

1) Colorado
2) Agric. Experiment Station

3) Bulletin 355

4) October, 1929

OUTLINE OF COLORADO TAX LAWS FOR FARMERS AND RANCHMEN

BY G. S. KLEMMEDSON
AND C. C. GENTRY



In Cooperation with Division of Finance,
Bureau of Agricultural Economics, U. S. D. A.

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PREFACE

The primary purpose of this tax guide is to place in the hands of farmers and ranchmen tax information that is most often used so that they may know their duties, rights, and privileges in regard to general taxation.

It is not intended to give the full text of the tax laws, but simply to give a summary of selected portions. Many Colorado farmers and ranchmen are not aware of the provisions safeguarding their rights and therefore fail to protest against certain injustices and unintentional mistakes. Failure to make a protest at the proper time places the responsibility for unjust and excessive taxation upon the taxpayer himself.

The assessment, levy, collection of taxes, and sale of property for taxes is entirely governed by law and court decisions and it is well to have at least a knowledge of the fundamentals. Taxes should be levied without favoritism for any special group and with full justice for all classes.

The county assessor and treasurer or your local attorney will always be glad to give you information in regard to your tax problems.

Attention is called to several recent publications on taxation problems in Colorado as follows: Don C. Sowers, "The Tax Problem in Colorado," University of Colorado Bulletin, Vol. XXVIII, No. 12 General Series No. 261, Boulder, Colorado, 1928; "The Problem of Over-appropriation and the Public Bonded Indebtedness of Colorado," Colorado State Teachers College Bulletin, Series XXVIII, No. 8, Greeley, Colorado, 1928; Whitney Coombs, L. A. Moorhouse, and Burton D. Seeley, "Some Colorado Tax Problems," Bulletin 346, Colorado Agricultural Experiment Station, Fort Collins, Colorado, 1928.

OUTLINE OF COLORADO TAX LAWS

FOR FARMERS AND RANCHMEN

BY G. S. KLEMMEDSON AND C. C. GENTRY

Levying Taxes

Taxes take about 30 percent of the farmers' net income so it is only natural for the average farmer to inquire as to how his tax money is spent, whether the cost of the service he demands is fairly distributed, and whether he is getting his money's worth for what he pays. Farmers receive not more than 25 percent of Colorado's income and pay approximately 35 percent of the tax.

Seventy percent of the revenue is obtained from the general property tax. Thirty percent is obtained from the following sources of revenue: 4-cent gas tax; motor-vehicle license fee; inheritance tax; 2 percent of annual insurance premiums; corporation annual franchise tax; business and non-business licenses; metal-mining fund; hunting and fishing licenses; income from state lands; grants from the federal government; and miscellaneous funds from state departments and institutions.

The increasing expansion in local government activities and expenditures is due to the fact that taxpayers demand more and better schools, highways, hospitals and other public services of all sorts. The annual tax on the health of Colorado is for the purpose of providing for these services, furnished for our benefit and protection by the state, county, school district, city and town.

Colorado has delegated by constitutional and statutory enactment the power to levy taxes under certain conditions and for certain purposes. (Art. 10 State Const.)

Taxes for state purposes are provided by the general assembly and levied by the State Board of Equalization. This levy may not exceed 5 mills on the dollar, 1 mill of which may be used for the purpose of educational buildings at the discretion of the general assembly. (1967) (Art. 10, Sec. 2 and 11, State Const.)

County commissioners levy taxes for the purpose of paying county expenses of different kinds such as the

What are the sources of revenue in Colorado?

Why are taxes levied?

Who can tax?

State tax

County tax

Note: The number after each paragraph refers to sections in Compiled Laws of Colorado—1921, Session Laws, or Articles in the State Constitution.

paying of outstanding warrants and other indebtedness (not to exceed 5 mills on the dollar); for the erection and maintenance of buildings; for roads and bridges; bonds and interest; mothers' compensation (not to exceed one-eighth mill); for the poor; and for school purposes. The power of levy is limited to certain mill levies based on the assessed valuation of the county as prescribed by sections 7204 to 7214, and 1246 of the Compiled Laws of Colorado, 1921. For example, section 1246 states that county commissioners may levy a property tax for road purposes which shall not exceed one dollar on each \$100 to be levied and collected in the same manner as other property taxes. (7204) (8665) (7457)

