Colorado's valuation guidelines and procedures. Federal depreciation or accounting methods are not allowable methods of valuation.

Assessed value

The Assessor multiplies the actual value of the personal property by the assessment rate of 29% to arrive at an assessed value. The assessed value is then multiplied by a tax rate to calculate the taxes for the property.

$$\begin{aligned} &\textbf{Assessed Value:} \\ &\$10,000 \times 29\% = \$2,900 \\ &\text{Assessed Value} \times \text{Tax Rate} = \text{Tax Bill} \\ &\textbf{Tax Bill:} \\ &\$2,900 \times .070 = \$203 \end{aligned}$$

NOTE: IN THIS EXAMPLE, \$10,000 WORTH OF PERSONAL PROPERTY IN A TAX DISTRICT WITH A MILL LEVY OF .070 WOULD RESULT IN A TAX BILL OF \$203.

Proration of Value

Proration is not generally allowed. Personal property owned on the assessment date of January 1 is taxable for that entire year, even if the tax statutes of the property changes or the property is destroyed, transferred or removed from the state during the year.

DECLARATION SCHEDULES

What is required by law?

Owners of personal property must declare the taxable property they own to the Assessor.

Who must file?

Owners of taxable personal property such as equipment, machinery, furniture, security devices, household furnishings, signs and personal effects not otherwise exempt by law, if the total actual value (market value) of the personal property is greater than \$2,500.

Note: Market value as determined by an appraisal, using state guidelines and procedures.

When to file

The Assessor mails Declaration Schedules on or before January 1, and taxpayers must return them to the Assessor by April 15. **It is the responsibility of the business owner to obtain and file a Declaration Schedule, if one is not received in the mail.**

\$2,500 EXEMPTION FOR PERSONAL PROPERTY

Effective 1/1/97-Revised 10/01, if the total actual value (market value) of your personal property located in Cheyenne County is \$2,500 or less, you are not required to file this form.

If an owner's personal property filed on in Cheyenne County exceeds a total value of \$2,500, all the property is taxable including the initial \$2,500.

Also, in the event additional assets are put into use which increase the total actual value of the personal property to an amount greater than \$2,500, the owner must again file a declaration schedule.

To avoid a possible misunderstanding regarding whether a declaration schedule must be filed, new businesses, first time filers, and taxpayers that are unsure as to the actual value of their personal property are urged to contact the assessor and provide an itemized listing of their personal property.

FAILURE TO FILE PROPERTY DECLARATION SCHEDULE

Any owner of personal property who fails to file a Declaration Schedule by April 15 or by the end of the extension time requested, will be fined \$50 or 15% of the taxes due, whichever is the lesser amount.

In addition, if a Declaration Schedule is not received, the Assessor shall determine the property value according to the best information available.

Failure to make a complete disclosure of personal property will result in an additional penalty of 25% of the undisclosed property.

Confidential Documents

All Personal Property Declaration Schedules and enclosed forms returned to the Assessor are considered private, confidential documents by law.

DOWNLOADABLE DECLARATION FORMS CLICK ON THE FOLLOWING LINKS:

http://dola.colorado.gov/dpt/forms/docs/dec_schedules/056-2007.pdf Personal Property Form

http://dola.colorado.gov/dpt/forms/docs/dec_schedules/060-2007.pdf Lessor PP Form

http://dola.colorado.gov/dpt/forms/docs/dec_schedules/648-2007.pdf Earth & Stone Form

http://dola.colorado.gov/dpt/forms/docs/dec_schedules/656-2007.pdf Drilling Rig Form

http://dola.colorado.gov/dpt/forms/docs/dec_schedules/658-2007.pdf Oil and Gas PP Form

TYPES OF PERSONAL PROPERTY

ALL personal property used in the business, organization or rental property at any time during the year must be reported to the Assessor for the personal property assessment. Following is a partial list of typical items which must be reported:

Furniture, equipment appliances and decor items
Equipment, machinery and tools
Computer equipment (Computer software is exempt from the personal property tax)
Telephone equipment

Leasehold improvements. Certain leasehold improvements are considered personal property. (Property owners report leasehold improvements on the Declaration Schedule and the Assessor determines if they are personal property, as opposed to real property, improvements).

