

Governor's Executive Orders: Business Personal Property

City and County of Denver
COVID-19 Emergency Response

April 10, 2020

Business Personal Property (BPP) Overview

State Powers Relating to BBP Assessment and Tax Collection:



- In Colorado, business personal property assessment and taxes are governed by the state, outlined in the state constitution and state statutes.
- The State requires businesses to submit a **personal property declaration** to their county assessor listing all machinery, equipment, furniture and other personal property items.
- Businesses with a personal property value **greater than \$7,700** are subject to business personal property tax.
- Taxable business personal property accounts must submit a declaration listing their personal property items each year. Businesses receive a **Notice of Valuation**, indicating their total actual value.

BPP Overview

County Powers Relating to BPP Assessment and Tax Collection:



- Colorado counties, like the City and County of Denver, assess business personal property and determine a total actual value in accordance with State guidelines.
- County assessor mail businesses a **Notice of Valuation**, indicating their total actual value.
- If a taxpayer disagrees with their Notice of Valuation, they have the opportunity to **protest the assessment**. The appeal process begins at the county level, but can escalate to the state level.
- County treasurer mails BPP Tax bills each January.
- County treasurer **collects** business personal property tax and distribute to various taxing authorities.

BPP Annual Cycle: Assessment and Collection

Business personal property tax assessment and collection occurs simultaneously each year.

For example, in 2019:

Business personal property tax was collected based on value determined during 2018.

AND

Business personal property value is assessed for the next year's collection in 2020.

BPP Tax Collection and Assessment Deadlines:

2020 BPP Tax Collection (for the 2019 fiscal year)

DEADLINES PRIOR TO COVID-19

Feb. 29: First half of BPP taxes due under two-installment plan

April 30: Full payment of BPP taxes due under lump sum plan

June 15: Second half of BPP taxes due under two-installment plan



April 15: 2020 BPP Declaration due

July 15: Assessor mails Notice of Valuation

Aug. 15: BPP valuation appeal due

2020 BPP Assessment (to be collected in 2021)

Executive Orders Issued by Governor Polis

- Governor Polis has the power to issue executive orders in times of emergency.
- Executive Order #D 2020 22 extends the deadline for Personal Property Declaration submissions.

Executive Order Specifics:

XO: #D 2020 022

Issued: April 2, 2020

County Permissions:

- Extends the 2020 Personal Property Declaration deadline to June 15, 2020.
- The State Board of Equalization will adjust the remainder of the valuation, protest and appeals calendar to accommodate this later filing deadline.
- The Assessor will send Notices of Value to personal property owners no later than August 3, 2020.
- The city must still certify values to taxing jurisdictions by Dec. 10 for taxing jurisdictions to set their mill levies for 2021 tax collections.

Executive Orders Issued Governor Polis

- Executive Order #D 2020 12 and XO #D 2020 31 provide counties some flexibility to alter their BPP taxation process, but only within the bounds of the orders.

Executive Order Specifics:

XO: #D 2020 12

Issued: March 20, 2020

County Permissions:

- Allows County treasurers the ability to waive a portion of late interest on BPP tax installment payments that were already delinquent.
- Effective from Mar. 20 through April 20.

XO: #D 2020 31

Issued: April 6, 2020

County Permissions:

- Extends late interest payment waivers through April 30, 2020.
- Allows BPP owners to opt to pay first installment by April 30, interest free.
- Second installment is still due June 15.

Denver's Response to the Executive Orders

The Mayor instructed the Denver Department of Finance to take **full advantage** of the Governor's executive orders.

- Denver will waive **100%** of late payment interest through **April 30, 2020**.
 - Those who paid late interest after the EO went into effect on Mar. 20, 2020 will be reimbursed.
- Property owners who have not yet paid the first installment of BPP taxes may now **pay their first installment on or before April 30, 2020** with interest waived.
 - The second installment is still due on June 15, 2020.
- BPP owners who intended to pay in full on April 30, 2020 may still do so or may now **choose to pay in two installments** with the first half due **April 30** and the second half due **June 15**.