General school fund

The county commissioners annually levy a tax (not to exceed 5 mills), for the purpose of paying teachers' salaries. (8448) (8449) (8450) (Chap. 159, Ses. Laws, 1927)

Teachers' retirement fund in first-class districts

Money for the use of teachers' retirement fund may be secured by a special levy (not to exceed one-fifth of one mill), upon the property in first-class school districts. (8459)

County and union high schools

The county commissioners may levy a tax (not to exceed 4 mills), for the maintenance of the high schools in any district except in the case of union high schools in fourth or fifth-class counties, that is, counties with the smallest population, in which case the mill levy shall not be less than 1 mill or more than 3 mills. (8411) (8412) (8392) (8383)

Special school tax

The school board in each district shall levy special taxes, not to exceed 20 mills, for the purpose of maintaining the district schools. A portion of this levy, not exceeding one-tenth of a mill, may be used for the purchase of library books. (8286)

City and town tax

City or town taxes are levied by city or town officials on real and personal property in accordance with laws of the state. No tax may exceed the previous year's levy by more than 5 percent. (See section on limitations on taxing bodies.) (9149, 7214, Art. 10, Sec. 7, State Constitution)

Assessor and treasurer not responsible for making tax levies

It is the duty of the assessor to figure the amount of tax on the property as assessed after the levies are certified by the several boards. The assessor's office has nothing to do with making the levies, and his responsibility ends with the assessment of property. The county treasurer acts only as a collector of taxes.

The legislature of Colorado has provided certain maximum rates of taxation for certain purposes which may not be exceeded by the local governments (county, school districts, cities or towns), except for the payment of bonds and interest thereon, judgments or assessments; and has stipulated, in addition, that no tax levy in any year may exceed the previous year's levy by more than ten percent. (7214, Article XI, State Const.)

Limitation to increased levies of taxing bodies

But if any board of levy or any officer charged with such duty is of the opinion that the amount of tax, thus limited by law, is insufficient for the needs of the taxing district for the current year, the question may be submitted to the State Tax Commission. (Compiled Laws of 1921, Sec. 7216)

Tax Commission may authorize a needed increase in tax levy of 5 mills

If upon examination the State Tax Commission finds that an increase over the limits prescribed by law is justified, it may recommend such levy, and the taxing district is thereby authorized to increase the levy by a maximum additional 5 mills.

If the State Tax Commission refuses or fails to recommend an increase or if the additional 5-mill levy permitted proves insufficient, the question may then be submitted to the voters. If approved by three-fourths of those voting, the levy becomes legal and the officers of the local government may make the extension on the tax rolls.

The question of tax increase may be submitted to voters

Assessment of Real and Personal Property

Who Can Be Taxed?—Every taxable inhabitant and corporation shall make and deliver to the assessor between April 1 and May 20 in each year a sworn statement of all taxable property of which he was the owner on April 1 of the current year. (7225) (Art. 10, State Const.)

Taxpayer must make a sworn statement of taxable property between April 1 and May 20

A demand from the assessor for the return of taxable property is unnecessary. Any person not owning property must return the blank with a statement to that effect. In other words, it is up to the individual taxpayer to see to it that his property is assessed if he wishes to avoid the penalties. (7371)

Every person shall also at the same time make a separate sworn statement of all taxable property held, possessed or controlled by him (as an executor, administra-

tor, guardian, trustee, receiver, partner, agent, officer or representative) for the use of another. (7234, 7408)

Penalty for failure to return schedule

Any person who wilfully fails, neglects or refuses to return a schedule, or who returns a schedule known to be incorrect or defective, is liable to a fine of not more than \$1,000. (7251)

The assessor, however, is not bound to rely entirely upon the sworn statement of the taxpayer but shall determine for himself the value of each item.

Taxable property defined

What Things Are Taxed or Can Be Taxed?—Taxable property includes real property, personal property, rights, credits and all tangible property. Where any property is mortgaged, or pledged for security of a loan or debt, the borrower is assessed on the full value of the property and the lender is exempt. Any such secured notes, mortgages, deeds of trust contract or conveyance shall not be assessed. (7195)

Real estate

Real estate includes all land or interests in land within the state to which title or right to title has been acquired; all equities in state and school lands purchased under contract, all mines, minerals, quarries, all rights and privileges belonging thereto, and such improvements as buildings, water rights, structures, fixtures and fences. (1178, 7193)

Personal property

Personal property includes everything which is subject to ownership, whether tangible or intangible, and which is not included in real estate; for example, furniture, livestock, automobiles, radios, agricultural implements, money and notes.

