

Colorado Taxes for Newcomers

Colorado's taxes are moderate overall, but a few work differently from most states — especially property tax assessment rates, the annual vehicle tax, and TABOR refunds. Here's what newcomers to El Paso and Teller counties should know.

This is general information for planning, not tax advice. Rates and refund amounts change; confirm with the Colorado Department of Revenue, your county assessor and a tax professional.

THE SURPRISE MOST NEWCOMERS MENTION

Registering a newer vehicle in Colorado can cost several hundred dollars a year because of the specific ownership tax, which is based on the car's original sticker price — even if you bought it used.

4.40%

STATE INCOME TAX
Flat rate

2.9%

STATE SALES TAX
Plus local taxes

7.05% / 6.8%

RESIDENTIAL ASSESSMENT
RATES
School / local, tax year 2026

85%

OF ORIGINAL MSRP
Taxed yearly on vehicles

STATE INCOME TAX COLORADO

- Flat rate of 4.40% on Colorado taxable income — no brackets
- In surplus years, TABOR can temporarily lower the rate (it was 4.25% for tax year 2024)
- In your move year, you'll likely file a part-year resident return
- Colorado has no estate or inheritance tax

TABOR REFUNDS

- The Taxpayer's Bill of Rights (1992) caps state revenue and requires voter approval for tax increases
- Revenue above the cap is refunded through rate cuts and sales-tax refunds on your income tax return
- Refunds have shrunk sharply — from a flat \$800 per filer for tax year 2023 to tens of dollars for tax year 2025 — and forecasts show little or none for tax year 2026
- Treat any refund as a bonus, not part of your budget

PROPERTY TAX

Assessment rates and mill levies.

Colorado taxes a home on a fraction of its value, then applies the local mill levy (tax per \$1,000 of assessed value).

HOW A BILL IS BUILT (TAX YEAR 2026)

COLORADO

- The assessor sets your home's actual value; reappraisals happen every two years
- Residential property is assessed at 7.05% for school district levies and 6.8% for other local levies, after a 10% value reduction (up to \$70,000) on the local portion
- Each taxing district — county, city, school, fire, library, special districts — sets a mill levy
- Bill = assessed value × combined mill levy ÷ 1,000

ILLUSTRATIVE EXAMPLE

- \$500,000 home · illustrative mill levies only
- School portion: $\$500,000 \times 7.05\% = \$35,250$ assessed × 40 mills = \$1,410
- Local portion: $(\$500,000 - \$50,000) \times 6.8\% = \$30,600$ × 35 mills = \$1,071
- Estimated total ≈ \$2,481 per year — your parcel's real mill levies will differ

SPECIAL DISTRICTS

- Many newer subdivisions sit inside metropolitan districts that add their own mill levy for roads, water and amenities
- Two similar homes a mile apart can have very different tax bills
- Check the parcel's full levy with the El Paso or Teller County Assessor before you buy

PAYING & EXEMPTIONS

- Taxes are paid in arrears: in two halves (end of February and mid-June) or in full by April 30
- Your lender may collect them through escrow
- Senior homestead exemption (age 65+, 10 years of ownership) and disabled veteran exemption reduce taxes for those who qualify

Sources: Colorado property tax assessment rates for tax year 2026; El Paso and Teller County Assessor and Treasurer guidance. Example mill levies are illustrative only.

 VEHICLES & SALES TAX

The annual car tax and local sales tax.

Colorado charges a specific ownership tax (SOT) each year when you register a vehicle — in place of a personal property tax.

YEAR OF SERVICE	SOT RATE	EXAMPLE: \$45,000 MSRP CAR
Year 1	2.10%	\$803
Year 2	1.50%	\$574
Year 3	1.20%	\$459
Year 4	0.90%	\$344
Years 5–9	0.45%	\$172
Year 10+	Flat	\$3

HOW SOT WORKS

- Taxable value for most cars, SUVs and vans is 85% of the original MSRP — and it never changes
- Buying used doesn't lower it: a 3-year-old car is taxed on its original sticker price at the year-3 rate
- Registration fees are added on top; SOT is generally deductible as a personal property tax on federal returns if you itemize
- New residents must register within 90 days

SALES & USE TAX

- State rate is 2.9%, plus county, city and special-district taxes
- Combined rates in the Playbook areas run from 3.9% in parts of Teller County to 9.03% in Manitou Springs
- Food for home consumption is exempt from the state portion; some cities still tax it
- Vehicle purchases pay sales or use tax at registration based on where you live

Sources: Colorado Division of Motor Vehicles, Specific Ownership Tax schedule (Class C). Sales tax: Colorado Department of Revenue rates as published by El Paso and Teller counties, 2026.


 STRATEGY OVER SCRIPT

Want to see the real tax bill on a home you're considering? I'll pull the parcel's numbers.

Call or text **719-244-5264** · hello@claycaldwellrealtor.com · ClayCaldwellRealtor.com

TABOR history and refund mechanisms: Colorado Legislative Council Staff. Income tax rate: Colorado Department of Revenue. Information deemed reliable but not guaranteed. This guide is general guidance, not legal, tax, inspection or financial advice; hire licensed professionals for inspections and consult an attorney or tax advisor for your situation. Clay Caldwell is a real estate broker with Better Homes and Gardens® Real Estate Kenney & Company. Each franchise is independently owned and operated. Equal Housing Opportunity. © 2026 Clay Caldwell Realtor.