



## Board Summary Report

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**File #:** 24-423

**Agenda Date:** 8/6/2024

**Agenda #:** 5.e.

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**To:** Board of County Commissioners

**Through:** PK Kaiser, Assessor

**Prepared By:**

Ben Swartzendruber, Sr. Assistant County Attorney

**Subject:**

Exemption of Business Personal Property for Tax Year 2024

**Purpose and Request:**

The Board annually considers an exemption from the County's portion of property taxes levied by the Board for a certain amount of the value of taxable business personal property schedules. This is a discretionary budgetary matter that the Board considers on an annual basis. This request is for the Board to determine for tax year 2024 the exemption amount, if any, it wishes to implement for personal property schedules not otherwise exempt. This item was initially presented to the Board on July 22, 2024.

**Background and Discussion:** Pursuant to statute (C.R.S. § 39-3-119.5), business personal property is exempt from taxation for tax year 2024 if the total actual valuation is less than or equal to fifty-two thousand dollars (\$52,000) on a single personal property schedule. This statutory exemption, however, does not apply to any personal property schedule with an actual value greater than fifty-two thousand dollars (\$52,000). That is, all business personal property schedules in excess of \$52,000 in actual value are taxable based upon their full value.

Pursuant to Paragraph 8(b) of Section 20 of Article X of the Colorado Constitution (TABOR), each taxing district may enact uniform exemptions and credits to reduce or end business personal property taxes. Historically, the Board of County Commissioners has approved an exemption from the property tax levy for business personal property not otherwise exempt in increasing amounts over the years. Prior to 2000, the exemption amount was less than \$10,000. For tax years 2000-2006, the exemption amount was set at the first \$10,000. For tax years 2007-2011, the exemption amount was the first \$15,000. And for tax years 2012-2023, the Board set the exemption amount at the first \$20,000. The Board must decide the exemption amount, if any, it wants to set for tax year 2024.

**Alternatives:** The Board may take no action, and the \$52,000 statutory exemption will apply only to those personal property schedules with actual values equal to or less than \$52,000 (i.e., the non-taxable accounts/schedules). The Board may also set its own exemption amount applicable to the County's portion of the business personal property tax levy that would apply to all personal property schedules not otherwise exempt for tax year 2024.

**Fiscal Impact:** Granting an exemption on personal property accounts not otherwise exempt reduces the total value of property available for ad valorem taxes but benefits the businesses with otherwise taxable accounts. It does not necessarily reduce the total amount of revenues received by the County from property taxes because of TABOR limitations, but it may.

**Alignment with Strategic Plan:**

- Be fiscally sustainable
- Provide essential and mandated service
- Be community focused

**Concurrence:** Not applicable.

**Resolution:** A draft resolution is attached.