

# **State of Colorado Property Tax Assessments Statutes**

## **Basis for Property Tax Assessments – Market Value**

Taxable property is assessed at its actual value (Sec. 3, Art. X, Colo. Const., Sec.39-1-101, CRS). The actual value is determined by consideration of the cost approach, the market approach, and the income approach (Sec. 39-1-103(5), CRS), except for specially valued property. However, the cost approach establishes the maximum value of personal property if all costs incurred in the acquisition and installation of such property are fully and completely disclosed by the property owner to the assessing officer (Sec. 39-1-103(13), CRS). Oil and gas properties are valued at 87-1/2% of the selling price of all oil or gas sold the preceding calendar year, less any delivered to government entities, state or federal, as royalty (Sec. 39-7-102, CRS). Nonproducing oil, gas, and oil and gas mineral interests are valued by the income approach capitalizing annual net rental income at an appropriate market rate (Sec. 39-1-101, CRS). The income approach must be used to value solar energy generation facilities if energy production began after 2008 and generation capacity is more than 2 megawatts. Wind energy facilities also must be valued using the income approach. (Sec. 39-4-102(1.5), CRS). New small, low-impact hydroelectric energy facilities are valued using the income approach if energy production begins after 2009, and generation capacity is more than five megawatts (Sec. 39-4-101(3.3), CRS). The income approach is also to be used for biomass energy facilities. A “biomass energy facility” is defined as a new facility first placed in production on or after January 1, 2010, that uses real and personal property, including leaseholds and easements, to generate and deliver to the interconnection meter any source of electrical or mechanical energy by combusting only biomass or biosolids derived from the treatment of waste-water, and that is not primarily designed to supply electricity for consumption on site (Sec. 39-4-101(2.3), CRS). Beginning July 1, 2013, a property tax and specific ownership tax exemption is allowed for equipment used in the production of woody biomass (Sec.39-4-101(2.3), CRS). Utilities: The Property Tax Administrator assesses public utility property by using the unit method of valuation (Sec. 39-4-102(1), CRS). In lieu of the unit method, which values the whole enterprise and apportions the amount attributable to Colorado, the Administrator has the option to value the company on the basis of its books and records if the state values may be clearly ascertained (Sec. 39-4-102(2), CRS). For renewable energy facilities that began generating energy before January 1, 2012, the property tax administrator will exclude the cost of transmission lines in the valuation of the facility. For facilities that begin generating electricity on or after January 1, 2012, the administrator will include the cost of transmission lines for nonrenewable facilities. (Sec. 39-4-102(1.5)(b)(IV), CRS).

## **Real Property Defined**

Real property means (1) all lands or interests in lands, the title to which has been acquired from the federal or state government or from another sovereign authority, (2) all mines, quarries, minerals, and associated



rights and privileges, and (3) improvements (Sec. 39-1-102(14), CRS). Improvements means all structures, buildings, fixtures, fences, and water rights erected upon or affixed to land, whether or not title to such land has been acquired (Sec. 39-1-102(7), CRS).

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### **Personal Property Defined**

Personal property as a whole is defined to mean everything that is the subject of ownership but that is not included within the definition of real property (Sec. 39-1-102(11), CRS). Personal property includes pipelines, utility lines, and similar business assets installed on real property through an easement, right-of-way, or leasehold for the purpose of commercial or industrial operation and not for the enhancement of the property (Sec. 39-1-102(11), CRS).

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### **Intangible Property Taxes**

Exempt (Sec. 39-3-118, CRS).