

Taxes

Corporate & Individual

Colorado has one of the nation’s most favorable business tax climates. The state ranks among the top-20 states (17th) for best corporate tax system and business-friendly tax climate, according to the Tax Foundation's 2020 State Business Tax Climate Index.

State Corporate & Personal Income Tax Rates	
	Rate
Corporate Income Tax	4.63%
Personal Income Tax	4.63%

Source: Colorado Department of Revenue.

Property

In Colorado, property tax is levied on real and personal property based on its assessed value and the local tax districts providing services to the area.

Property Tax Levies by County, 2018	
County	Average County Levy ¹
Arapahoe	99.566
City & County of Denver	82.022
Douglas	102.459
Metro Denver Average	95.956

The mill levy is the tax on each \$1,000 of assessed value for the property (actual value x assessment rate / \$1,000 x mill levy).

- The average levy including all tax districts in the Denver South region ranges from 82.022 in the City and County of Denver to 102.459 in Douglas County.

Property Tax Example	
Assume you have a home with a base year market value of \$200,000. With a residential property assessment ratio of 7.20%, the assessed value of the home is \$14,400 (1). Given that the average Metro Denver 2018 mill levy of 95.956 is the tax on each \$1,000 of assessed value, the total tax due is \$1,381.76 (2).	
(1) \$200,000 * 7.20% = \$14,400	
(2) \$14,400 * .095956 = \$1,381.76	

Note: Per Colorado law, assessors reappraise all property every two years (in odd-numbered years). Mill levies between general reassessment years may not be directly comparable due to the change in assessment base.

¹ Actual levy depends on location within each county as school, municipal and special district boundaries do not coincide with county lines. The mill levy is the dollars of tax per \$1,000 of assessed valuation.

Source: Colorado Department of Local Affairs, Division of Property Tax Administration, "State of Colorado Property Tax Annual Report."

Sales and Use Tax

Combined state, local, and special district sales tax rates in the Denver South region range from 3.25 percent in unincorporated areas of Arapahoe County to 8.31 percent in the City and County of Denver.

Many areas in the Denver South region have sales and use tax rates below the Metro Denver average of 7.38 percent.

Sales & Use Tax Rates

District	Rate	Combined Rate ¹
Colorado	2.9%	
Arapahoe County	0.25%	3.25% / 4.25%
Centennial	2.5%	6.75%
Greenwood Village	3.0%	7.25%
City & County of Denver	4.31% / 4.0%²	8.31% / 8.0%²
Douglas County	1.0%	4.0% / 5.0%
Lone Tree	1.8125%	6.8125%
Special Districts		
Regional Transportation District (RTD)	1.00%	
Scientific & Cultural Facilities District	0.10%	
Lincoln Station Local Improvement District	0.50%	
Metro Denver Average Rate		7.38%

¹ Combined tax rates include applicable state, county, city, and special district levies.

² Sales tax on food and liquor for immediate consumption.

Source: Colorado Department of Revenue.

Occupational

Denver and Greenwood Village are among five cities in Metro Denver that assess an occupational tax on all people working in that city who earn a determined amount in monthly salary. The occupational tax is shared by the employer and the employee, as indicated in the table.

Occupational Tax			
City	If monthly salary greater than:	Monthly Amount Paid Per Worker by:	
		Employer	Employee
Denver	\$500	\$4.00	\$5.75
Greenwood Village	\$250	\$2.00	\$2.00

Source: Individual city websites.

Unemployment Insurance

Colorado's unemployment insurance rates vary among established employers, depending upon the history of taxes and benefits paid, and the Unemployment Insurance Fund balance.

The majority of new employers (non-construction) are charged a standard tax-based rate depending on the type of business activity. For rate year 2020, the rate consists of only the base rate.

An employer's unemployment insurance tax liability is based on the taxable wage base, which is the first \$13,600 of each worker's wages.

Workers Compensation

Workers' compensation insurance is provided by over 200 private insurance companies and the State Compensation Insurance Fund, d.b.a. Pinnacle Assurance, an independent political subdivision of the State, which operates as a workers' compensation insurance company. Colorado's rates are among the lowest in the country.

Incentives and Financing

The Denver South region's pro-business environment, favorable regulatory environment, and competitive tax structure foster a favorable business climate. The state of Colorado and local governments in the region support this climate by providing incentives that focus on:

- Employee training
- Expedited permitting and licensing
- Infrastructure improvements
- Job creation
- Tax rebates

Most of the incentives are granted on a case-by-case basis depending on the type of company, the number of employees, wages, and location of the project.

Information on incentive programs and support most commonly used in the Denver South region are listed below.

Business Classification	Base Rate	Surcharge		Combined Rate
		Employer	Employee	
Non-construction; General				
Construction; or Trades	0.017	0		0.017
Heavy Construction	0.0594	0		0.0594
Political Subdivision Group Rate	0.003	0		0.003

Source: Colorado Department of Labor and Employment.

The state of Colorado offers several incentive programs that are available to organizations throughout the region.