Signs (Any type of signage that represents the business, organization or property).

NOTE: DECLARATION SCHEDULES MUST LIST PERSONAL PROPERTY IN DETAIL, TO INCLUDE DELETING PREVIOUSLY REPORTED ITEMS WHICH ARE NO LONGER IN USE.

CONSUMABLE PERSONAL PROPERTY EXEMPTION

In 2000 C.R.S. 39-3-119 was amended exempt "Consumable Personal Property." To be classified as "consumable" personal property, an item of personal property must fall under one of two criteria identified below:

1. **The item must have an economic life of one (1) year or less.**

This criteria applies to any item of personal property regardless of original acquisition cost. This category also includes non-functional personal property items that are used as a source of parts for the repair of operational machinery and equipment.

2. **The item of personal property has an economic life exceeding one (1) year and has an acquisition cost, inclusive of installation cost, sales tax, and freight expense, of \$250 or less.**

If an item is acquired or is provided to the business owner at nominal or no cost, the \$250 per item ceiling shall apply to the fair market value of the item at the time of the acquisition. The \$250 per item ceiling applies to each personal property item as completely assembled for use in the business.

NOTIFICATION OF VALUE

ASSESSOR'S RESPONSIBILITY: When the Assessor has valued your personal property, you will receive a Notice of Valuation (NOV). (This is not a tax bill!) The purpose of the notice is to notify you of any change in your property valuation and advise you of your right to appeal the new value. Personal Property Notices of Value are mailed on June 15th. If the 15th falls on a weekend, then the following Monday is the due date for the Assessor to mail the notices of value.

TAXPAYER'S RESPONSIBILITY: When you receive a NOV, study it carefully. The notice describes the property you own, gives the actual value for both the prior and current year, advises you of the amount of change, and provides an opportunity to present your objections to the Assessor.

Keep in mind that the changed value on the notice affects the amount of taxes you pay the following January. If the NOV reflects a value you disagree with or if you have questions about the valuation, **call your County Assessor! Don't wait until you receive your tax bill the following January!**

TAXPAYER REMEDIES:
These are your legal rights under the law:

- ***If you disagree with the change in value:*** You must file an objection with the Assessor in the county where the property is located. For personal property owners, a mailed objection must be postmarked by June 30, 2009, or if you appear in person, you must do so by July 5, 2009. The Assessor must give a decision, in writing, by July 10.

The Personal Property Appeals Form will be available June 15, 2009, the beginning of the personal property appeals period.

- ***If you are dissatisfied with the Assessor's decision:*** You can appeal to the County Board of Equalization (CBOE) by July 20, 2009. The CBOE conducts hearings through August 5. The board must notify you in writing within five business days after their decision is made.
- ***If you are dissatisfied with the CBOE decision:*** You may appeal to the Board of Assessment Appeals (BAA), to the County Commissioners for binding arbitration, or the District Court of the county in which the property is located. You must appeal within 30 days of the CBOE decision.
- ***If you are dissatisfied with the decision of the BAA or District Court:*** You may appeal to the Court of Appeals within 30 days of the BAA decision or 45 days of a District Court decision.

**DECISIONS REACHED THROUGH THE ARBITRATION PROCEDURE
ARE FINAL AND NOT SUBJECT TO REVIEW.**

Assessor's Field Inspection of Personal Property

To ensure that all taxpayers receive just and equalized appraisals for their property, **Colorado law requires the Assessor physically inspect personal property in the county on a regular basis.** Property owners will be contacted by the Assessor's Office when their personal property account has been selected for an on-site review.