State Statutes Allow Delinquent Payment Plans

The State does allow counties to work with businesses once they become delinquent on their BPP taxes to establish payment plans.

- Once a BPP Owner is delinquent (as early as May 1) the Denver Treasury Division will contact that BPP Owner to discuss a payment plan.
- The State has not authorized counties to waive late interest after April 30. Interest will accrue starting May 1 for those on a lump sum plan and first half payments and starting June 16 for second half payments.
- Late payment interest will accrue at 1% per month.

BPP Tax Collection and Assessment Deadlines:

2020 BPP Tax Collection (for the 2019 Fiscal Year)

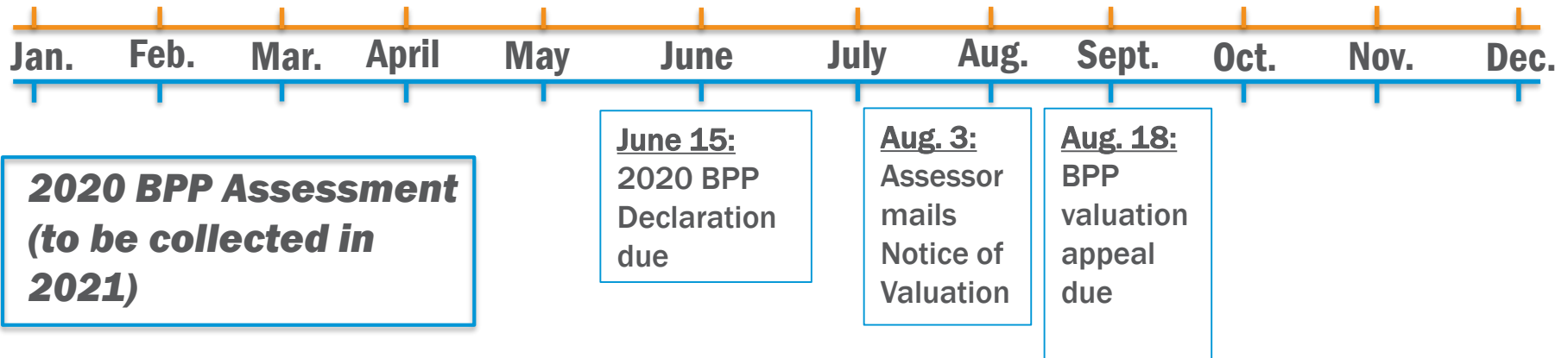
April 30: First half of BPP taxes due under two-installment plan

April 30: Full payment of BPP taxes due under lump sum plan

June 15: Second half of BPP taxes due under two-installment plan



REVISED DEADLINES
following Governor's
COVID-19 XOs





As early as **May 1**, delinquent BPP Owners may work with the City to establish payment plans for their delinquent BPP taxes



Will I be impacted by these changes?

Below are six scenarios illustrating various situations. The first two examples relate to BPP assessment and last four relate to BPP tax collection:

Examples	Status of Personal Property Declaration	Impacted by deadline extension?	NOV and Appeal deadlines
 <p>Scenario One:</p>	<p>BPP Owner A submit their personal property declaration on April 1, 2020.</p>	<p>No, BPP Owner A already submit their declaration. They will not need to take further action until they receive their NOV.</p>	<p>BPP Owner A will receive their NOV by Aug. 3 and will have until Aug. 18 to submit an appeal, if they desire to do so.</p>
 <p>Scenario Two:</p>	<p>BPP Owner B has not yet submitted their personal property declaration.</p>	<p>Yes, BPP Owner B now has until June 15 to submit their declaration.</p>	<p>BPP Owner B will receive their NOV by Aug. 3 and will have until Aug. 18 to submit an appeal, if they desire to do so.</p>