[Advanced Industry Tax Credit](#)

Provides assistance to Colorado companies operating in seven advanced industries the opportunity to receive capital from investors.

[Aviation Development Zone Tax Credit](#)

Provides a state income tax credit of \$1,200 per new full-time employee for businesses involved in the maintenance and repair, completion or modification of aircraft located within approved Aviation Development Zone airports.

[Colorado FIRST and Existing Industry-Job Training Grants](#)

Programs invest in the labor force and incentivize a business' growth in Colorado by providing grants to companies that are locating or expanding in the state.

[Enterprise Zone \(EZ\) Tax Credits](#)

The EZ Program is designed to promote a business-friendly environment in economically distressed areas by offering state income tax credits that incentivize businesses to locate and develop in, and non-profit organizations to assist with the needs of these communities.

[Global Consultant Network](#)

A network of international consultants that connect qualifying Colorado companies to global opportunities and market education.



Local Incentives

At the local level, incentive packages are granted case-by-case via local jurisdictions. These incentives are considered based on employee count, wages, and industry type. Transportation amenities may also be available.

[Employee Relocation Assistance](#)

Local economic development organizations may offer packages of discounted products and services to assist employees relocating to the metro area.

[Local Tax Abatement](#)

Cities may consider waiving or rebating local sales/use taxes for construction materials, personal property, and manufacturing equipment.

[Low Interest Loans](#)

Cities may offer low interest loans or interest rate reductions on a loan for tenant finish costs, equipment, and working capital.

[Mass Transit](#)

The Regional Transportation District (RTD) has a discounted bus pass program called EcoPass to reduce traffic congestion,

[Job Growth Incentive Tax Credit](#)

Provides a state income tax credit to businesses undertaking job creation projects that would not occur in Colorado without this program.

[Procurement Technical Assistance Center \(PTAC\)](#)

A program which provides Federal, State and local government contract procurement assistance in the form of education and counseling for Colorado companies.

[Rural Jump-Start Zone Program](#)

Provides tax relief to new businesses and new hires of these businesses that are located in certain economically distressed areas of rural Colorado.

[Strategic Fund Incentive](#)

A performance-based program designed to encourage recruitment, retention, and economic growth through Colorado by supporting Colorado Economic Development Commission (EDC) approved businesses that have created and maintained permanent net new jobs for one year.

[Venture Capital Authority \(VCA\)](#)

A venture capital funding program designed to fill a gap in private capital markets and provide seed and early-stage capital investments in Colorado companies.

encourage bus usage, and reduce parking costs. Also, RTD's Individual Rider Account offers employers and employee payroll tax savings, pre-tax savings, and transit pass discounts.

[Personal Property Tax Credits](#)

Cities and counties may elect to exempt up to 100 percent of locally assessed business personal property taxes, per the Save Colorado Jobs Act.

[Small Business Development Centers](#)

Community-based Small Business Development Centers provide free one-on-one counseling services in the areas of business research and marketing, new business feasibility analysis, business plan preparation, finance packaging, and other small business topics.

[Training Assistance](#)

Cities may offer additional training assistance for qualified projects.

Waiver of Permit Fees

In addition to expediting the building permit process, cities may choose to waive all or part of various permit fees.

Workforce and Customized Staffing Services

Denver South EDP works closely with Arapahoe/Douglas Works! Services include:

- Providing timely and accurate labor market information;
- Customized staffing services (recruitment, screening, assessments);
- Hiring events; and
- Services are provided to employers and job seekers at no cost. The Department of Labor provides much of the funding for the workforce center.



Enterprise Zone Tax Credits

The Colorado Enterprise Zone (EZ) Program is designed to promote a business-friendly environment in economically distressed areas by offering state income tax credits that incentivize businesses to locate and develop in, and non-profit organizations to assist with the needs of these communities. There are 14 Enterprise Zones in Colorado.

Businesses located in a zone can qualify for the following Enterprise Zone tax credits and incentives to encourage job creation and investment in Colorado.

BUSINESS INCOME TAX CREDITS	CREDIT AMOUNT
Investment Tax Credit (ITC)	3% of equipment purchases
Commercial Vehicle Investment Tax Credit (CVITC)	1.5% of commercial vehicle purchases
Job Training Tax Credit	12% of qualified training expenses
New Employee Credit	\$1,100 per new job
Agricultural Processor New Employee Credit	\$500 per new job
Employer Sponsored Health Insurance Credit	\$1,000 per covered employee
R&D Increase Tax Credit	3% of increased R&D expenditures
Vacant Building Rehabilitation Tax Credit	25% of rehab expenditures (hard costs)
ADDITIONAL EZ INCENTIVES	INCENTIVE AMOUNT
Manufacturing/Mining Sales and Use Tax Exemption	Expanded sales and use tax exemption in EZ
Contribution Tax Credit	25% cash/12.5% in-kind on contributions to EZ projects
Local Incentives	Increased incentives in some EZ areas