

PERSONAL PROPERTY VALUATION INCLUDING RENTAL PROPERTY

PERSONAL PROPERTY TAX

Colorado personal property tax is levied on furniture, fixtures & equipment used in a business, organization, or rental property.

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 & other tangible items. Residential personal property consists of furnishings and appliances used in the rental of a condominium, townhouse, apartment or a residence.

WHEN IS PERSONAL PROPERTY TAXABLE?

Personal property is taxable if it is used for the production of income (ex. used in a business, organization, or rental property) at any time during the year.

ASSESSMENT DATE

Colorado law states that January 1st is the assessment date. The owners of the property (as of January 1st) are considered the owner for that entire assessment year.

The valuation and taxable status, as of January 1st, remains for the entire year even if the property is:

- Destroyed
- Conveyed (Sold)
- No longer in business (out of business)
- Enters or leaves the county or state
- Changes taxable status after the assessment date

If the property changes ownership during the year it is up to the buyer and seller to prorate the taxes. The tax statement from the Treasurer will be mailed to the owner of record as of January 1st, of the prior year.

HOW IS PERSONAL PROPERTY VALUED?

The 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 depreciate the original installed cost of the property. The original installed cost is depreciated using guidelines and procedures set forth by the State

of Colorado Department of Taxation. There are 3 different approaches to value that are considered to determine the actual value (depreciated value) and they are:

- Cost approach: estimates the cost of materials, including all installation cost to replace the property.
- Market approach: consists of comparing similar businesses or rental properties.
- Income approach: converts net income to potential worth.

Federal depreciation or accounting methods are not allowable methods of valuation.

ASSESSED VALUE

The Assessor multiplies the actual value (depreciated 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 (mill levy) to calculate the taxes for the property.

Example:

$\$40,000$ (Actual value) x 29% (Assessment rate) = $\$11,600$ (Assessed value)

Then

$\$11,600$ (Assessed value) x .0310 (Hypothetical Mill rate) = $\$360.00$ (Estimated taxes)

DECLARATION SCHEDULES

Who must file?

Owners of taxable personal property including equipment, machinery, furniture, security devices, signs and household furnishings used in a rental property, in which the total actual value (depreciated value) is greater than \$7300.00.

When to file?

The Assessor mails Declaration Schedules as soon as possible after January 1st of every year and the taxpayer must return them to the Assessor by April 15th of every year. It is the responsibility of the business owner or rental property owner to obtain and file a Declaration Schedule, if one is not received in the mail.

ALL PERSONAL PROPERTY DECLARATION SCHEDULES AND ENCLOSED FORMS/RENDITIONS THAT ARE RETURNED TO THE ASSESSOR ARE CONSIDERED PRIVATE, CONFIDENTIAL DOCUMENTS BY LAW.

NON-PROFIT EXEMPTIONS

Organizations which have a non-profit (ex 501c) status for federal IRS purposes are not automatically exempt from local personal property assessments. To obtain such exemption status, organizations which are charitable, educational, or religious in nature must apply to the State of Colorado Division of Property Taxation at 303-866-2686.

\$7,400.00 EXEMPTION FOR PERSONAL PROPERTY

Effective 1/1/2017, if the total actual value of your personal property in La Plata County is less than \$7,400, it is not taxable. But in the event additional assets are put into use which increases the total actual value, the personal property could become taxable.

FAILURE TO FILE PROPERTY DECLARATION SCHEDULE

Any owner of personal property who fails to file a Declaration Schedule by April 15th, every year, 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, the Assessor shall estimate a value for the property according to the Best Information Available (BIA). BIA's may be compared to similar business types and/or square footage to arrive at an actual value. Failure to make a **complete disclosure** of personal property may result in an additional penalty of 25% of the undisclosed property.

FILING AN EXTENSION:

You may extend the deadline if, prior to April 15th, if the Assessor receives your written request **AND** \$20 for a 10-day extension, or \$40 for a 20-day extension. This extension applies to all personal property schedules (single or multiple) which a person is required to file in the county.