Credits include claims and demands for money, labor or other valuable thing, and annuities. Pensions from the United States, and salaries expected for services to be rendered are not included.

Intangible property

Intangible property includes rights, credits, franchises, special privileges and special advantages having a value; for example, mineral rights, corporation and bank stock, mortgages, bonds, bank deposits and open accounts.

Livestock driven into county for grazing purposes is subject to taxation

In What Ways and to What Extent Can Men Things Be Taxed?—If livestock grazes in two counties the taxes shall be divided between the counties according to the portion of the year they are grazed in the counties. (7461)

All livestock imported into the state and fattened on agricultural products grown wholly or partially within the state shall be valued for taxation at such proportion of their full cash value as the time they are within the state bears to the full year and shall be assessed whether they are in the state upon the first day of April or not. (7462)

Feeders brought into state and fattened are subject to tax in proportion to the time in state

When Is Personal Property Listed and Assessed?—

All taxable property must be listed and valued each year. Personal property is listed and assessed April 1. (7178, 7249)

Personal property is listed and assessed April 1

Classes of Property Exempt From Taxation.—Personal property of every person being the head of the family, to the value of \$200, is exempt. (7198)

Personal property valued under \$200

Canals, ditches and flumes owned and used by individuals or corporations for irrigating land owned by such individuals or corporations cannot be separately taxed from the land on which the water is used. (7198, 7199)

Ditches are free from tax where no revenue is derived from same

Land incapable of being irrigated and cultivated included within an irrigation district is not subject to taxation for irrigation district purposes. (Amend. to Sec. 2095 and 2082, Chap. 119 and 120 Ses. Laws of Colorado, 1927)

Property of drainage and irrigation districts is exempt from taxation. (1972, 2069, 2134)

The increase in value of private lands caused by the planting of timber, other than fruit trees and hedges, shall not, for a period of 30 years from the date of planting, be taken into account in assessing such lands for taxation. (7201)

Timber planting exempt for a period of 30 years

The increase in value must be taken into consideration in assessing the property, in the event that any such timber becomes mature or suitable for economic use prior to the expiration of the 30 years. (7202)

Timber subject to tax at maturity

Fair associations are exempted when and while their property is actually and exclusively used for fairs not operated for pecuniary profit. (7203)

Fair associations are exempt

The property, real and personal, bonds or other securities of the United States, the state, counties, cities, towns and other municipal corporations and public libraries, are exempt from taxation. (Art. 10, Sec. 4, State Const.)

Public property

Charitable societies, churches, schools

Fraternal benefit societies organized as charitable or benevolent institutions, property used for religious purposes, or schools not conducted for profit, are exempt from taxation. (7198, 2630) (Art. 10, Sec. 5, State Const.)

Debts secured by property are totally exempt

Shares of stock, except bank stock, and debts secured by property in the state are exempt from taxation. (7195, 7383)

Debts may be deducted from credits only

In listing the amount of notes and credits held by him, each person is entitled to deduct from his notes or credits all his debts from the value of the amounts, but not including any liability to any insurance company for premiums on policies, or subscriptions to societies, or for the purchase of any bonds, treasury notes or other securities of the United States not taxable, or other exempt property. (7236)

A statement of indebtedness for which deduction is claimed, must be given. Such statement is to be kept confidential by assessor. (7237, 7240)

When erroneous or excessive assessments occur, persons may apply to assessor

If any person believes that his property has not been assessed according to the provisions of the law he may appear before the assessor and make known the facts in the case, and if assessment is erroneous under the law, the assessor shall correct the same. The assessor must give owner notice before the first Tuesday in August that he will hear any and all objections to the assessment roll. (7291, 7447)

County board of equalization hearings first Tuesday in September

County commissioners constitute a board of equalization to equalize assessments among taxpayers. Hearings are held the first and third Tuesday in September. (7458)