Examples	Status of BPP Tax Payments	Impacted by XOs or State Statutes
 Scenario Three:	<p>BPP Owner C opted to pay in full. They paid their lump sum on Jan. 16.</p>	<p>No, they already paid and will not be impacted as they are not accruing late interest.</p>
 Scenario Four:	<p>BPP Owner D opted to pay in two installments. They paid their first half on Feb. 29.</p>	<p>No, they paid their first half on time and must submit their second half payment by June 15.</p>
 Scenario Five:	<p>BPP Owner E opted to pay in two installments. They missed the Feb. 29 deadline for their first payment and have yet to pay their first half.</p>	<p>Yes, they can now make their first half payment on April 30. They will not be charged late interest.</p>
 Scenario Six:	<p>BPP Owner F opted to pay in two installments. They missed the Feb. 29 deadline and are unable to pay the first half by April 30.</p>	<p>Yes, they can work with the City to establish a payment plan for their delinquent taxes. They will accrue at 1% per month starting May 1.</p>

Frequently Asked Questions

Q: *Do delinquent payment plans apply to both residential and commercial properties?*

A: No, State statutes only allow payment plans for delinquent BPP taxpayers.

Q: *Will I accrue late interest on delinquent BPP tax payments?*

A: Yes, the State has not authorized counties to waive late interest after April 30. Interest will accrue starting May 1 for lump sum and first half payments and starting June 16 for second half payments.

Q: *Do I have to submit a Personal Property Declaration?*

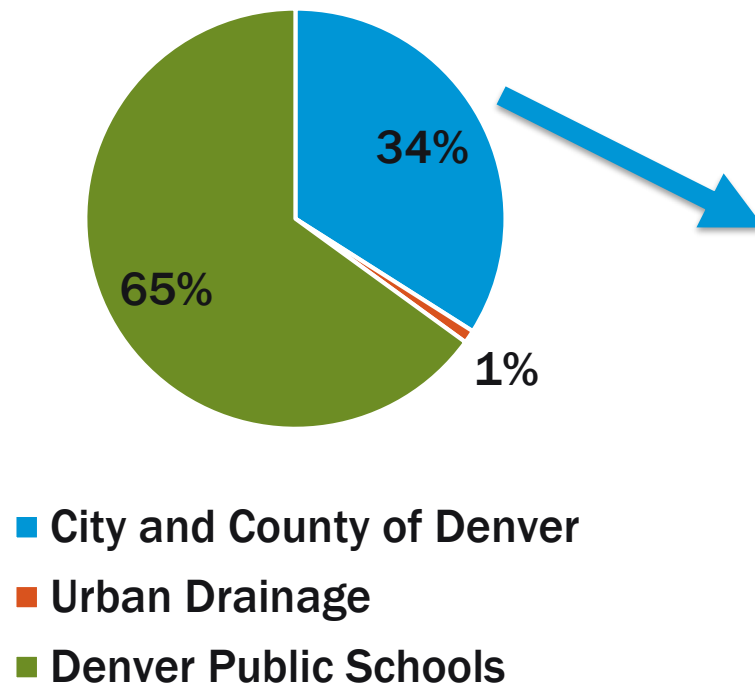
A: All businesses must submit a declaration, however small businesses with a total BPP value less than \$7,700 are exempt from paying BPP tax.

Q: *Can the City defer or abate all 2020 BPP taxes?*

A: No. The State has not authorized any kind of BPP tax deferral or abatement, and the City does not have those powers.

Where are BPP Taxes Spent?

Denver Property Taxes



- While the majority of property tax revenues go toward DPS, the City receives 34% of those revenues.
- The City collects these revenues on behalf of various taxing entities, including special districts and the Denver Urban Renewal Authority.
- The City receives a portion of these revenues for the General Fund, the Capital Improvement Fund, the Affordable Housing fund, providers of supportive services for people with intellectual and developmental disabilities, and more.

Next Steps

- Denver continues to work with the State regarding any future actions relating to BPP assessment and taxation.
- The City will consult with the various taxing authorities within our borders, like Denver Public Schools, to understand impacts future changes could have on their operations and budgets.
- The Mayor understands the new and intense economic pressure businesses face and has enacted a variety of relief programs, which can be found on the City's [website](#).

**COVID-19 is impacting the public and private sectors,
and the City is committed to utilizing all available tools to aid
businesses and property owners.**