

A Brief Guide To Understanding
A TAXABLE POSSESSORY INTEREST

DEFINITION:

A private property interest in government-owned property or the right to the occupancy and use of any benefit in government-owned property that is granted thru lease, permit, license, concession, contract or agreement.

EXAMPLES:

1. Government land and/or improvements used in the operation of a farm or ranch. A National Forest Service grazing allotment used in conjunction with a farm or ranch to graze cattle, sheep, or other livestock, is a taxable possessory interest.
2. Government land and/or improvements used in the operation of a ski area. DMR's long term lease of 2500 ac of National Forest Service land, is a taxable possessory interest.
3. Government owned land used for harvesting timber. A commercial timber-sale contract is a taxable possessory interest. The Boy Scouts contract to sell permits to cut 1000 trees, to be sold as Christmas trees, is not a taxable possessory interest, nor is the \$5 fee you pay to them, to cut your own Christmas tree.
4. Recreational use of lakes, reservoirs, and rivers in a revenue-generating capacity. A business leasing a boat dock site from Bureau of Recreation has a taxable possessory interest. A City of Durango license to take customers rafting on the Animas River is a taxable possessory interest but, boarding your own raft for your personal use is not a taxable possessory interest.
5. Land and/or improvements at a tax-exempt airport. Airline companies are valued by the State of Colorado. All other commercial tenants at La Plata County Airport have a taxable possessory interest. Privately owned airplane hangers are taxable, but not as a possessory interest.
6. Private concessionaires, not operating pursuant to 39-1-103(17)(a)(111) CRS. Refer to 39-1-103(17)(a)(111) for private concessionaires operating under a management contract.
7. Government land under privately owned cabins that are rented to generate revenue. If a cabin, located on exempt government land, is rented for income, possibly as nightly lodging, pack trips, or B&B, the lease of government land creates a taxable possessory interest. A private cabin on government land, used by its owner, is taxable, but, not as a possessory interest.
8. Other government property leased to private parties and used to generate revenue. Examples: The County fairgrounds rented to a circus, a horseshow, or a jazzercise program is a taxable possessory interest. NFS land leased for cell tower sites are either state-assessed or locally assessed as a taxable possessory interest. Outfitters who use permits in NFS land and conduct their business to generate revenue, have a taxable possessory interest.

CONTACTS:

If you believe that your use of exempt government owned property is for your private use and is not to generate revenue, contact the La Plata County Assessors Office, PO Box 3339, Durango, Co. 81302, or call our front desk at 970-382-6221, 8:00a.m. - 5:00p.m. Mon-Fri for additional information.

EXEMPTION:

If you believe that your use of government owned property is exempt from property tax, i.e.: church, school, or similar use, please contact: Division of Property Taxation, Exempt Division, 1313 Sherman Room 419, Denver, Co. 80203, ph: 303-866-2686

VALUE AND TAXES:

The value of a taxable possessory interest is based on 3 components. 1) The fee paid to the government owner of the property, 2) The length of time of the allowed use, i.e.: one day or many years, 3) The net value discount rate developed for either commercial use or agricultural use.

Taxes on possessory interest will vary based on different mill levies in different taxing districts.

Some information on this page is from C.A.T.A. Appraisal Course # 515 Possessory Interest 9-4-02.