Objections when the value is less than \$7500

When the amount of total assessed valuation in dispute is less than \$7500, the taxpayer may appeal from the assessor's decision in writing to the board of county commissioners before the first Monday in January following the assessment. (7293, 8702, 7447)

In case the county commissioners refuse the petition the taxpayer may appeal the decision to the district court on written notice within 30 days. The taxes must be paid before this appeal will be allowed. Rebates made by county commissioners must be approved by the tax commission. (7460) (8702)

When the valuation exceeds \$7500 the taxpayer may appeal to the district or county court before the first Monday in January following assessment. (7292)

The State Tax Commission may receive complaints and carefully examine into all cases where it is alleged that property subject to taxation has not been assessed or has been fraudulently or for any reason improperly or unfairly assessed, or the law in any manner evaded or violated, and may cause to be instituted such proceedings as will remedy improper or negligent administration of the taxation laws of Colorado. A taxpayer may file a petition with the Colorado Tax Commission before August 25 on appeal from county commissioners. (7334, 7335, 7336, 7387, 7460, 8702)

Tax commission to see that all tax laws are obeyed and may receive and examine complaints where tax is incorrect

On account of the frequent changes of ownership of property, it is often assessed under some other name than that of the person liable for taxes or listed as "owners unknown." The only way an individual can be sure that he is properly assessed therefore, is to furnish the assessor with an accurate legal description of his property—section, township, range, lot and block numbers—and the name of the addition in which it is situated. It is the duty of every property owner to return his schedule to the assessor each year, and to see that the property is properly described. When this duty is neglected, confusion and over-assessments frequently occur, and the blame rests entirely upon the property owner. (7256, 7257, 7178, 7370)

Listing and assessment where owner is unknown

If any property is omitted from assessment for any year or series of years, when discovered it shall be assessed for all arrearage of taxes. (7321)

Omitted property taxed for arrears

Collection of Taxes

The previous year's taxes are due January 1.

First half of tax is due before March 1, the remainder before August 1

Taxes may be paid in two equal payments. To avoid penalties, the first half must be paid prior to March 1, and the second half must be paid prior to August 1, (Amend. Sec. 7191, Ses. Laws 1925, 1927)

From March 1 to December 1 the first half bears interest at the rate of 10 percent per annum.

Penalties for delinquent tax

All unpaid taxes become delinquent August 1 and bear interest thereafter at the rate of 10 percent per annum until the property is sold. If the entire tax due for the year is paid by May 1 no penalty will be attached.

All taxes on property remain a perpetual lien until paid

A legal claim or charge on property for current taxes is attached April 1 on all real and personal property and remains a continuous lien or claim upon the property until all taxes are paid. (7180, 7375)

Taxpayer may recover an illegal or erroneous tax which he has paid

The taxpayer has the right to recover or collect from the county an illegal tax or tax collected by mistake which he has paid, altho rebates must be approved by the tax commission. (7447, 7460, 7335, 1179, 7287)

Taxpayers should keep receipts as evidence of tax payments

A treasurer's record of receipt is received in all courts as evidence of payment and taxpayers are cautioned to keep them in a safe place for a period of years. (7372, 7373)

Who pays the tax when land is bought or sold?

When there is no expressed or written agreement as to which shall pay the taxes on land conveyed, the buyer must pay the taxes for the year in which the sale is made if land is purchased before the first of July; if sold after the first of July the seller must pay the taxes for the year. Irrigation taxes also come under this section. (7399)

Sale of Real Estate Delinquent for Taxes

Treasurer shall notify owner of delinquent tax

The county treasurer shall, after the first of August and before the first of September in each year, notify by mail at their last known address each person by whom taxes for the previous year are unpaid. The treasurer shall allow 10 days for the property owner to make payment. After 20 days the treasurer shall notify owner by mailing notice describing land to be sold. Land cannot be listed or sold before September 1. (7402, 1999)

Notices that taxes are unpaid and delinquent are published in four consecutive weekly issues of the local paper, or if in a daily newspaper, only four times, once each week, prior to sale, or posted near door of treasurer's office. (7403, 7405, 5397) (Chap. 161, Ses. Laws of Colorado, 1923)

Time and place of sale of property for delinquent tax

Property is advertised for sale for delinquent taxes on or about November 1. The sale begins on or about December 1 and is held at the treasurer's office. (7409) (Amend. to 7410 and 7411, Chap. 148, Ses. Laws, 1925)