Send the request in writing by one of the following methods:

- MAIL: La Plata County Assessor, PO Box 3339, Durango, CO 81302
- WALK-IN: Assessor's office at 1101 E 2nd Ave, Ste. A
- OTHER QUESTIONS: 970-382-6231

NO OR LOW COST PERSONAL PROPERTY

"Taxable personal property acquired for no or low monetary cost, to the owner (e.g., trades, gifts) still has value. The reasonable cost of comparable personal property; along with the reasonable costs of installation, sales/use tax, and freight to the point of use are to be used to develop a reasonable value in use for the personal property."

TYPES OF PERSONAL PROPERTY

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

- **Machinery, equipment, furniture, & other articles related to the business, commercial or industrial operation.**
 - **Special Mobile Machinery (SMM)** is subject to specific ownership taxation in lieu of ad valorem taxation. SMM tags are purchased through the Motor Vehicle Department of the Clerk and Recorder's office. You may contact them with any additional questions at 970-385-0240. If you have a SMM plate or decal on your equipment, a copy of the registration is required to verify that personal property is being reported.
- **Computer equipment**
 - Operating software is taxable, i.e. MS Operating System, Windows 7, Vista
 - Application software is exempt, i.e. QuickBooks, Peachtree
- **Signs:** Any type of signage representing a business, organization or property.
- **Household furnishings** used in the rental of a condo, apartment, townhouse, or residence.
- **Leasehold improvements:** Certain leasehold improvements (i.e. special plumbing or built in cabinets, etc.) are considered personal property. (Property owners report the leasehold improvements on the Declaration Schedule and the assessor must decide whether these improvements are personal property, or part of the real property improvements.)
- **Leased Property:** Please report the names, addresses, and type of equipment, of all companies from which you lease or have service contacts with for your business.
 - Example of types of leased equipment are, but not limited to: copiers, postage machines, vending machines, specialized equipment, & etc
- **Consumable personal property exemption:** In 2000, C.R.S. 39-3-119 was amended to exempt "consumable personal property." To be classified as "consumable" personal property, the item must fall under one of the two following criteria:

- The item must have an economic life of one (1) year or less. This criteria applies to all items of personal property regardless of original acquisition cost. This category also includes non-functional personal property items used as a source of parts for the repair of operational machinery and equipment.
- 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 \$350 or less. If an item is acquired or is provided to the business owner at nominal or no cost, the \$350 per item ceiling shall apply to the fair market value of the item at the time of the acquisition. The \$350 per item ceiling applies to each personal property item as completely assembled for use in the business.

NOTIFICATION OF VALUE (NOV)

Assessor's Responsibility

When the Assessor has established the actual value of your personal property, you will receive a Notice of Valuation (NOV). This is not the tax bill! The purpose of the notice is to inform 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 or before June 15th every year. 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 your 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 any amount of change, and provides you an opportunity to present your objections to the Assessor.

Keep in mind that a changed value on the Notice may affect the amount of tax you pay the following January. (Taxes are paid in arrears.) If the NOV reflects a value with which you disagree or, if you have questions about the valuation, call the Assessor's office personal property department. Don't wait until you receive your tax statement the following January!

TAXPAYER REMEDIES – YOUR LEGAL RIGHTS

If you disagree with the value:

You may 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 30th. If you appear in person, you must do so by June 30th.

The Assessor must give a decision, by way of a Notice of Determination (NOD) by July 10th.

If you are dissatisfied with the Assessor's decision: You may appeal to the County Board of Equalization (CBOE) by July 20th. The CBOE will conduct hearings through August 6th. 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. Appeals to the BAA or District Court must be filed 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 the District Court decision.

Decisions reached through Arbitration 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, the Colorado law require the Assessor's staff to 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.

WHEN TO PAY PERSONAL PROPERTY TAXES

The **County Treasurer** is responsible for mailing property tax statements and collecting the property taxes. If you have any further questions, you may contact the Treasurer's office at 970-382-6352.

ADDITIONAL QUESTIONS: You may call Jodi at 970-382-6231 or email at Jodi.zuber@co.laplata.co.us