

UNDER THE DOME

WITH THE NCLA

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ANOTHER STEP IN BPPT RELIEF; STAGE SET FOR MORE REFORM

Business Personal Property Tax (BPPT) is arguably the most onerous tax on business. A continual tax on investment in business capital, it dissuades significant capital investment and puts Colorado at a disadvantage in attracting, retaining and growing capital intensive business and industries, including advanced manufacturing, technology, agriculture among others. NCLA continues to lead the discussion and the solutions on BPPT. This week, two bills passed the legislature and set the stage for more comprehensive reform next year.

Senate Bill 183, by Senators Mark Scheffel (R-Douglas County) and Rollie Heath (D-Boulder), builds upon NCLA's success on BPPT relief for two years running. With recent modifications, under current law, local governments have been granted the flexibility to negotiate an agreement (known as a business incentive agreement or BIA) with a business to waive BPPT as a means to incent new investment, relocation or expansion. Under current law, such agreements are limited to 10-year terms. However, with ongoing reinvestment necessity by many different industries, it was clear a ten-year term was much too short. SB 183 affords local governments the opportunity to negotiate a BIA for a 35-year term.

NCLA testified in favor of SB 183 and the bill has passed the Senate last week, the House this week and it is now on its way to the Governor's desk.

HB 1079, by Representative Dave Young (D-Greeley) and Scheffel proposes to increase provide a business a refund on the amount of BPPT paid up to a \$15,000 valuation. For the first time, the state is a participant in the BPPT relief game by providing the necessary general fund funds to cover the refund obligation. NCLA supports HB 1079 and the bill is awaiting final action by the Senate.

Addressing the BPPT issue in a comprehensive manner has been difficult with Colorado's complex tax policy which includes the Gallagher Amendment and TABOR. The goal of doing so, however, remains top of mind for NCLA. During the upcoming interim period, NCLA will review current opportunities to address the issue in a more comprehensive and meaningful manner.