After land has been sold 3 years for taxes, the purchaser on presentation of certificate may receive deed for land

At the end of 3 years from the date of sale of any land for taxes, the purchaser on presentation of a certificate of purchase and proof of compliance with the law may receive a tax deed. (7422, 7425)

Redemption of Real Estate Sold for Delinquent Taxes

Real property sold for taxes may be redeemed by the owner, or agent at any time before the expiration of 3 years from the date of sale, or thereafter at any time before the execution of the treasurer's deed to the purchaser, by the payment of the amount for which it was sold, with interest from the date of sale. (Amend. to 7430, Chap. 148, Ses. Laws, 1925)

Property sold for tax may be redeemed within 3 years or before the execution of the treasurer's deed by paying tax with interest

When property is sold for taxes, the amount for which the same is sold draws interest from the date of sale at the rate of 18 percent per annum for the first 6 months, and 12 percent per annum for the next 30 months, and 8 percent per annum thereafter until redeemed, provided, the purchaser of the property has not bid in the same at a lower rate of interest than that provided by law.

The charge for advertising is 40 cents for each description of lands, and 20 cents for each description of town lots.

The land of minors or any interest they may have in any lands sold for taxes may be redeemed at any time before such minors become of age and during 1 year thereafter. (7431)

Land of minors may be redeemed before they become of age or within 1 year thereafter

Action for the recovery of land sold for tax must be made within 5 years after the execution and delivery of the deed, except in the case of minors or insane persons. (Amend. Sec. 7429, Chap. 148, Ses. Laws, 1925)

Action to recover land must be made within 5 years

Land sold when owned by two may be redeemed by one paying a proportional amount. (7434)

A party of an undivided estate or farm may redeem the part by paying his proportionate part. (7436)

If a mortgagor fails or neglects to pay the taxes, or permits any lands so mortgaged to be sold for taxes, the mortgagee may pay the taxes or redeem the land sold for taxes, and any taxes so paid shall be a lien on the land until paid. (7400)

Holder of a mortgage can pay taxes and redeem land sold for taxes

Laws Relating to Motor Vehicle and Gasoline Taxation

The annual license fee on automobiles is one-half of 1 percent of the original factory cost with a minimum fee of \$5.00 with a reduction of 30 percent in the fee after the fifth year, and 50 percent reduction after the eighth year. (Chap. 149, Ses. Laws, 1923)

Automobile and truck licenses

Licenses on trucks vary from \$10 to \$50 for the first 5 tons, and \$25 per additional ton. (1341)

Registrations made after May 1 and prior to October 1, pay three-fourths of the full annual fee; and registrations made after October 1, pay one-fourth of the annual fee. (1339)

All registrations expire on December 31 and a new license must be obtained before January 1. Application for a new license can be made from November 15 to January 1.

All persons using motor vehicles on the streets or highways are required to pay a tax of 4 cents a gallon on gasoline. (House Bill 529, 1929, to repeal Chap. 140, Ses. Laws, 1927)

Farmers who use gasoline for other purposes than the propelling of motor vehicles on public streets or highways are entitled to a refund by the state treasurer on application to the state inspector of oils within 60 days after the purchase, when supported by an affidavit and when accompanied by the original paid invoice or sales receipt. The application must be made on forms prescribed and furnished by the state inspector of oils.

The Inheritance Tax

In 1927 the legislature of Colorado revised the Inheritance Tax Act. This revision covers 57 pages of text. Because of its length no attempt is made to condense or abstract this law in this publication. Details of the inheritance law may be found in Chapter 114 of the Session Laws for Colorado, 1927.

It might be well for interested farmers to study this law carefully. The exemptions granted and rate of taxation under the present law are as follows:

Gasoline tax of 4 cents a gallon for roads

Gasoline used in tractors, etc., exempt

Class A Husband, wife, parent, adopted child, or lineal issue	Class B Wife, widow of son, or husband of daughter, grandparent, brother or sister	Class C Uncle or aunt, nephew or niece, or lineal descendant	Class D All others	
Widow \$20,000 Others \$10,000	\$2,000	\$500	\$500	Exemption
2% on first \$50,000 up to 7½% over \$150,000	3% on first \$10,000 up to 10% over \$200,000	4% on first \$2,500 up to 14% on ex- cess over \$500,000	7% on first \$2,500 up to 16% on ex- cess over \$500,000	Rate

FARM TAX CALENDAR

January

Assessor must furnish tax schedule (7225).

