



COLORADO SPRINGS Taxes

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Income Tax

| State | Corporate (excise) |
|-----------------|-----------------------|
| COLORADO | 4.63% |

Source: Federal Tax Administrators Internet, January 2010

Sales and Use Tax

Effective rates:

| | |
|--------------------------|-------------|
| City of Colorado Springs | 2.5% |
| El Paso County | 1.0% |
| Colorado State | 2.9% |
| Pikes Peak RTA* | <u>1.0%</u> |
| | 7.4% |

Sales and use taxes are collected on tangible personal property only. Sales and use tax is, effectively, one tax. If items are purchased in Colorado, sales tax applies. If items are purchased outside of Colorado and no "external" sales tax liability exists, a use tax is assessed, equivalent to Sales Tax.

Machinery and machine tools in excess of \$500 are exempt from State (2.9%), County (1.0%) and Pikes Peak RTA* (1.0%) sales and use tax.

Colorado Springs has an exemption that phases out the rate of tax on manufacturing equipment purchased in a calendar year. The phase out of the tax rate starts when purchases exceed \$5 million, and the rate of tax is incrementally reduced to 0% when total purchases exceed \$20 million.

Intrastate telephone calls are subject to sales tax, however, **interstate telephone calls are not subject to sales tax.**

*Pikes Peak RTA is the Pikes Peak Rural Transportation Authority.

Source: Stockman Kast Ryan & Company, January 2010

Utility Taxes Colorado Springs, CO

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There is no distinct residential use Utility Tax.

Industrial and commercial users:

Gas and electric consumption, except that used in manufacturing and processing, is subject to the 7.4% sales tax.

| | |
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| Colorado State | 2.9% |
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| | 7.4% |

*Pikes Peak RTA is the Pikes Peak Rural Transportation Authority.

Residential: Exempt

Source: Stockman Kast Ryan & Company, January 2010

**Property Taxes
Colorado Springs, CO**

The Constitution of Colorado states that taxes for all property must be equally assessed and levied. Personal property that is for non-business use is exempt.

El Paso County is responsible for assessment and collection of all property taxes in El Paso County.

The components of property tax calculations are: 1) Market value of property; 2) assessment ratio; 3) mill levy

Market values:

The County Assessor, in accordance with state regulations, estimates actual market value of real property.

The company, subject to audit by the County Assessor, must declare the value of commercial and industrial personal property.

Assessment levels:



The assessment level for commercial and industrial real and personal property is 29% of market value. This is subject to adjustment every other year.

Mill levies:

Mill levies are independently set by various taxing authorities; i.e., county, city, school districts, library district, special districts, etc. The average total mill levy in 2009, for application 2010, was approximately 67 mills.

Source: El Paso County Assessor Office, January 2010

Tax calculation:

Market Value x Assessment Level x Mill Levy = Approximate Taxes Due

Example:

An **industrial property** with a market value of \$2,000,000
 $\$2,000,000 \times 0.29 \times 0.067$
Property tax = \$38,860

Source: El Paso County Assessor Office, January 2010



Other Taxes
Colorado Springs, CO

Commercial or government aircraft parts (permanently affixed or attached to aircraft used in interstate commerce) – none

Franchise tax – none

Inventory tax – none

Motor fuels tax - Gasoline, gasohol – 22 cents per gallon

Special fuels (diesel, kerosene) –

20.5 cents per gallon state

24.4 cents per gallon federal

Occupation tax – none

Severance tax – mining or extraction operations only

Software property tax – none

Unitary tax method – combined (similar to water's edge)

Unemployment tax new employers – 2.52% of first 10,000 of wages
(rates vary by industry)

Source: Stockman Kast Ryan & Company, January 2010