Jan. 1

Taxpayer may appeal from assessor's decision to county commissioners (7287).

**Before first
Monday**

Last year's taxes are due January 1. Last day for assessor to deliver tax list and warrants to county treasurer (7317).

Jan. 1

February

Fill out tax schedule.

Taxes may be paid in two equal payments. To avoid penalties, the first half must be paid prior to March 1, and the second half must be paid prior to August 1. (Amend. to 7191, Ses. Laws, 1925 and 1927)

Feb. 28

March

From March 1 to August 1 the first half bears interest at the rate of 10 percent per annum for each month or fraction thereof. (Amend. to 7191, Ses. Laws, 1925 and 1927)

March 1

April

- April 1** Return tax schedules to assessor whether property is owned or not. (7225, 5251)
- April 1** Assessment day, real and personal property. (7225, 7249)
- April 1** Lien of general taxes for current year attached to all property. (7180)
- First Monday** State Board of Equalization meets to assess public utilities. (7284)
- April 30** If entire tax due for the year is paid before May 1 no penalty will be attached. (Amend. to 7191, Ses. Laws 1927)

May

- May 20** Last day for returning tax schedules to assessor (7225)

June

- June 15** State Board of Equalization must certify the amount and value of public utility property assessed in each county to assessors and county clerks. (7284)
- June 15** Tax commission transmits details of public utility assessments to county clerk. (7308)
- June 15** Apportionment of public utility property among school districts and municipalities by county commissioners. (7309)

July

- July 31** Final payment of taxes is due. (Amend. to 7191, Ses. Laws, 1927)

August

- First Tuesday** Assessor must mail notice of change in valuation other than that given in taxpayer's schedule. (7291)
- First Tuesday** Assessor must give notice of hearings to objections to the assessment. (7291)
- Aug. 1** Whole amount of tax becomes delinquent and bears interest at rate of 10 percent per annum until the property is sold. (Amend. to 7191, Ses. Laws, 1927)
- Aug. 1** Treasurer mails notice of tax delinquency. (7402)
- Aug. 20** Treasurer mails notice describing land to be sold for taxes. (7402)

Last day in which to file petition on tax complaint with State Tax Commission. (7287) **Aug. 25**

Taxpayers may appeal from assessor's decision to county commissioners until first Monday in January.

September

Assessor must transmit abstract of property in his county to State Tax Commission. (7351, 7268, 7311) **First Monday**

State Tax Commission meets to hear complaints. (7287) **Second Monday**

Meeting of county commissioners as County Board of Equalization. (7458) **First and third Tuesday**

October

Last day for State Tax Commission to change assessed valuations of counties. (7352) **Oct. 1**

State Tax Commission must give decision on all tax complaints or petitions. (7287) **Oct. 1**

County assessor shall certify before this date total valuation of assessable property within each city, town or school district. (7224) **Oct. 25**

Meeting of Board of Equalization to make state levy and complete equalization of county assessments. **Third Monday**

State Board of Equalization meets to correct errors, and adjust and equalize assessments in the several counties of the state. (7463) **First Monday**

November

Property will be advertised for sale for delinquent taxes. (Chap. 148, Ses. Laws, 1925) **Nov. 1**

School boards, cities and towns shall make their levy and certify same to county superintendent of schools. (7224) **Nov. 1**

County commissioners levy the required tax for the year. (7457) **First Monday**

Application for motor vehicle license can be made. (Chap. 149, Ses. Laws, 1923) **Nov. 15**

December

Sale of property for delinquent tax will begin on or about December 1. (Chap. 148, Ses. Laws, 1925) **Dec. 1**

Motor vehicle license expires. **Dec. 31**

WRITE FOR BULLETIN 346

SOME COLORADO TAX PROBLEMS

**With Special Reference to Their Effect
on Agriculture**

The relation of taxation to income: On Colorado farms, city property, public utilities, national banks and corporations; a study of assessment problems; an analysis of receipts of state and local government receipts and expenditures; and an analysis of the principles underlying the possible solution of some of the most important tax problems in Colorado.

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